

# Refugees Are Not Fiscal Burdens: The Real Economic Lesson of Sweden's Refugee Crisis

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### Footnotes

- <sup>1</sup> Martin Ruhs, and Philip Martin, “Numbers vs. Rights: Trade-Offs and Guest Worker Programs,” *International Migration Review* 42, no. 1 (2008): 249–65.
- <sup>2</sup> Huixin Bi and Eric Leeper, “Sovereign Debt Risk Premia and Fiscal Policy in Sweden,” *National Bureau of Economic Research*, Working Paper 15810 (2010): 13.
- <sup>3</sup> Nigar Hashimzade, Gareth Myles and John Black, “A Dictionary of Economics, 4<sup>th</sup> ed. Oxford,” Oxford University Press (2012): 43.
- <sup>4</sup> Ian Preston, “The effect of immigration on public finances,” *Economic Journal*, 124 (2014): 569.
- <sup>5</sup> OECD, “Is migration good for the economy?” Migration Policy Debate 2, Paris: OECD Publishing (2014): 1.
- <sup>6</sup> Nazmun N. Ratna, “Are migrants good for the host country’s economy?”, in Triandafyllidou, A. (ed.), *Routledge Handbook of Immigration and Refugee Studies*, (Abingdon: Routledge 2016), 75; see also Carlos Vargas-Silva, “The fiscal impact of immigrants: taxes and benefits”, in Chiswick, B & P. Miller (eds), *Handbook of the Economics of International Migration*, vol. 1B: *The Impact and Regional Studies*, Oxford: Elsevier 2015.
- <sup>7</sup> Quoted in *The Economist*, “Denmark: No room at the inn” (2021): 18–31 December.
- <sup>8</sup> Lydia Tomkiw. “EU refugee crisis: how will European countries pay for the influx of thousands of people?” *International Business Times* (2015): 23 September.
- <sup>9</sup> Heather Horn, “Can the welfare state survive the refugee crisis?” *The Atlantic*, 18 February 2016; *Die Welt* “Flüchtlingskrise könnte fast eine Billion Euro kosten,” 25 November 2015.
- <sup>10</sup> “Ballooning refugee costs threaten Germany’s cherished budget goals,” *Reuters*, 17 September 2015.
- <sup>11</sup> “Asylum costs: Germany’s budgetary burden,” *Handelsblatt*, 19 February 2016.
- <sup>12</sup> “Wolfgang Schäuble warns German budget surplus must go to refugees,” *Irish Times*, 25 February 2016.
- <sup>13</sup> “Sweden fails to form a government,” *The Economist*, 17 November 2018, <https://www.economist.com/europe/2018/11/17/sweden-fails-to-form-a-government>.
- <sup>14</sup> Jon Henley, “Sweden election: political uncertainty looms after deadlock,” *The Guardian*, 10 September 2018, <https://www.theguardian.com/world/2018/sep/09/swedish-election-far-right-on-course-for-sizeable-gains-in-vote>.
- <sup>15</sup> Karin Grundberg Wolodarski and Tomas Nordenskiöld, “Magdalena Andersson: Flyktingsituationen inte hållbar,” *Dagens industri*, 22 October 2015, [https://www-di-se.translate.goog/artiklar/2015/10/22/magdalena-andersson-flyktingsituationen-inte-hallbar/?\\_x\\_tr\\_sl=sv&\\_x\\_tr\\_tl=en&\\_x\\_tr\\_hl=en&\\_x\\_tr\\_pto=sc](https://www-di-se.translate.goog/artiklar/2015/10/22/magdalena-andersson-flyktingsituationen-inte-hallbar/?_x_tr_sl=sv&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=sc).
- <sup>16</sup> “Underskottet i statens finanser växer,” *Svenska Dagbladet*, 23 November 2015, <https://www.svd.se/a/f82fb837-e91c-4cc3-92f0-92594171ed61/underskottet-i-statens-finanser-vaxer>.
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- <sup>18</sup> “Samarbetet som blev en twitterfejd,” *Fokus*, 26 May 2018.
- <sup>19</sup> OECD, *Recent Trends in International Migration of Doctors, Nurses, and Medical Students*, (Paris: OECD Publishing, 25 July 2019): 18
- <sup>20</sup> Gert Gelotte, “När var tredje läkare är född utomlands är invandring inte en ekonomisk börda,” *Dagens ETC Göteborg*, 9 February 2021, <https://www.etc.se/kronika/nar-var-tredje-lakare-ar-fodd-utomlands-ar-invandring-inte-en-ekonomisk-borda>.
- <sup>21</sup> Ninos Maraha and Jessica Ericsson, “Slöseri att inte dra nytta av utrikes föddas kompetens,” *Dagens Samhälle*, 4 April 2018, <https://www.dagensamhalle.se/chef-och-arbetsgivare/kompetensforsorjning/sloseri-att-inte-dra-nytta-av-utrikes-foddas-kompetens/>.
- <sup>22</sup> Socialstyrelsen, “Vård och omsorg om äldre: Lägesrapport 2019,” (March 2019), <https://www.socialstyrelsen.se/globalassets/sharepoint-dokument/artikelkatalog/ovrigt/2019-3-18.pdf>.
- <sup>23</sup> “Utan invandring rasar äldreomsorgen,” *Östgöta Correspondenten*, 3 January 2015.
- <sup>24</sup> Francesco Fasani and Jacopo Mazza, “Immigrant Key Workers: Their Contribution to Europe’s COVID-19 Response”, *Institute of Labour Economics*, IZA Policy Paper no. 155 (April 2020).
- <sup>25</sup> *Ibid.*, 5–6.
- <sup>26</sup> Linn Eriksson and Linda Karbing, “The Swedish Occupational Register with statistics 2018,” *Statistikmyndigheten*, (5 March 2020), <https://www.scb.se/contentassets>

/b49d7efc2653457f8179f18461d2bf38/am0208\_2018a01\_sm\_am33sm2001.pdf. For further data in English, see “Pizza makers have largest share of foreign born persons,” *Statistical news from Statistics Sweden*, 7 March 2019, <https://www.scb.se/en/finding-statistics/statistics-by-subject-area/labour-market/employment-and-working-hours/the-swedish-occupational-register-with-statistics/pong/statistical-news/the-swedish-occupational-register/>.

<sup>27</sup> Swedish Government, “Framtidens äldreomsorg – en nationell kvalitetsplan,” Regeringens skrivelse, 2017/18: 280, (20 June 2018): 16.

<sup>28</sup> For such an examination, see Peo Hansen, *A Modern Migration Theory: An Alternative Economic Approach to Failed EU Policy*, (Newcastle upon Tyne: Agenda Publishing 2021).

<sup>29</sup> Martin Ruhs, *The Price of Rights: Regulating International Labour Migration*, (Princeton: Princeton University Press, 2013), 46.

<sup>30</sup> Branko Milanovic, “There is a trade-off between citizenship and migration,” *Financial Times*, 20 April 2016.

<sup>31</sup> Milanovic, *Global Inequality: A New Approach for the Age of Globalization* (Cambridge, MA: Harvard University Press 2016), 152.

<sup>32</sup> Ibid.

<sup>33</sup> Milanovic, “There is a trade-off.”

<sup>34</sup> Ibid.

<sup>35</sup> Zsolt Gál, “Fiscal Consequences of the Refugee Crisis,” *International Migration* 57, no. 5 (2019): 352.

<sup>36</sup> See e.g. Dirk H. Ehnts, *Modern Monetary Theory and European Macroeconomics*, (Abingdon: Routledge 2017); Stephanie Kelton, *The Deficit Myth: Modern Monetary Theory and How to Build a Better Economy*, (London: John Murray, 2020); Bill Mitchell, Larry Randall Wray and Martin Watts, *Macroeconomics*, (London: Red Globe Press, 2019); Larry Randall Wray, *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, 2<sup>nd</sup> ed. (New York: Palgrave, 2015).

<sup>37</sup> Eric Tymoigne, “Seven Replies to the Critiques of Modern Monetary Theory,” *Levy Economics Institute Working Paper No. 996*, (Annandale-on-Hudson: Levy Economics Institute of Bard College, 2021): 56.

<sup>38</sup> When a government runs a deficit – i.e. when it spends more than it taxes – this leads to a net addition of central bank reserves in the banking system, which in turn causes the overnight rate to fall towards zero. In the banking system as a whole, the supply of reserves has increased and demand has not. For the interest rate to remain on target, the central bank therefore sells interest-bearing bonds to *drain reserves*. Conversely, when reserves are drying up and thus putting upward pressure on the central bank’s overnight target, the central bank *adds reserves* by, among other things, buying bonds. But, as MMTers are fast to point out, if the government so decides, it may also “leave excess reserves in the banking system, in which case the overnight rate would fall toward zero” (Mitchell, Wray & Watts, *Macroeconomics*, p 326). While at zero, the finance ministry can then choose “to sell short-term bonds that pay a few basis points [one basis point = 0.01 percent] above zero and will find willing buyers because bonds offer a better return than the alternative (zero). This drives home the point that a sovereign government with a floating currency can issue bonds at any rate it desires, normally a few basis points above the overnight interest target it has set” (Ibid., 326).

<sup>39</sup> Mitchell, Wray and Watts, *Macroeconomics*, 338.

<sup>40</sup> Ibid.

<sup>41</sup> Dirk Ehnts, “The Eurozone is Fully Committed to Modern Monetary Theory (MMT),” (2020).

<sup>42</sup> “Investors bet ECB bond buying is here to stay,” *Financial Times*, 22 July 2021.

<sup>43</sup> See further Ehnts, “The Eurozone is Fully Committed”; Mitchell, Wray and Watts, *Macroeconomics*, 339.

<sup>44</sup> Wray, *Modern Money Theory*, 18.

<sup>45</sup> Ibid., 18.

<sup>46</sup> For a comprehensive account, see Hansen, *A Modern Migration Theory*.

<sup>47</sup> Eurostat, “Median age of population 2008–2018,” 2019.

<sup>48</sup> Swedish Public Employment Service, *Arbetsmarknadsutsikterna hösten 2018: Prognos för arbetsmarknaden 2018–2020*, (Stockholm: SPES, 2018): 26.

<sup>49</sup> Hansen, *A Modern Migration Theory*.

<sup>50</sup> Ibid., 140–53.

<sup>51</sup> Ibid.

<sup>52</sup> European Commission, “European Economic Forecast: Autumn 2018,” Institutional Paper 89, Brussels: Directorate-General for Economic and Financial Affairs (2018).

<sup>53</sup> Anders Nilsson and Örjan Nyström, *Flyktingkrisen och den svenska modellen* (Lund: Celanders förlag, 2016).

<sup>54</sup> Swedish Government, “Budgetproposition för 2018,” Regeringens proposition 2017/18: 1 (14 September 2017): 218–19; Sveriges Kommuner och Regioner, “Ekonomirapporten, maj 2017,” Stockholm: SKR (2017): 5, 35–6.

<sup>55</sup> See e.g. "Laxå kommun Budget 2019: Verksamhetsplan 2019–2022," Laxå: Laxå kommun (2019).

<sup>56</sup> See further Hansen, *A Modern Migration Theory*, chapter 7.