Im Rahmen der öffentlichen Vortragsreihe

Economic Theory and Policy

der Forschungsgruppe Ökonomie
am Institut für Stochastik und Wirtschaftsmathematik der TU Wien

hält

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(ex-OECD)

einen Vortrag

mit dem Titel

Germany's Current Account Surplus, Structural Imbalances and the Refugees – An economic discussion

Abstract:

Germany is perceived as a strong economy and its high current account surplus is commonly interpreted as an indication of competitiveness and worldwide preferences for high-quality German made products. The labour market is back to full employment. Fiscal balances are sustainable and well-being indicators signal a high degree of satisfaction by the German population. In this situation the inflow of young migrants should be perceived as a positive external impulse, which improves the welfare of the incumbent labour force. However, the rise of new, populist and anti-migration parties as well as the decline of mainstream parties indicate that standard models may not capture all aspects of the current situation in Germany.

This research in progress is presenting a 2-step approach to provide an economic framework describe the tensions surrounding immigration in Germany:

1) A two sector model for Germany is presented to describe the co-existence of low overall growth and the current account surplus as a consequence of the widening productivity gap between export-oriented manufacturing and services supplied for domestic demand.
2) The integration of migrants will go through the usual steps. I will argue that the possibility of migrants to find jobs depends on either wage or structural flexibility. The German situation is characterised by wage rigidity and structural rigidity.
3) As a consequence the possibilities of migrants to benefit the German economy are limited while the fiscal costs are high because of the emerging long-term unemployment of migrants and associated additional costs of failing integration.

The way out is to reform the regulatory environment for Germany’s services to reduce entry barriers, foster innovation and encourage job creation.

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