

The Returns to International Migration in the European Union

Andrea Weber

Central European University

SUERF-OeNB Conference

Policy Session: Labour markets, wage-setting and employment stability

June 2026

International Migration in a Free Mobility Setting

- Migration flows between developed countries are relatively unrestricted in the exchange of highly skilled workers
- In the European Union the concept of "free mobility of labor" covers a broader range of worker types
- How important are unrestricted migration opportunities?
- Do most migrants gain, or do some fare worse?
- How do migration decisions interact with social insurance systems?

Research Design

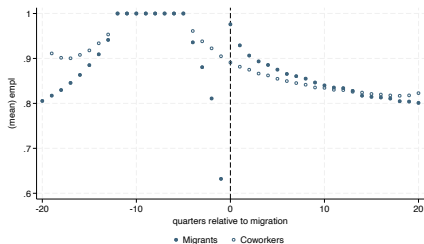
- We use linked administrative records to follow migrants' labor outcomes across countries,
- study migrants who work in their home country before their first move,
- compare migrant outcomes to co-workers in their home country.
- The design naturally includes outcomes of return migrants
- Case 1: two-way migration between Austria and Germany
- Case 2: one-way migration from Hungary to Austria

Who moves?

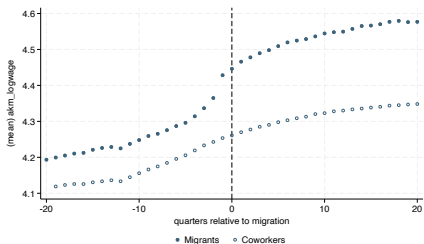
- Migrants are mostly male and about 20% were unemployed before the move
- Roughly half of them return to the home country within 5 years
- Migrants between Austria and Germany are positively selected on pre-migration earnings and experience high transferability of skills
- Migrants from Hungary to Austria are negatively selected on earnings; their skills are less transferable

Migrant Careers: Austria to Germany

(a) Employment



(b) Log Wage



Returns to Migration

| | Short Run Year 1 | Medium Run Quarters 5 - 20 |
|----------------------------------|---------------------|-------------------------------|
| Austria to Germany | 0.124 | 0.128 |
| Germany to Austria | 0.044 | 0.044 |
| Hungary to Austria (preliminary) | 1.00 | |

- There is substantial heterogeneity in the returns to migration, but most groups benefit
- Gains are positively correlated with changes in housing costs
- Return migrants benefit from labor market experience abroad

Migration and Social Insurance

- Migrants losing their job abroad in the first year return home and claim unemployment benefits
- Open questions: how do differences in benefit eligibility and benefit levels affect migration and return decisions?
- Can we simplify procedures to transfer pension contributions across countries?