

# **Migration and the Impact of a Liberal Migration Policy: An Experimental Study**

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## **Abstract**

Over the past six decades, there has been a significant increase of almost 200% in the global migrant stock, making migration one of the most frequently investigated topics of research. This study aims to investigate the wage effects of migration and the impact of a more liberal migration policy with 5% increase in labour quotas of skilled and unskilled workers. The study focuses on the impact of migration in 21 areas, with special attention given to Slovakia and Germany. The study is based on data collected from the Global Trade Analysis Project database, and the experimental design by Walmsley et al. (2007), with adjustments made to capture current global migration flows. The study's findings indicate that the immigration of new unskilled workers has a negative impact on the real wage of unskilled residents, decreasing it by almost 3%. However, the arrival of skilled workers increases the real wage by 0.73%. Similarly, the real wages of skilled residents decrease by 2.62% due to the arrival of new skilled migrants, while unskilled migration results in an increase of 0.53%. The study provides policymakers with valuable insights into the effects of migration. The results suggest that the immigration of new unskilled workers has negative wage effects on both unskilled and skilled residents. On the other hand, skilled immigration has a positive impact on wages. These findings can aid policymakers in developing policies that aim to maximize the benefits of migration while minimizing its negative effects on wages. In conclusion, this study provides new insights into the wage effects of migration in different areas, with a particular focus on Germany and Slovakia.

**Keywords:** CGE Model, Migration, Wages, Skilled Labour, Unskilled Labour