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Europe in movement: Migration from/to Central and Eastern Europe

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**Europe in movement:
migration from/to Central and
Eastern Europe**

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August 2007

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Europe in movement: migration from/to Central and Eastern Europe

Abstract

Countries in Central and Eastern Europe seem to be slower than other European countries in reversing their migration character - from net emigration to net immigration. In the past, migratory movements were governed by political events and institutional constraints that impeded free access to foreign labour markets. Yet of late, and particularly since the beginning of the process of transition and the accession to the larger European economic sphere, the migration environment underwent a change. An outflow from several Central and Eastern European countries has been gaining momentum, and at present the process is characterised by several novel features that may signal a migration "breakthrough." It is now quite realistic to expect that emigration will relieve manpower surpluses in these countries, and that in a dozen or so years they will become – thanks to dynamic growth and economic modernization, which, in turn, could be impacted by the repercussions of present-day emigration – steady demanders of foreign labour. This paper portrays a preliminary sketch of this evolution.

Europa w ruchu: migracje z Europy Środkowo-Wschodniej

Streszczenie

Na tle europejskim społeczeństwa krajów Europy Środkowo-Wschodniej są wyraźnie opóźnione, jeśli chodzi o zmianę statusu migracyjnego – od stanu, gdy emigracja systematycznie przeważa nad imigracją do stanu przeciwnego. Do niedawna, do początków transformacji ustrojowej lat 90., a zwłaszcza do momentu wejścia do Unii Europejskiej, migracje w tej części kontynentu miały w zdecydowanej masie charakter „okazjonalny”, były podporządkowane przejściowemu zjawiskom natury politycznej, lub były poddane różnym barierom instytucjonalnym, ograniczającym dostęp do rynku pracy (a także edukacji, opieki zdrowotnej, świadczeń społecznych, itp.) lub trwałego zamieszkiwania w krajach docelowych.

Dopiero od kilku lat sytuacja ta zmienia się gruntownie. Odpływ z szeregu krajów Europy Środkowo-Wschodniej przybrał na sile i nabrał nowych cech, które świadczą o tym, że może on uwolnić rynki pracy tych krajów z nadwyżek siły roboczej i w perspektywie następnych kilku-kilkunastu lat, w związku z dynamicznym rozwojem i modernizacją ich gospodarek, stworzyć przesłanki do systematycznego ssania pracowników z zagranicy.

Tekst niniejszy zawiera zarys tej problematyki.

1. CEE in a historical context

Central and Eastern Europe (CEE) relative to other parts of the continent is lagging behind in the transformation from net emigration to net immigration area. Over recent ten years or so when all countries on other parts of the continent were receiving substantial numbers of foreign workers, many of their eastern neighbours were struggling with redundant labour. Two factors of structural character seem to be responsible for that. The first and foremost seem to be institutional barriers to free movement of the population of CEE. For most of the half-a-century long post-war period of intensive international mobility elsewhere in Europe, people in its politically isolated eastern part were barren of moving abroad and the foreigners were effectively discouraged from coming in. The other factor is a dramatic delay in restructuring the Central-Eastern (C-E) economies and their labour markets along the lines followed by Western European economies.

Due to that on the part of C-E populations a huge unsatisfied demand for foreign travelling has built up. Simultaneously economies and social protection systems of CEE have increasingly been impaired and eventually their reforms hampered by the existence of a relatively large (*quasi*)subsistence sector. Underdeveloped and partly subsistence-type economy offered employment to and fed a large segment of societies, granting its members a stable but meager pay and demanding a little in terms of skill, effort and work culture. Those persons could neither be used productively in other segments nor could they move out. This is why, once the *ancien regime* in CEE collapsed and the economies became subject to the transition, a great migration potential was instantly generated in that region.

The situation of C-E countries might be contrasted with that of other parts of Europe by means of a five-stage perspective of political and economic developments and migration trends in the post-World War Second period:

Stage	Epitome characteristics
1. 1945-1947	Post-war reconstruction; new partition of Europe; adjustment migration.
2. 1947-1973	Political bi-polarity: "cold war" and "arm race"; blooming western market economies <i>vis-à-vis</i> state-controlled and non-efficient economies of Southern (S) and Central-Eastern (C-E) Europe; western economic integration (EEC); great labour mobility from the South to the West and suppressed labour mobility in the East.
3. 1973-1988	Political " <i>détente</i> "; major cracks in C-E (1980, Poland); globalisation challenges: economic restructurisation and deeper integration (inclusion of the South); search for available low-cost labour: inflow of undocumented foreigners from C-E (partly also "ethnic Germans" from Poland and other C-E countries) and non-European countries; failure of "socialist modernisation".
4. 1988-2004	Breakdown of the communist block: end of bi-polarity; sudden increase in population displacements: regional conflicts and wars, new political entities; a complete project of European integration (incl. common immigration policy and management); economic transition in C-E.
5. after 2004	Restoration of European unity; strong competition on the part of non-European economies; human capital deficits: continuous demand for immigrants <i>vis-a-vis</i> difficulties in migrant integration

In several respects those stages reveal distinct differences across regions and similarities within regions, and at the same time they imply a universal step-wise trend of the transformation of major European regions from net emigration to net immigration area, with its pioneers and latecomers. The transformation that would ultimately bring about a uniform migration status of all major regions and its member countries. An attempt at a succinct and simplified description of those inter-regional differences, intra-regional similarities and overall trend is presented below:

	Region		
Stage	North-Western (N-W)	Southern (Mediterranean)	Central-Eastern (C-E)
1. Post-war adjustment migration (1945-1947)	post-war return migration, politically- (Germany)	and ethnicity-motivated displacements (Greece)	(all countries)
2. Labour recruitment/ bilateral agreements (1948-1973)	<ul style="list-style-type: none"> labour shortages foreign recruitment towards net immigration brain drain Finland, Ireland (major exceptions) 	<ul style="list-style-type: none"> (low skilled) labour outflow → labour market (LM) pre-emption strong net emigration networks & ethnic niches in N-W 	<ul style="list-style-type: none"> ban on international movements underurbanisation GDR, Hungary, Czechoslovakia (political exceptions) Yugoslavia (economic exception)
3. Onset of “new globalisation” (1974-1988)	<ul style="list-style-type: none"> no recruitment LM segmentation inflow for family reunion irregular employment of foreigners 	<ul style="list-style-type: none"> rapid decline in outflow labour deficit → admission of foreigners (large scale of irregular work) towards net immigration 	<ul style="list-style-type: none"> movements contained within C-E region resumption of ethnicity-motivated outflow onset of incomplete migration massive outflow of Poles
4. Disruption of communism, towards “Fortress Europe” (1989-2004)	<ul style="list-style-type: none"> advanced segmentation of LM (secondary jobs for foreigners) massive inflow of undocumented migrants and false refugees continuous inflow of asylum seekers/<i>bona fide</i> refugees migrant smugglers and traffickers selective admission for the highly skilled 		<ul style="list-style-type: none"> incomplete migration post-communist adjustment migration economic polarisation within C-E → intra-regional movements towards net immigration
5. United Europe/integrated migration space (after 2004/07)	<ul style="list-style-type: none"> tendencies expected within 10-15 years inflows due to population stagnation & aging (main underlying factors) further segmentation of LM intra-EU competition for the highly skilled low level of intra-EU mobility (some but shallow potential in Poland, Romania, Bulgaria and the Baltic states → completion of LM pre-emption) 		

2. Two recent stages of migration trends in CEE¹

Two historical events are of crucial importance for shaping of new migration trends in CEE: the collapse of Soviet Empire that begun with the June 4th, 1989 parliamentary elections in Poland and the return of CEE to Europe whose milestone became the accession of the first eight countries into EU on May 1st, 2004. Before 1990, for several decades, international migration was repressed by totalitarian regimes in CEE, and its pulse reflected the political cycle marked by periods of relative stability punctuated by brief upheavals. Stability meant holding a hard grip on migration whereas the periods of upheavals usually saw some relaxation and intensified out-movement of people.

After 1989 migration in almost all post-Soviet states is free, and it presents a rich variety of movements. Some of those flows (e.g. those related to family reunion or ethnic returns) originate in the communist past, some others (e.g. transit migration from Africa and Asia to the West or inflow of asylum seekers) in the new geopolitical position of CEE, still other flows in purely economic motives. The latter include two major types: a mix of profit-oriented movements within CEE and the outflow of migrant workers to other countries (mainly EU and USA).

Until at least the middle of 2004 a predominant share of those latter movements constituted incomplete migration, a peculiar type of circular mobility mostly contained within transnational social spaces. It is a CEE-specific form of flows that recently developed in the region, whose root causes lay in the “underurbanisation” suffered by many of its societies. Migrants involved in that form are usually poorly skilled; they live in the countryside and small towns or belong to marginalised groups in larger towns. They are attracted by higher pay abroad than in home country not just because it is higher but principally because the bulk of earnings is being spent home where the cost of living is much lower. For this reason, as a rule, firstly, the migrants are not accompanied by family members and their households stay in home country, and, secondly, because migrant’s sojourn abroad tends to be short, they are ready to accept relatively harsh working conditions in host country. While barely any demand for this kind of labour exists in sending countries, for receiving countries persons taking part in incomplete migration are a highly valued supplement to their flexible and partly informal labour markets (Okólski 2001).

At the same time, until May 1st, 2004 citizens of CEE countries were as a rule allowed

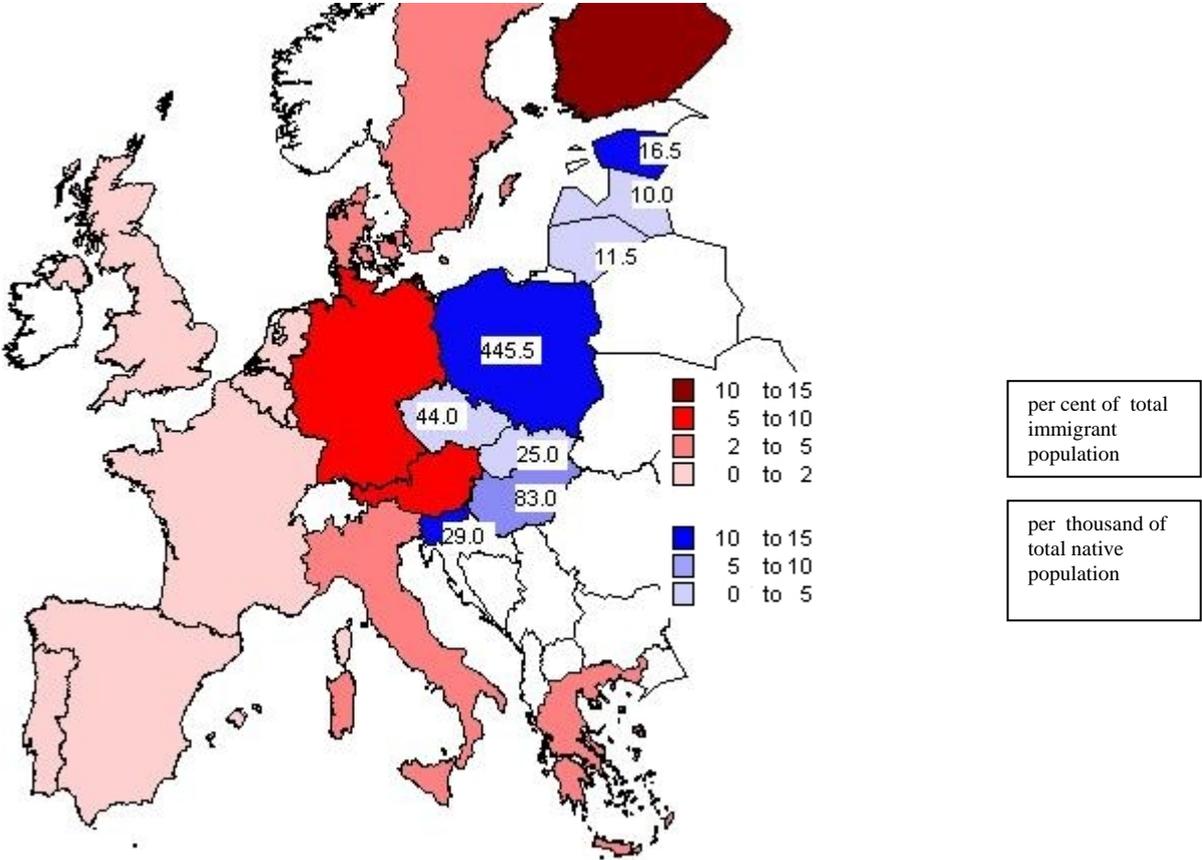
¹ For a more thorough analysis, see Okólski 2004.

to freely enter EU countries as tourists only. This left them with a possibility of a legitimate stay on the EU territory (or one of its countries) for up to three months. Increasing numbers of them (predominantly Poles, Romanians, Ukrainians and Bulgarians) involved in travelling to EU in search of gainful employment. However, an access to the community labour markets remained severely limited. In effect, most migrants from eastern part of the continent were forced into irregular work².

Yet despite a large-scale mobility of people from CEE, in early years of the present decade the documented immigrants from that region remained a small minority among all foreign residents in what is colloquially called the West. For instance, in 2000 (Table 1) the share of citizens from eight countries that accessed EU in 2004 (EU8) in all immigrant population was universally very low, in most cases much below 5%, and only in Finland it was higher than 10%. Also, as follows from Fig. 1, those migrants constituted a relatively small fraction of their native populations, in only three cases (Estonia, Poland and Slovenia) slightly exceeding 1%.

² Some EU countries (those that devised special instruments channelling migrants from CEE into “official” labour market) presented exceptions here (e.g. Germany).

Figure 1. EU8 citizens residing in EU15 countries in percentage of total immigrant population of destination countries (red colours), and their actual numbers (in thousand) and per thousand of total population of their native country (blue colours), around 2000



Source: based on EUROSTAT data

Table 1. Foreign population from the EU8 countries in EU15 countries (except Ireland) by country of citizenship, 2000

Country of citizenship	Country of residence													
	Austria (2001)	Belgium	Denmark	Finland	France (1999)	Germany	Greece (1998)	Italy	Luxemburg	Netherlands	Portugal	Spain	Sweden	United Kingdom
Total foreign population of which:	730,239	853,362	259,361	87,680	3,263,186	7,343,591	165,528	1,270,553	159,400	651,532	190,898	801,329	487,175	2,297,900
Czech Republic	7,425	423	197	155	1,694	22,038	712	3,038	157	1,014	96	856	371	7,000
Estonia	58	81	395	10,652	224	3,429	39	179	118	111	1	30	1,35	n.a.
Hungary	12,950	1,089	406	597	2,961	53,152	609	2,817	337	1,385	112	424	2,992	3,000
Latvia	172	109	558	201	336	7,446	71	258	32	146	7	55	582	n.a.
Lithuania	202	112	884	194	593	8,042	112	275	18	338	14	109	469	n.a.
Poland	22,597	6,749	5,571	718	33,758	291,673	5,246	24,723	788	5,645	205	6,517	16,345	25,000
Slovakia	7,428	317	111	40	1,159	12,097	361	1,212	80	579	9	361	284	(*)
Slovenia	6,374	180	40	8	786	18,648	29	1,819	71	144	8	87	600	n.a.
<i>EU8 as % of the total foreign</i>	<i>6.2</i>	<i>1.1</i>	<i>3.1</i>	<i>14.3</i>	<i>1.3</i>	<i>5.7</i>	<i>4.3</i>	<i>2.7</i>	<i>0.9</i>	<i>1.4</i>	<i>0.2</i>	<i>1.0</i>	<i>4.5</i>	<i>1.5</i>

(*) included in the Czech Republic

Source:EUROSTAT

The 2002 stock of CEE authorised migrant workers in European countries was also rather low. It accounted for a small fraction of foreign labour and included some 450,000 persons in Germany (mainly Croats, Poles and Serbs), 320,000 in Greece (mainly Albanians), 200,000 in Switzerland (mainly ex-Yugoslavs), 160,000 in Austria (mainly ex-Yugoslavs), 150,000 in Italy (mainly Albanians, Poles, Romanians and Ukrainians) and a further few hundred thousand elsewhere. In addition, around 350,000 migrants worked seasonally, a majority of them Poles in Germany. Moreover, several hundred thousand migrants from CEE were believed to be employed informally in Europe and USA.

The basic facts about the most recent (prior to the eastward accession of EU) documented migration from CEE are as follows. In 2004 OECD countries recorded the inflow of around 750 thousand persons from CEE, including Russia, of which 196,000 Romanians (mainly to Italy and Spain), 169,000 Poles (mainly to Germany, Italy and USA), 88,000 Bulgarians (mainly to Turkey), 68,000 Ukrainians (mainly to Germany, Portugal and USA), 65,000 Russians (mainly to Germany and USA) and between 20,000 to 40,000 persons from Albania, Bosnia-Herzegovina, Croatia, Hungary, Serbia and Montenegro. With respect to OECD destinations, Romania has become the leader on the list of top world sending countries surpassing China and Mexico (OECD 2006).

Romania ranked among the top 5 sending countries in Austria, Germany, Hungary (no. 1), Italy (no. 1) and Spain (no. 1); **Poland** in Austria, Belgium, Germany (no. 1), Italy, the Czech Republic, the Netherlands (no. 2), Norway and Sweden; **Bulgaria** in Turkey (no. 1); **Ukraine** in the Czech Republic (no. 1), Hungary (no. 2), Italy, Poland (no. 1) and Portugal; **Russia** in Finland (no. 1), Germany, Korea, Norway (no. 2), Poland, Sweden (no. 2) and Turkey (no. 2); **Estonia** in Finland (no. 2); **Serbia** in Austria (no. 2), Germany, Hungary and Switzerland, and **Albania** in Italy (no. 2). Some of those countries were also likely to contribute strongly to the inflow to Greece, Iceland and Ireland (the countries missing comparable data for 2004), and only a little less strongly to the inflow to Canada (Romania in the top 10), Denmark (Poland), France (Russia) and Japan (Russia).

The programmes of immigrant regularisation carried out between 1997 and 2004

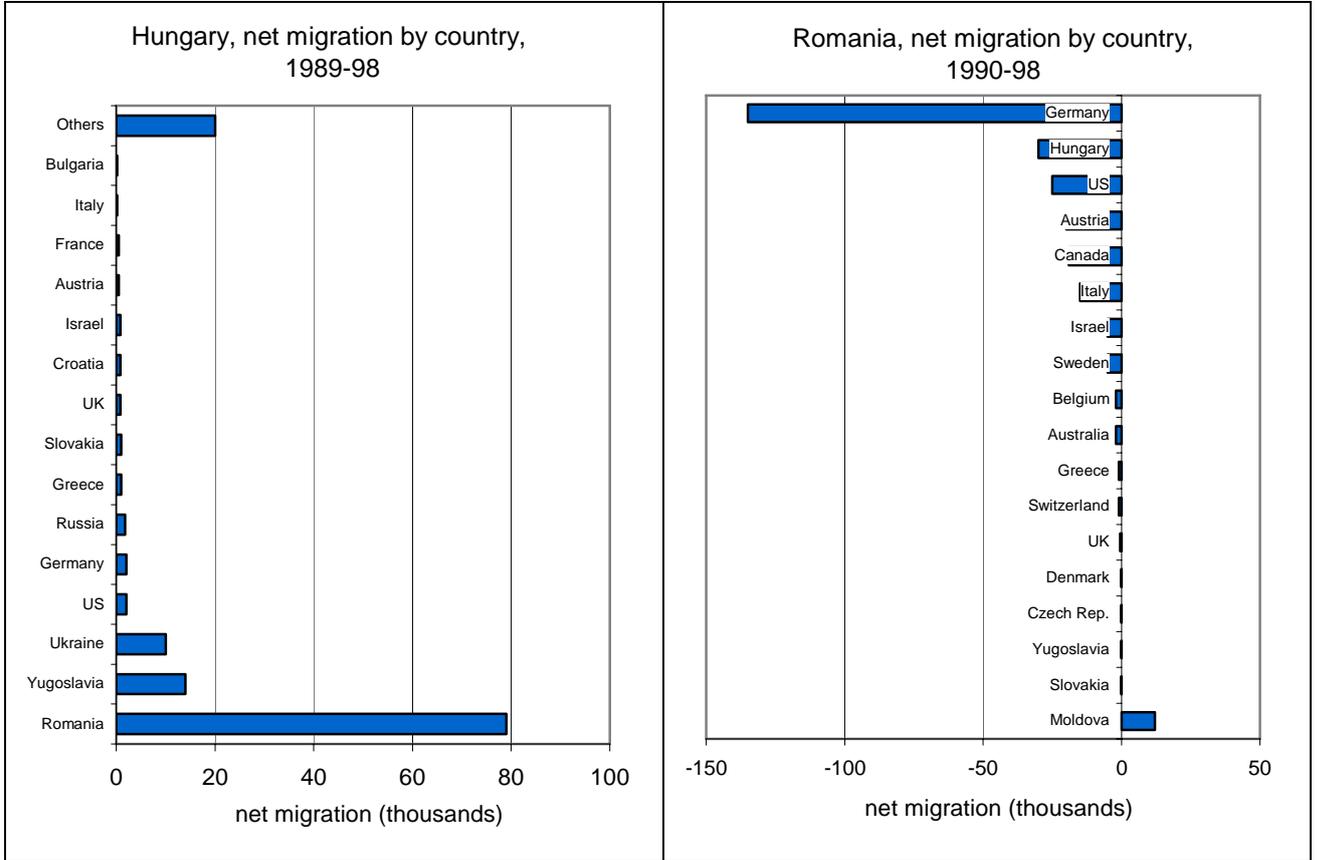
in Greece, Italy, Portugal and Spain shed a light on the scale and origins of undocumented immigrants in those countries. As expected by experts and policy makers, they embraced many foreigners from CEE countries, including 356,000 Albanians, 223,000 Romanians, 174,000 Ukrainians and around 70,000 persons from other countries of region (OECD 2006).

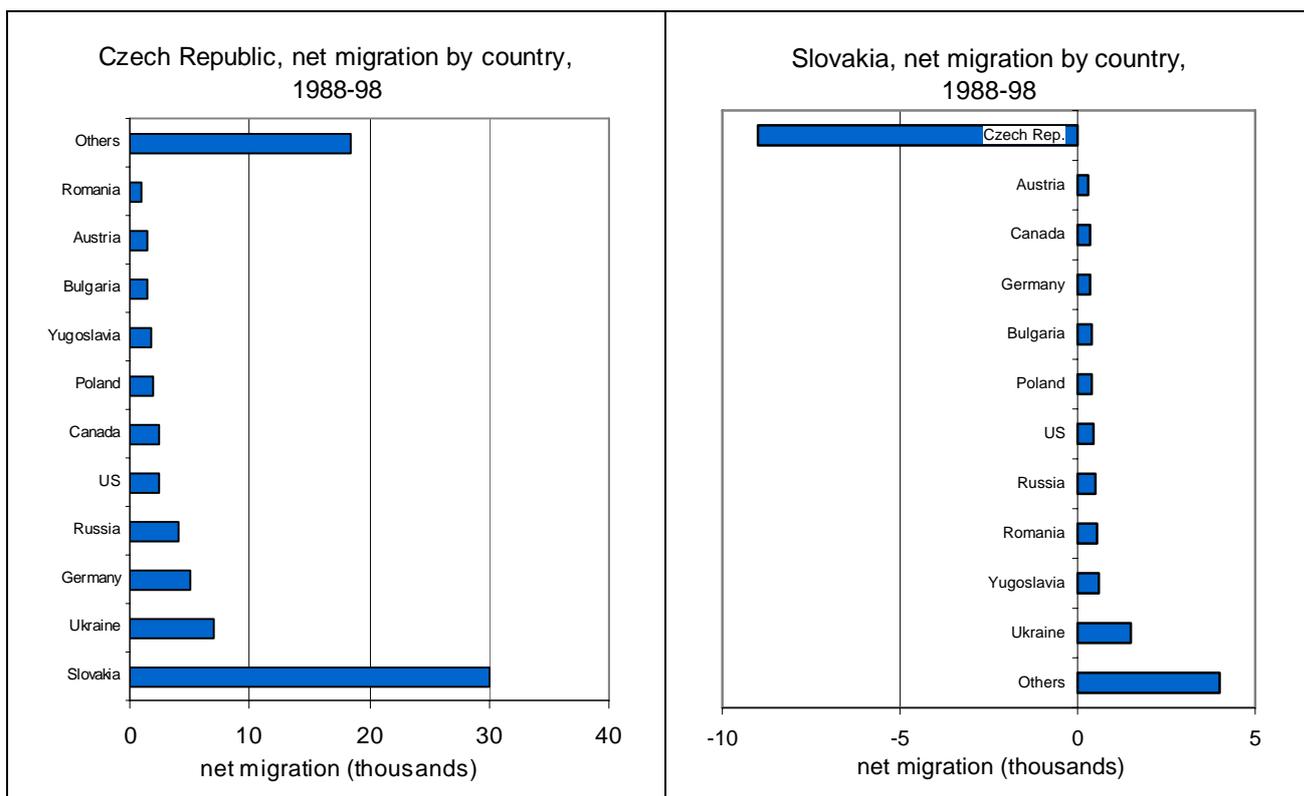
Those highly selective and largely fragmentary figures and facts suffice to conclude that over the 1990s both the flows and stocks of migrants from CEE were sizeable and geographically diversified but at the same time remained lower than the flows and stocks of citizens originating from other regions. That was to be radically changed only after May 1st, 2004.

In turn, CEE itself has simultaneously developed into a migrant-receiving area. The Czech Republic, a regional leader, at the turn of present century hosted as many as 150.000 migrant workers or foreign entrepreneurs, majority of whom came from Slovakia, Ukraine and Vietnam. Apart from that country also Hungary and Slovenia (and to lesser extent Poland and Russia) rank among migration poles in the region. Nearly all countries recorded large inflows of asylum seekers; e.g. between 1996 and 2005 the Czech Republic 73,000, Poland 51,000, Hungary 49,000 and Slovakia 48,000.

The different patterns of net migration in CEE in an early (1988-1998) transition period are presented in Fig. 2, displaying the case of two net immigration countries (the Czech Republic and Hungary), a case of zero migration balance country (Slovakia) and a case of net emigration country (Romania).

Figure 2. Total net flows of people by country of origin/destination in 1988-1998 in four CEE countries



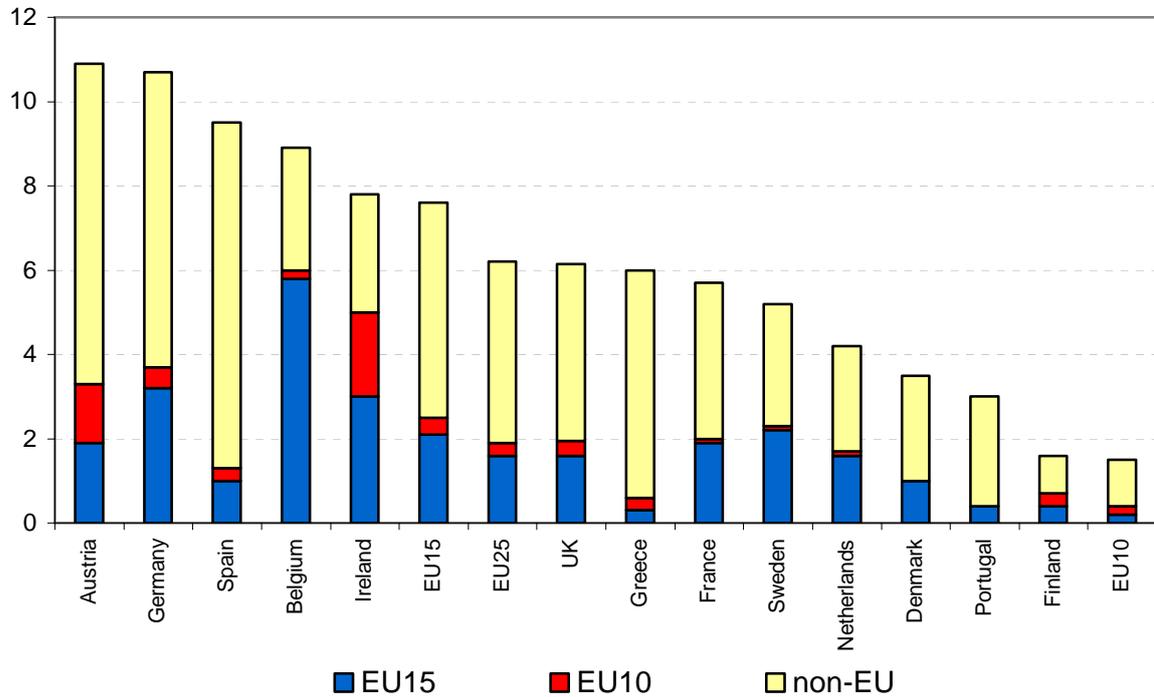


Source: Mansoor, Quillin 2006.

*

In the beginning of the post-2004 accession period residents of EU15 countries who were citizens of EU8 countries were in a clear minority among foreigners. An illustration is presented in Fig. 3 which is based on respective LFS data for the first quarter of 2005.

Figure 3. The percentage share of foreign nationals in the resident working-age population in EU15 countries by groups of countries of immigrant origin



Source: WB 2006.

As follows from Fig. 3, EU15 countries were divided with respect to the origin of their non-national working-age residents: in some of them citizens of other EU15 countries made up the largest group while in some other non-EU nationals predominated. In no country, however, citizens of EU8 countries were the main group of foreigners; more than this, everywhere they constituted the smallest (usually very tiny part) of three groups.

This was soon to be changed. But how quickly and to what extent? – remains far from being obvious.

Eastward EU enlargement already executed in 2004 (and in 2007, in case of Bulgaria and Romania) has further divided the post-Soviet states with respect to migration. Symbolically for a majority of CEE countries soon there will be no barriers to migration within a common Europe while a minority (notably Russia and Ukraine) will be left behind. Early migration outcome of the 2004 accession of eight CEE countries, however, suggests that the real population and economic effects of a free movement and a

gradual removal of entry barriers to EU labour markets might not be as big as widely predicted. Of three countries who instantly lifted relevant restrictions, Sweden noted a very low increase in the inflow from new member countries, whereas in the United Kingdom and Ireland it was large but by no means massive. Two years after May 1st, 2004 the European Commission in its assessment of the freedom of movements of EU8 population concluded that an additional inflow of labour from EU8 was rather moderate, it led to reduction of irregular stay and employment of the citizens of EU8 countries and it caused no crowding out of local workers (CEC 2006). On the other hand, even a generally small flows from new EU member countries could still be source of concern in at least some sending countries. Some of them, for instance, noted a rapid depletion in the pool of certain highly skilled or imbalances on their sub-regional labour markets. The remainder of this paper will be devoted to those new developments in Europe.

3. Migration from EU8 after May 1st, 2004

Evidently, the flows from EU8 countries increased substantially after May 1st, 2004. Whether that increase took the scale predicted by the European Commission shortly before the date of accession is difficult to say. The Commission suggested that in the initial year around 333,000 (net) citizens of EU8 countries will become residents of EU15 countries.

By far the largest inflow occurred in the United Kingdom. Until the end of 2006 a specially devised register WRS recorded 579,000 workers from EU8 countries. While probably not all newly arrived entered that register, it is also believed many of those actually recorded lived in Britain before May 1st, 2004 and many others returned home after a short stay there (Salt, Millar 2006; Owen, Green 2007).

A conventional source of migration statistics in UK, International Passenger Survey (IPS) suggests that in 2005 alone 2,071 thousand citizens of EU8 countries visited Britain which was more than triple the 2003 figure. Over the same time the number of visitors from EU14 rose by only 12%. According to Labour Force Survey (LFS), other important statistical source, the share of immigrants from that part of Europe which for

many years remained insignificant (e.g. less than 4% in 1995) increased to nearly one quarter of all immigrants in 2005 (Saleheen, Shadforth 2006).

In turn, national insurance statistics (NINO) recorded 270,200 new registrations from EU8 in 2005/2006 (41% of the total of 662,400 new foreign workers). The overall numbers in years prior to the accession date were rather steady, around 350,000-400,000 annually, and they hardly included persons from EU8. It was only in 2003/04 when Poles appeared among the top 20 nations (11,200 registrations; rank no. 9) but a year later it undisputedly became the first country on the list, with 62,600 registrations. In 2005/06 three accession countries (Poland, Lithuania and Slovakia) occupied three of top four positions with 227,000 new registrations, and two other EU8 countries (Latvia and the Czech Republic) were also among the top 20 countries (Salt, Millar 2006).

Whereas the numbers of migrants from EU8 countries estimated on the basis of various British sources are not only fully consistent and above all not directly comparable, they all point to an enormous increase in the presence of those persons in UK and on the British labour market.

The inflow to Ireland was also very strong. Official immigration figures for EU8 citizens were: 26,400 in 2005 and 37,800 in 2006, compared to some 5,000-7,000 in 2003 and 2004. The estimated share of immigrants from the accession countries in the total was 43%, up from 10% in 2004 (Mc Cormick 2007). According to a special register Personal Public Service (PPSN), over the first 24 months following the accession around 205,000 citizens of EU8 countries arrived (were recorded in the register) to Ireland but the CSO estimates that only around 65,000 of those persons became residents. Another source, Quarterly National Household Survey (QNHS) indicates that between the end of 2004 and the end of 2006 employment of those migrants more than tripled, or increased by 60,500 to reach 88,600 (Hughes 2007).

As already mentioned, Sweden, country which of all EU15 on May 1st, 2004 adopted the most liberal attitude towards migrants from EU8, experienced a rather moderate inflow. Between the accession date until the end of 2006 altogether approximately 25,000 residence permits were granted to the citizens of those countries, of which 10,000 in 2006, i.e. by 60% more than in 2003. Nonetheless even such modest rise in immigration from EU8 resulted in a symptomatic change of proportion between the

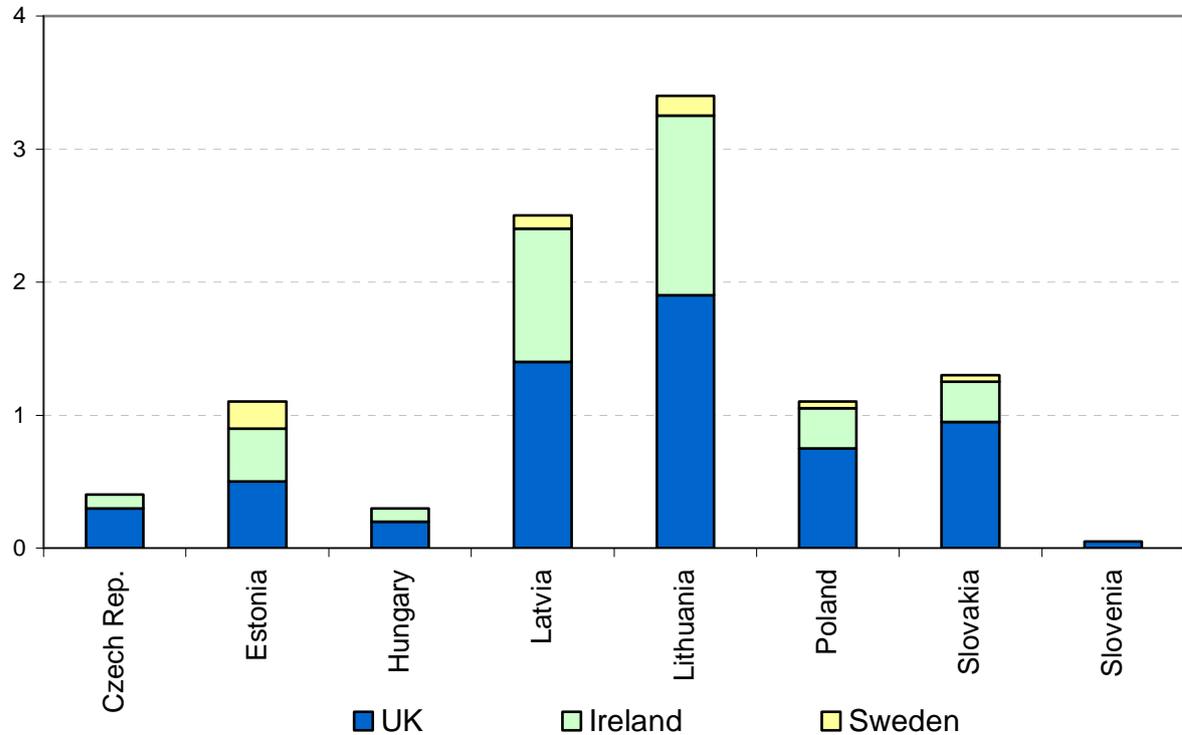
inflow from EU12 (EU15 minus Scandinavian member countries) and the inflow from EU8 – from 60:40 to 47:53 (Wadensjo 2007).

Other EU or EEA member countries also recorded growing numbers of migrants coming from EU8, such as Italy, Norway, the Netherlands, Denmark and Iceland. To illustrate that, the inflow to Norway was about twice as high as to Sweden, and immigration to Iceland took such a scale that between 2004 and 2006 the country with almost no foreign population few years ago noted as much as 6% of its population being foreign citizens, mostly from EU8 countries (Thorarins 2007).

In addition, citizens of EU8 countries kept migrating to countries where the access to labour market remained severely limited. Germany, until 2004 the main recipient country for EU8, in 2005 recorded the net inflow of migrants from that area as high as 63,200 persons (higher than in 2004) although in the same year the number of migrant workers arriving on the basis of bilateral agreements decreased by 15,500 relative to 2004. At the same time migrants from EU8 increased their involvement in economic activity in Germany as craftsmen or entrepreneurs; the number of relevant small companies rose from 4,400 at the end of 2004 to 14,300 at the end of 2005 (Hönekopp 2007).

A striking new characteristic of those flows is strongly increased mobility of citizens of several countries (particularly Latvians, Lithuanians and Slovaks) who before the accession date hardly mattered in European migration statistics. As might be seen in Fig. 4, migrant workers registered in the three EU15 countries that instantly opened their labour markets to the citizens of EU8 constituted a considerable fraction of the potential workforce of their native countries, especially migrants from Latvia (3.3% until December 31st, 2005). An analysis made from Irish labour market perspective (for 2005) suggested that relatively more migrants came to Ireland from those EU8 countries that were more strongly lagging behind in terms of relative GDP per capita (Hughes 2007). With regard to intensive flows of people from the Baltic States to the United Kingdom (96,200 approvals in WRS until the end of 2006) and Ireland (71,000 registrations in PPSN), the presence of citizens of those countries greatly increased also in the Nordic States (Dolvik, Eldring 2006; Wadensjo 2007).

Figure 4. Migrant workers from EU8 between May 1st, 2004 and December 31st, 2005 in Ireland, Sweden and the United Kingdom as per cent of working age population of the countries of origin



Source: WB 2006.

Another important trait of migration from EU8 to EU15 in 2005 and 2006 was their highly seasonal component, with a peak in July each year and trough in January or December each year. For instance, according to WRS in July of 2004 and 2005 22,000-23,000 applications were received each year while in December of those years only 10,000 and 12,000, respectively. In Ireland that annual disparity seems even stronger; in 2005 the July number of new EU8 entries in PPSN was five times greater than the January number, and in 2006 four times greater. Various surveys suggested that many migrants from EU8 are students coming mainly in summer months.

On the other hand, compared to years preceding the accession, more citizens of EU8 migrated with their families and/or prolonged their stay in destination countries. Altogether, migrants followed diversified strategies but quite frequently were “buying time”. A study devoted to post-accession Polish migrants in Britain identified four major strategies (Eade, Drinkwater, Garapich 2006). Major strategy, typical to almost every

second migrant, assumed keeping various options open, such as settlement in UK, moving to another foreign country or returning to Poland, depending on future developments. It was named “intentional unpredictability”. Three other strategies, represented in similar proportions by the remaining migrants, implied:

- seasonal, circular or short-term movements (resembles Piore’s birds of passage and was named as that of “storks”);
- one time migration with a robust intention of return and resettlement in Poland upon acquiring (saving) enough money to successfully invest there (named as “hamster’s” strategy);
- a strong intention to settle in Britain and make a career there (“stayer’s strategy”).

4. Main causes: supply or demand, or something else?

In view of the emergence of novel traits in the on-going migration from EU8 to EU15, it would be legitimate to ask about and inquire into its underlying mechanisms. Due to a relatively short time that elapsed after May 1st, 2004, however, the present state of knowledge about those population movements does not permit either relevant in-depth analysis or (the more so) any generalisations. What remains are speculations based on scattered and fragmentary contributions of various authors. In the present section I will speculate by formulating and considering four hypotheses that address the causes of post-accession migration.

First and most apparently obvious hypothesis claims that an increase in international mobility after the 2004 EU enlargement resulted from institutional change, namely above all the lifting of administrative or legal controls on population movements and the introduction of freedom of economic activity within the community of EU25, and in case of some countries granting a free access to their labour markets. This factor alone might have reduced the risks and costs related to migration, and brought about an increased propensity to move. In accordance with arguments set forth by Martin and Taylor (1996), economic liberalisation on international scale may in the short run lead to

more rather than less migration if strong migration networks linking labour markets in the countries at stake exist, which may produce a temporary effect called a “migration hump”. In those authors’ words (pages 46, 47):

Temporarily more emigration – a migration hump – is a usual part of the process of economic development when industrialisation occurs in a country with an emigration tradition or in which workers are recruited to go abroad. The hump is most likely to be noticeable when three conditions are met: when there are continued opportunities abroad that pull migrants out of the country, when supply-push emigration pressures rise as the economy adjusts, and when networks of family contacts with migrants bridge the border.

Similar effect may occur during a country’s economic take-off or economic transition. European countries experienced that kind of effect in the past. Historically first and foremost example was a large-scale emigration from industrialising western and northern parts of the continent between the middle of 19th century until the outbreak of the World War 1st. Another example presents the outflow of migrant workers from Mediterranean countries of Europe during their economic modernisation preceding the entry into the European Community, the process that Layard and co-authors (1992) described as unavoidable for that kind of modernisation labour market pre-emption.

In case of the citizens of EU8 countries migration hump observed since May 1st, 2004 might have stemmed from a combination of factors suggested by Martin and Taylor, and first of all from a general economic liberalisation between EU8 and EU15, including more liberal labour movements. Decreasing risks (and direct and indirect costs) of migration played its role in case of all EU8 countries. Other relevant factors, however, seemed to be more diversified across EU8 countries. I will refer to those factors in subsequent hypotheses.

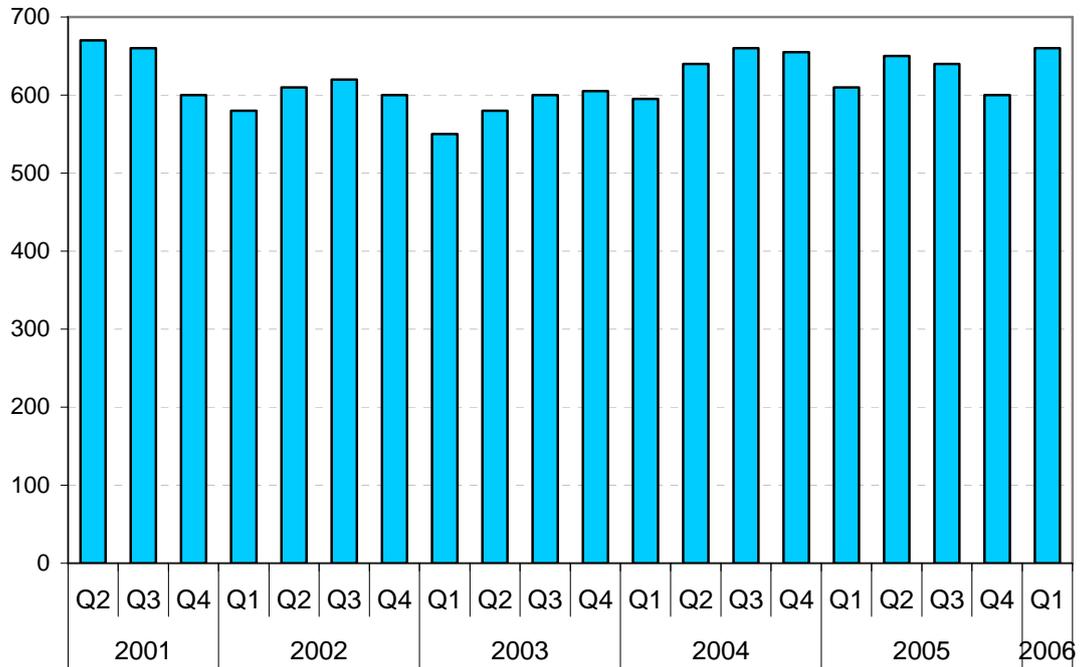
The second hypothesis is supplementary to the former and refers to the role of migration networks. In this regard situation in EU8 countries significantly differed. It suffices to have a cursory look at figures in Table 1 to notice that in the immediate pre-accession period some of those countries had sizeable communities in EU15 countries while some others had not. For instance, around the year 2000 Estonians lived in larger numbers only in Finland, Latvians and Lithuanians – only in Germany, Czechs, Hungarians, Slovaks and Slovenians – only in Austria and Germany, and Poles alone could claim having networks in many countries, including UK, one of EU15 countries

that instantly opened their labour market to EU8 citizens.

Available data seem ambiguous with respect to the coherence between the directions of post-accession movements and the geographical distribution of potential migrant communities. Certainly after May 1st, 2004 Austria and Germany were not the main destinations for migrant workers from the Czech Republic, Latvia, Lithuania and Slovakia. In turn, Lithuania and Poland send many of its migrants to Ireland where hardly any Lithuanian or Polish community existed until 2000 or so. On the other hand, the flow of Estonians was traditionally directed to Finland and that of Poles to (besides Ireland and the United Kingdom) to Germany. It might therefore be hypothesised that networks were likely to play a stimulating role in the population movements from EU8 to EU15 and, simultaneously, that their role in most cases was of secondary importance.

According to the third hypothesis, a major factor behind the trends and patterns of post-accession population movements was a high demand for labour in EU15 countries that was specifically addressed to migrant workers from EU8. Indeed, one of the key issues in political debates during pre-accession period on the British Isles turned to be a sharp deficit of labour reflected in a continuously high number of job vacancies. According to a popular view, instant opening up of labour markets in those countries for workers from the accession countries could remedy the shortages. In other EU15 countries the mood of debates was largely different or ambivalent in that respect.

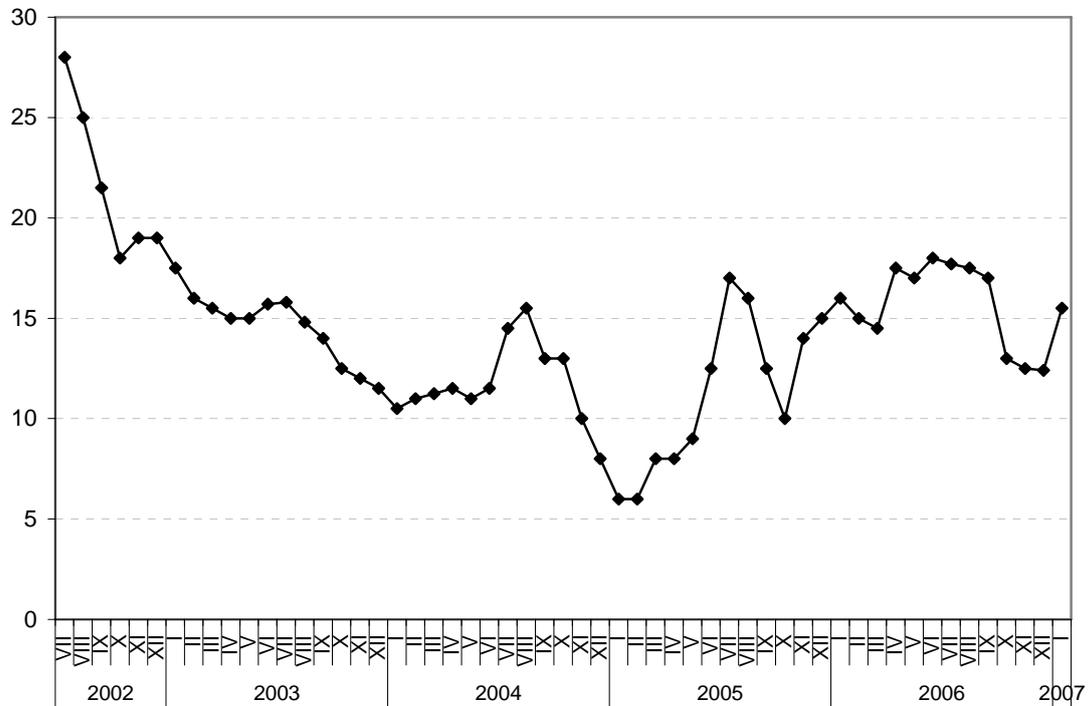
Figure 5. Number of job vacancies in the United Kingdom (thousands), by quarters



Source: WB 2006.

An evidence supporting the above hypothesis can be found in that despite a strong inflow of migrants from EU a very high scale of labour shortage in Ireland and the United Kingdom observed before May 1st, 2004 persisted over the following years. The number of vacancies in Britain recorded in the second quarter of 2004 (over 600,000) remained virtually unchanged after initial 12 months and only slightly decreased in the second half of 2005 (Fig. 5). In its turn, Ireland, similarly to UK a country receiving a huge influx of migrant workers, encountered a sharply growing number of vacant jobs – from 95,000-100,000 in 2003 and 2004 to 144,000 in 2006. Moreover, depending on month, from 6% to 18% companies were constantly claiming a deficit of labour, and their share was on the rise since early months of 2005 (Fig. 6).

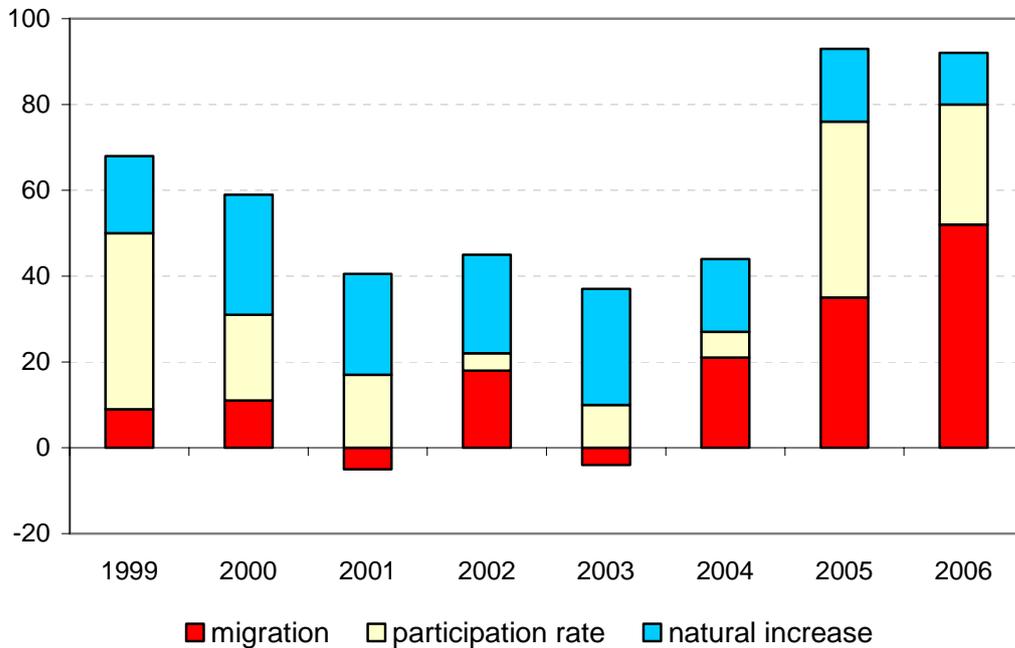
Figure 6. Companies that reported vacant jobs in Ireland (3-month moving average), in %



Source: Mc Cormick 2007.

The case of Ireland seems of special value here. For in 2006, about two years after the accession date, the inflow of citizens of EU8 countries became by far the main source of increase in the labour force of Irish economy. This is evidenced in Fig. 7, displaying prevalence of net immigration effect over other effects (natural increase and change in activity rate), especially bearing in mind that the “net immigration” factor was almost entirely shaped by the inflow from EU8.

Figure 7. Sources of labor force change in Ireland, 1999-2006 (second quarter); in thousand



Source: Mc Cormick 2007.

A final argument in this analysis might be found in an enormously high (and increasing over the first two and a half years) employment rates among migrants from EU8, hardly common among natives or other foreigners. This is true not only for UK and Ireland but also for many other UE15 countries³.

The fourth hypothesis posits that it is supply of labour in EU8 countries that matters the most. In line with it, redundant workers from new accession countries might have flooded labour markets of some EU15 countries (notably UK and Ireland) once labour markets of the latter become open and, thanks to low wage expectations, crowded out local labour or foreign workers originating from other countries. This, however, would have certainly led to an increase in the unemployment rate among the natives or foreigners from non-EU8 countries or/and a decrease in the wage rate. Apparently none of those have happened.

³ For instance, in Ireland among all migrants from EU8 it grew from 20% in Q3 2004, to 61% in Q4 2005 and to 89% in Q4 2006 (Hughes 2007). In Britain among Poles who arrived it was 84%, compared to 80% observed in English-speaking non-European migrants, 71% - observed in non-EU8 European migrants and 51% - observed in other non-European migrants (Drinkwater, Eade, Garapich 2007).

On the other hand, during the economic transition and pre-accession period some EU8 economies were hit by high (and long-term) unemployment, and surpluses of labour in those countries were more than evident. For several years the unemployment rate in Poland and Slovakia exceeded 15%, and in Latvia and Lithuania 12%, whereas in Estonia it was not significantly lower. Additionally, the privatisation and restructuring in those countries of such backward but important for their high share in the total employment sectors as agriculture and heavy industry were continuously freeing more labour ready to move.

It is, indeed, this hypothesis, which draws on the mentioned above argument suggesting a massive outflow of people as a precondition for a take-off to modern and sustainable economic growth and to radically increasing efficiency of the labour market (Layard and co-authors 1992).

In a backward economy such as CEE just before 1990 or even before 2004, characterised by a considerable amount of over-employment and low wage level, any programme of deep economic reforms, including liberalisation, privatisation and sectoral restructurisation would have to necessarily lead to building up a high migration pressure. Migration would then be stimulated by rising unemployment, low wages and various adjustment shocks, not to mention an autonomous influence of self-perpetuating migration chains.

As Layard and co-authors (1992) pointed out, the convergence of various economies (into a “common space”) in Europe would be meaningless concept without triggering off substantial permanent migration from less developed to more developed economies. In this respect the CEE countries (EU8 together with Bulgaria and Romania) are destined to follow the course the Southern European countries took in the 1950s and 1960s. Between 1950 and 1970, until the moment those countries completed restructurisation of their economies, embarked on the path of sustained growth and reached the wage levels comparable to those in Northern and Western Europe, they let around 10 million (net) people (6% of their aggregate total population) emigrate (to other parts of Europe and the Americas). Though the analogy to the present situation of EU8 countries might only, for various reasons, be partial, it seems clear that supply factor plays (and will continue to) a crucial role in the outflow of labour from those countries to

EU15, especially where no administrative controls are in motion.

Summing up, it seems plausible to argue that the three major forces, simultaneous and complementary, underlie the size, dynamics and geographical directions of migrant flows from EU8 to EU15 that took place after May 1st, 2004. These were: migration pressures in some sending countries, labour shortages in some receiving countries and across-EU15 differences in the degree to which labour markets in that area have been opened. The fourth factor, migration networks appear to be of secondary importance. This conclusion, however, cannot be regarded as nothing more than a bit more advanced hypothesis, which requires a further examination and solid empirical test.

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