

Blessing or Curse? - How Switzerland Copes with a High Level of Qualified Immigrants

Policy Conference on Migration

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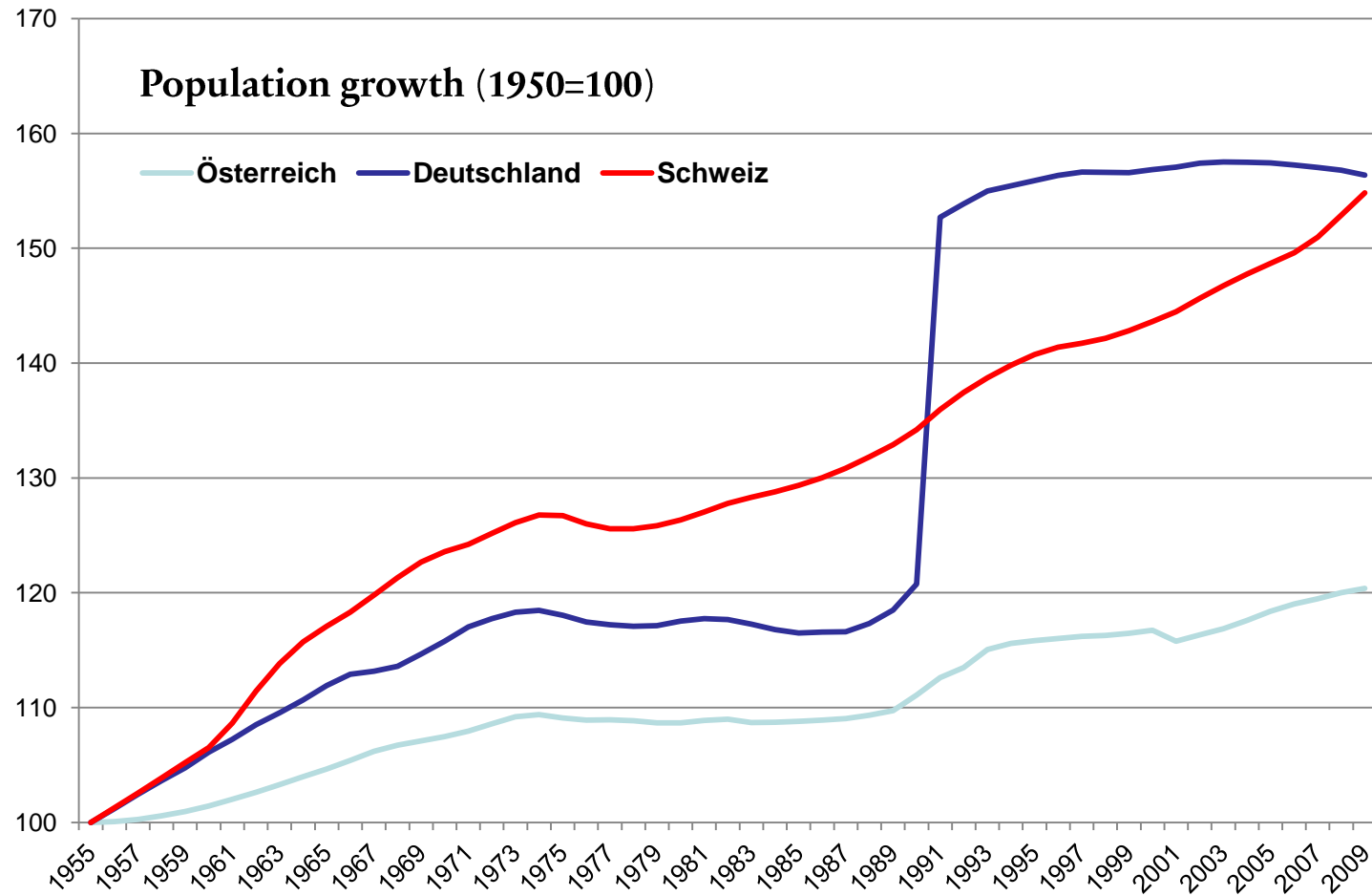
Project Manager

Avenir Suisse, Zurich/CH

Key Facts about Migration in Switzerland

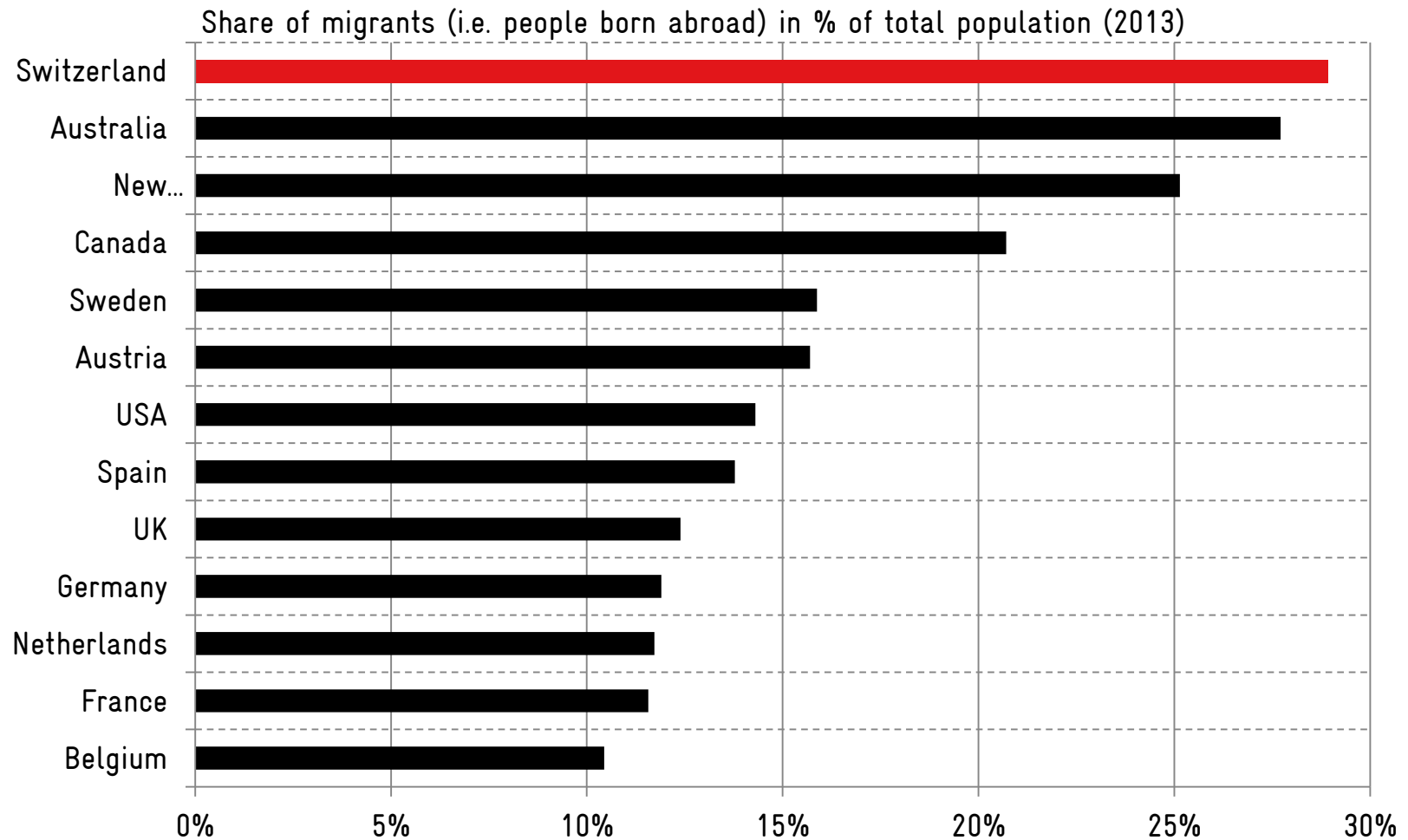
- **1990-2010 population increase of 1,5 Mio. (23% in 20 years)**
- **Free movement of people with EU introduced 2002-4**
- **Since then, net migration of 80'000 = 1% p.a.**
- **2/3 of immigrants come from the EU**
- **60% of incoming employees have higher education**
- **Large economic benefits, but also increasing negative side-effects**
- **Political back-lash in Feb. 2014 referendum: Government will have to renegotiate agreement on free movement of people with the EU**

Population Growth: How Switzerland absorbed an entire «GDR» (without territorial expansion)



Source: avenir suisse

More than a Quarter of the Population are Migrants

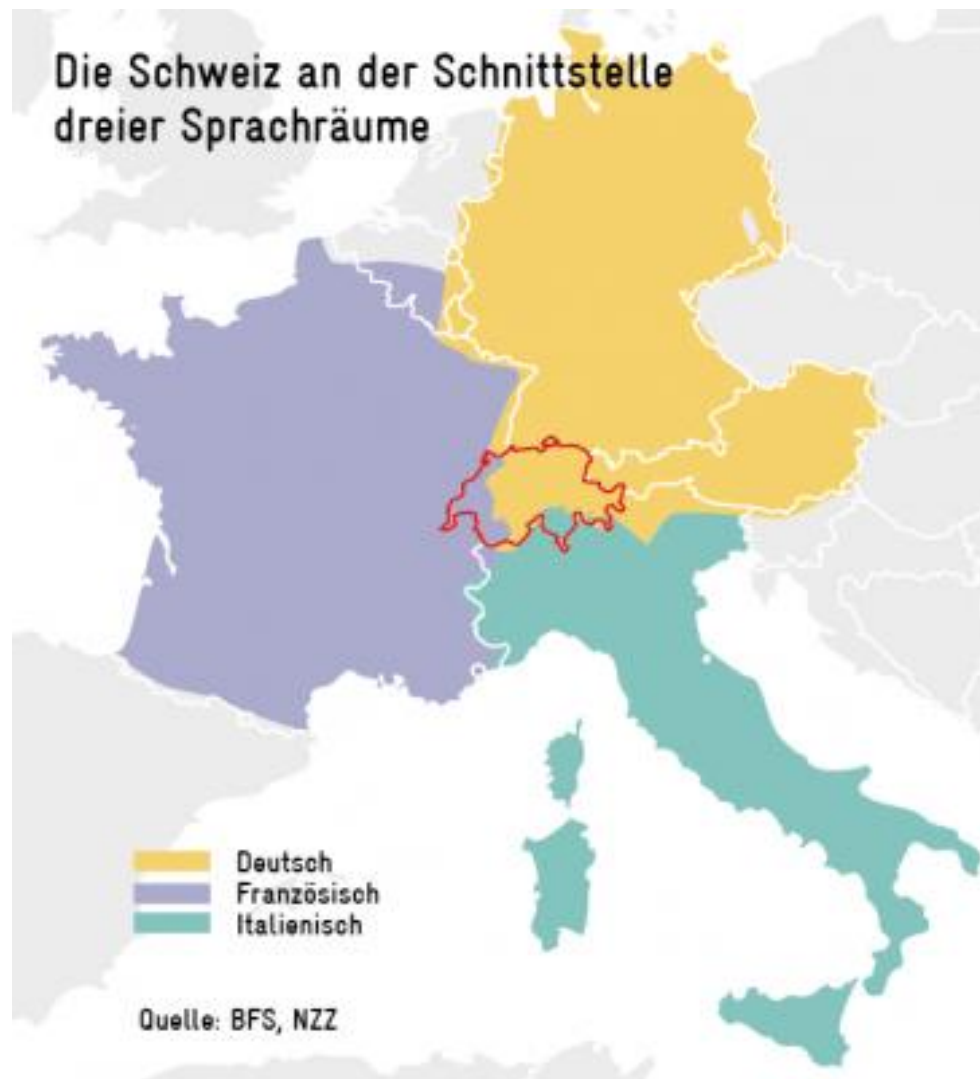


Source: UN Department of Economic and Social Affairs (2013)

Why Switzerland is a Magnet for Migrants

- **High number of jobs created, full employment**
 - **High wages, low taxes, stable pension system (funded)**
 - **High density of international firms (many HQs)**
 - **High quality of life, central location in Europe**
 - **3 national languages: German, French, Italien**
- **Many hard and soft pull-factors.**
- **Main driver is labor market (+18% employment 2000-2013).**

Switzerland: Multi-Lingual Niche-Player (8 Mio. Ew.) with Access to a Large Pool (200 Mio. Ew.)



Benefits and Costs of High-Level of Immigration

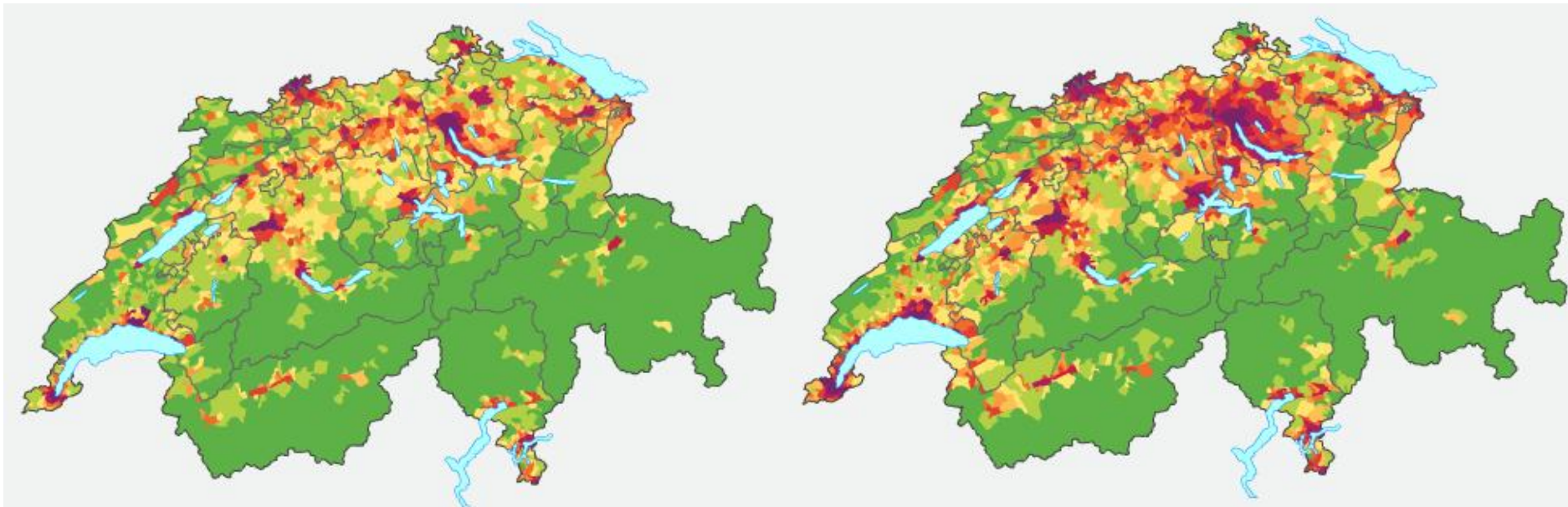
- **Influx of qualified workers has brought large economic benefits:**
 - High GDP-growth, real-estate boom
 - High tax income and consistent budget surplus
 - Shock-absorber during economic crisis (stabilizing aggregate demand)
- **... but also an increasing burden for the existing population:**
 - Housing shortage and rising rents (mainly in the cities)
 - Traffic growth and increased congestion
 - Urban sprawl and landscape cluttering
 - Status-fears of the middle class

→ Problems due to speed and cumulative effects of pop. growth.

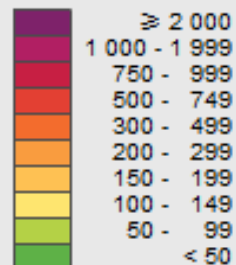
Increased Population Density

1960

2010

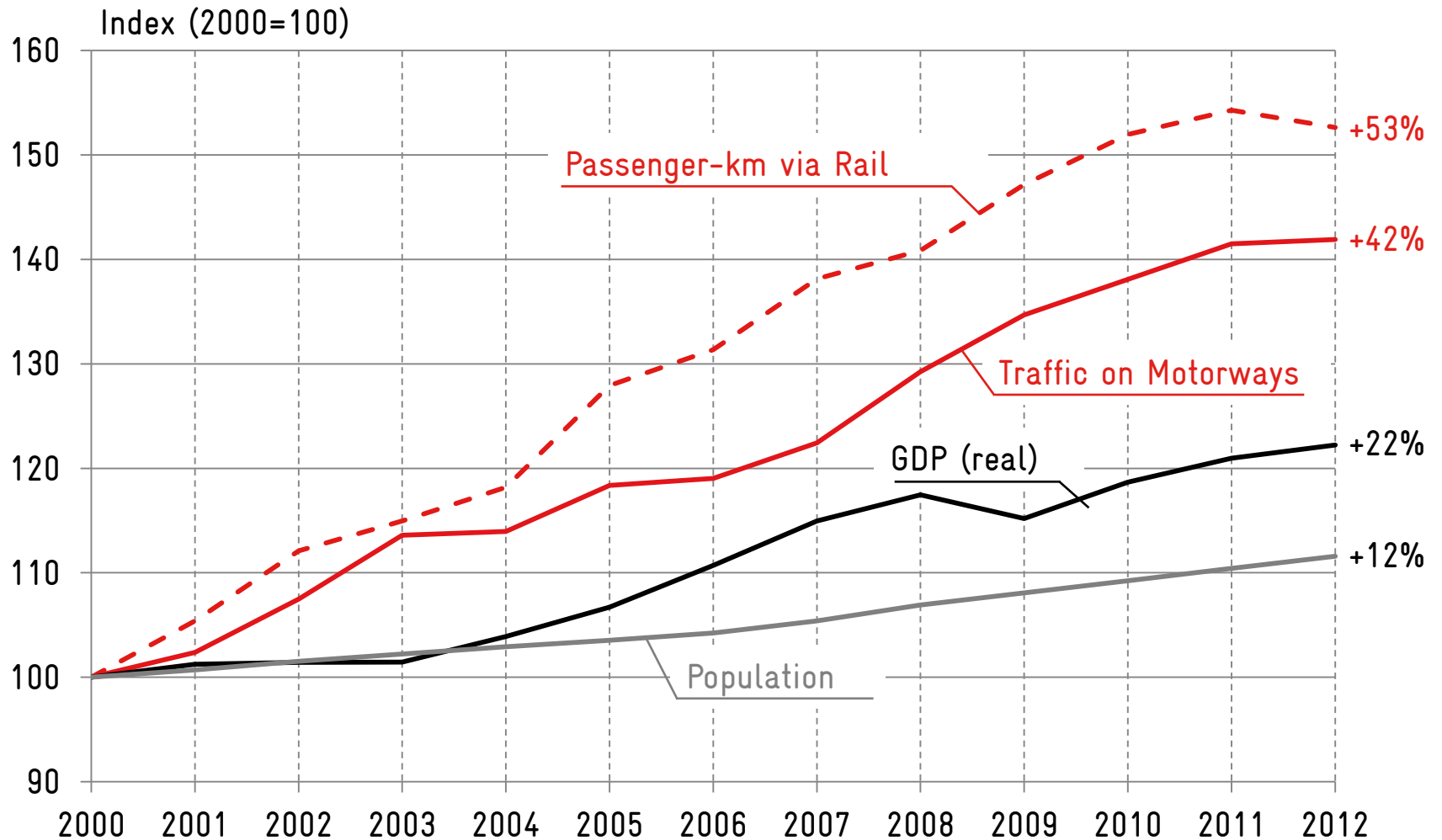


Einwohner pro km² Gesamtfläche



Source: Fed. Dept. of Statistics

Increased Traffic



Source: Fed. Dept. of Roads, Fed. Dept. of Statistics

Possible Policy Measures to Minimize Adverse Effects

- **More coherent spatial planning:**
 - Densification of settlements
 - Stricter rules to avoid landscape cluttering (planning act, secondary homes)
- **Measures against housing shortage:**
 - Increased supply (construction activity)
 - Rent control and public housing in big cities (ambivalent effects)
- **Better traffic management:**
 - Expansion of infrastructure
 - Reduction of subsidies, mobility pricing

→ **Mixed results: Some unpopular, others have little effect.**

What Else Can be Done?

- **De-mystification of problems falsely associated with immigration:**
 - Main reason for traffic growth are subsidized prices
 - Swiss middle class doing very well and largely benefiting from immigration
 - Many fears of modernization/globalization projected into migration debate
 - **Trying to decelerate speed of immigration – time to adjust:**
 - Appreciation of Swiss Franc has dampened economic growth
 - Fewer incentives for firms to re-locate to Switzerland
 - Stricter rules for refugees and asylum seekers
- **In sum, this was not enough to prevent political back-lash.**