

# EU membership is not the only way to foster labour mobility. But it is the best

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Labour mobility benefits companies looking for the best staff, but it also enables universities to grow and compete internationally. **Nicholas Barr** explains how this virtuous circle helps the UK attract – and foster – a better-skilled workforce.



## Drivers of change

The UK's policy for investment in skills should recognise two fundamental drivers.

Demographic change – particularly declining fertility – creates downward pressure on the size of the labour force. If there are fewer workers, a rational response is to make each worker more productive. Doing so involves increased investment in physical capital (more and better capital equipment) and in human capital (a more highly-educated and highly-trained workforce).

The second driver is what economists call 'skill-biased technical change', which increases the demand for highly-skilled workers. Over the past ten years, as Figure 1 (based on OECD data) shows, there has been a striking increase of over 20 per cent in employment of people with high-level problem-solving skills, with static demand for workers with lower level skills and a hollowing out of the demand for medium skills.

## The future is bleak for those with medium skills

Source: OECD

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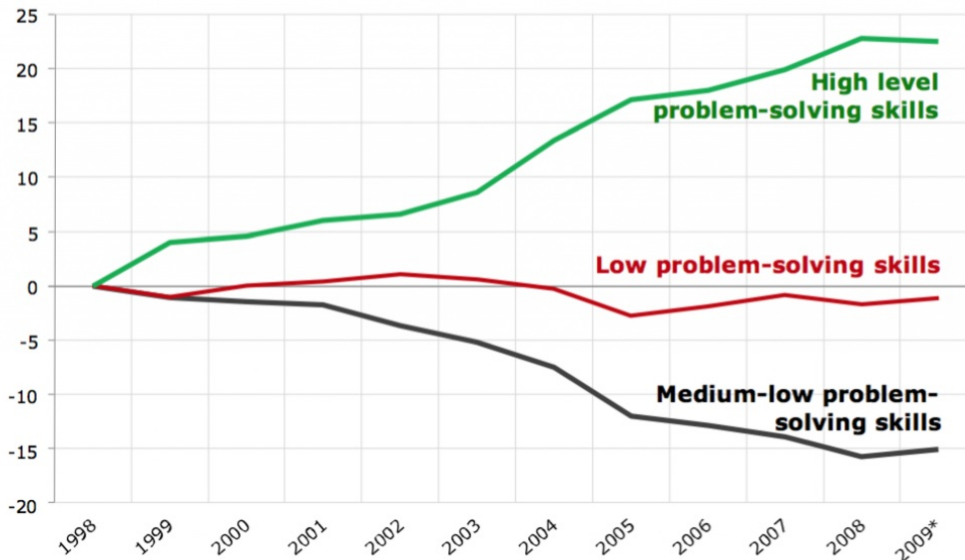


Figure 1 The future is bleak for those with medium skills

The two drivers point in the same direction – a need for:

- More education and training (more people with higher skills)

- More frequent education and training, since skills go out of date more quickly than in the past;
- More diverse education and training. (When I did my MSc at the LSE many years ago, there were 19 MSc degrees; today there are over 100.)

## Mobility matters



Planes at a Spanish airport. Photo: [Tempus Volat](#) via a [Creative Commons licence](#)

Greater diversity of content and approach has the profound implication of increasing the benefits of cross-fertilisation, including student mobility and labour mobility.

It is a standard proposition in economics that a modern economy benefits from occupational and geographical labour mobility. The circulation of skilled labour promotes competitiveness by making labour markets more efficient in matching the skills and interests of workers with the requirements of jobs. Circulation of labour also helps to bring real income in the poorer member states closer to that in the richer ones, with benefits for both groups of countries.

Student mobility contributes to labour mobility, not least because study outside a person's home country increases cultural and language skills, making later job mobility easier and (because of acquired knowledge) improving the fit between mobile workers and jobs.

Student mobility also improves the quality of higher education by increasing competition between universities, for example through pressures for transferable credits and more courses in foreign languages. At postgraduate level, student mobility fosters research and innovation. And better mobility options and better finance encourage talented students to stay in Europe.

## Conclusions

Mobility benefits the UK economy. Greater mobility increases skill sets through the cross-cultural fertilisation of ideas – transferable skills that are valued by employers, including flexibility, adaptability, problem solving, critical thinking and deeper understanding of cultural differences in approaching problems. Mobility also has broader though less tangible benefits in cultural and human terms.

EU membership is a powerful facilitator of cross-fertilisation. It is not the only way. But it is the best way.

*This blog represents the views of the author and not those of the BrexitVote blog, nor the LSE.*

*Nicholas Barr is Professor of Public Economics in the European Institute at the LSE. Further writing can be found [here](#).*

