

A Triad Configuration of Labour Mobility in the Enlarged European Union. Migration Structure and Developments in the Case of Old and New Member States.

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Abstract

The paper introduces the new configuration of European migration flows, influenced by the mobility of labour from Central and Eastern Europe (CEE) towards two main destinations - one in North-Western and one in South-Western Europe. The new developments come as a result of the process of liberalisation initialised by the European Union's (EU) eastward expansion in 2004 and 2007, with the opening of frontiers for workers in the new member states as a contributing factor to the enhanced dynamics of EU labour markets. On top of the general trend of increased migration, differentiated liberalisation has created a new typology of labour markets, with a variety of opportunities for access and integration of immigrants in the extended union. Some EU members facilitate the entry and labour market integration of mobile labour from the East, and others are attractive destinations by virtue of proximity, linguistic similarities, and established migrant networks. On the other hand, new member states would like to keep skilled labour at home, or encourage migrants return, under emerging pressures of labour shortages in their home countries.

We thus explore the patterns of cross-border employment developing in the EU27, and the related socio-economic conditions in new versus old migrant destinations. These are then contrasted with policy decisions and further motivations for migrants' location in a variety of destinations. The paper finally allows for the characterisation of an emerging migration triad, with two main poles of destination, and an origin in the East of the continent. This configuration focuses primarily on the UK and Ireland in the North and Spain and Italy in the South. It also exemplifies the context in which a destination is chosen, by looking more attentively at patterns of mobility arising from two main countries of origin, Romania and Poland, in light of their complementary experience in the new EU.

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1 Introduction

During the last decades of the twentieth century, the process of economic integration has focussed primarily on the international flows of capital and trade. Meanwhile, international labour mobility evolved in the background of a diverse array of factors, under the influence and with consequences on a complex set of macro and microeconomic indicators that remain difficult to define or predict. However, the debate on the international agenda is now ever-more focused on the phenomenon of labour migration. Moreover, the interest in the process is enhanced by the potential of immigration to ensure a constant level of active population in countries facing demographic ageing, as is the case in the European Union. This study thus proposes to contribute to the better understanding of the structure and motivations behind European labour mobility.

Under EU provisions, migration and the geographical mobility of labour are primarily an issue related to the freedom of movement of labour within the single market. In the enlarged EU, differentiated labour market access for migrants moving from new to old members continues to be the norm, during a seven years transition period. Thus, migration flows are triggered by a complex list of push and pull factors, creating a large array of interdependencies and raising different policy questions at the level of individual EU member states. These arise from an array of issues related to social and economic effects in sending, receiving, as well as transit countries of mobile workers. This paper thus explores how in the context of the last two processes of enlargement, the international mobility of workers has acquired new characteristics. In the process, it unveils a new dynamism and new motivations and destinations of European migrants, along with the ensuing effects on demographic, employment and integration concerns for new and old member states alike.

2 A comparative perspective on migration in the European Union

2.1 Macroeconomic evidence: national and foreign population, income level

In its evolution and dimensions, the globalisation process is not without contradictions, being asymmetric and non-uniform, especially between countries with large differences in economic development. Nowadays, one of the most important paradoxes of globalization is international migration, defined as *'the absentee in the current wave of globalisation, particularly in Europe'*¹. This trend continues, as "international migration seems to be, currently, left out from the new globalization process"². We can say that in a world where distance and time have lost significance, the restrictive mobility of people represents a reinforcement of territorial boundaries, imposed by individual states. Thus, the liberalisation of commercial and financial markets has not been linked in with the opening of frontiers for free passage of individuals, but to the contrary, states devise a growing number of barriers, restricting the international mobility of labour. Far from working towards an integrated world economy, fragmentation is the process characterising the global labour market today.

However, in spite of a large number of obstacles to the mobility of labour, economic developments create their own mechanism to "force" frontiers. Growing migration flows are an imminent reality, with between 1.5 and 2 million new migrants, having settled in Europe each year starting with 2002. As such, and in spite of its complex implications, the process should be regarded as an opportunity, for both demographic rebalancing, and a dynamic European economy. Predictions are that by 2060 the active

¹ Faini, R., J. de Melo, K. Zimmermann, 1999. *Trade and Migration: an introduction*. Cambridge: Cambridge University Press.

² OECD, 2007b. *International Migration Outlook*. Paris: OECD.

population in Europe would drop by 50 million people, making it a necessity for Europe to open its borders, to legal immigrants.³

A brief picture of migrant labour in Europe provided by Eurostat reveals that by the 1st of January 2007 on the territory of the newly enlarged EU27 there were 27.9 million non-national residents. Of these, 92.5% were hosted by the EU15 and only 7.5% by the 12 new member states joining the EU in 2004 and 2007. Moreover, five states concentrated about 74.9% of all foreigners (20.897 million people): 7.3 million non-nationals were recorded in Germany; 4 million in Spain; 3.5 million in France; about 3.4 million in the UK, and 2.7 million in Italy. In 2007, foreigners (including nationals of other EU member states and non-EU nationals) represented 5.64% of the total population of the union. This average includes a large variety of concentration levels in individual EU 27 member states: from 38.2% of the total population in Luxemburg, to 20% in Latvia and 18% in Estonia, to 9.8% in Austria, 9% in Spain, 8.9% in Germany, 8.5% in Belgium, 8% in Greece and 7.3% in Ireland. Sweden, France, and the United Kingdom had between 5.3% and 5.6% foreigners in their population, Italy 4.5%, and they were ultimately followed by countries in which the percentage of foreigners is very low indeed. For example, the Slovak Republic recorded 0.47% foreigners, and other new member states had concentrations of not-nationals in their population insignificantly different from zero, as in the example of Romania (at 0.12%), or Bulgaria (at 0.34%)⁴.

Even where the number of non-nationals is not very high as compared to the total population, it remains highly relevant to population growth. The latter is most often attributed to immigration, and not to the natural increase in population, which remains a few times lower than migration rates in most EU member states. Last but not least, it is interesting to observe that in a large number of countries non-nationals originate mostly (over 50%) in another EU country.

³ See in this respect the interview with the EU Commissioner for Justice, Jacques Barrot, cited in Cotidianul, 2008. *The European Union needs legal migrants*. 22nd of June 2008 [in Romanian].

⁴ Eurostat, 2008. *Statistical portrait of the European Union 2008 – European Year of Intercultural Dialogue*, European Commission.

Table 1 Comparative data on population, migration rates, migrant stocks and income per capita in UE-27

Country	Population at the end of 2007	Stock of non-nationals in 2006	Net migration, 2006	Net migration, 2007	Net migration rate, 2007	GDP/capita 2007 (at current prices)	GDP/capita 2007 (PPP values)
	totals	%	totals	totals	‰	USD	USD
Austria	8327230	9.809	29379	31382	3.8	45,181.123	38,398.597
Belgium	10660770	8.507	53357	62327	5.8	42,556.918	35,272.936
Bulgaria	7605064	0.338	0	-1397	-0.2	5,186.434	11,302.483
Cyprus	796350	2.511	8643	12784	16.1	27,326.659	46,864.616
Czech Republic	10345924	4.958	34720	83945	8.1	17,069.744	24,235.511
Denmark	5449712	8.855	7276	23071	4.2	57,260.949	37,391.844
Estonia	1338617	18.027	164	160	0.1	15,850.709	21,094.094
Finland	5296826	2.157	10600	13877	2.6	46,601.865	35,279.556
France	63779059	5.537	89503	71000	1.1	41,511.154	33,187.764
Germany	82200162	8.855	23538	47802	0.6	40,415.409	34,181.175
Greece	11216708	7.913	41024	41000	3.7	28,273.295	29,172.089
Hungary	10046273	1.551	21309	14042	1.4	13,762.243	19,026.503
Ireland	4414797*	7.279	66749	64394	14.6	59,924.415	43,143.969
Italy	59578359	4.516	377458	494315	8.3	35,872.419	30,448.310
Latvia	2269101	20.021	-2451	-642	-0.3	11,984.761	17,416.017
Lithuania	3365442	9.708	-4857	-5244	-1.6	11,354.354	17,661.157
Luxembourg	482186	38.178	5353	6001	12.4	104,673.281	80,457.339
Malta	410494	2.942	2135	2014	4.9	18,088.046	53,359.348
Netherlands	16402047	4.226	-25903	-1644	-0.1	46,260.689	38,485.906
Poland	37996168	1.836	-36134	-20485	-0.5	11,041.216	16,310.722
Portugal	10633006	2.604	26142	19500	1.8	21,018.829	21,700.875
Romania	21423366	0.120	-6483	745	0.0	7,697.208	11,386.509
Slovak Rep	5398759	0.474	3854	6793	1.3	13,857.472	20,251.125
Slovenia	2022636	2.435	6260	14134	7.0	22,932.695	27,204.876
Spain	45257696	8.999	612884	701948	15.5	32,066.964	30,120.351
Sweden	9181706	5.266	50769	53978	5.9	49,654.869	36,494.292
United Kingdom	61270283	5.628	177763	174603	2.8	45,574.744	35,134.347
UE27	497198740	5.636	1573052	1910403	3.8	32,333.28	31,295.64
Norway	4733544	4.748	23623	39532	8.4	83,922.497	53,036.659
Switzerland	7562095	20.534	36294	41157	9.2	58,083.574	41,128.452

Source: Eurostat; IMF World Economic Outlook, Database for April 2008; UN division for population statistics; own calculations

* The data is for 2005.

This proportion is much higher in Latvia, at 99.4%; Luxembourg at 95%; Belgium at 77.1%; Slovenia at 97.4%, followed by the Slovak Republic at 84.1%; Austria at 86.8%; or Germany at 81.1%. In six member states (Greece, France, Italy, Portugal, Spain) the proportion of non-nationals from other UE members ranges between 30.2% and 47.6%. Such mobility patterns also mean that a large part of population growth through migration is attributed to internal mobility and not to an inflow of foreign nationals from outside the Union, reinforcing the mechanism of overall population stagnation in Europe. A further analysis of Eurostat population statistics in EU27 reveals that in spite of increase migration to old member states (with the exception of Germany), and some new member states (the Czech Republic, Slovenia, and the Slovak Republic), we expect a decrease in population in the EU as a whole. While in 2008 the EU27 registered 497.198 million people, for 2050 Eurostat projections indicate a decrease in population, to about 470-480 million people (albeit, after an initial rise to 2025). A simple conclusion indicates the need to attract foreign labour from outside Europe, as the internal, active population declines.

Table 1 gives an overview of the significance of migration at the level of various member states, by illustrating the proportion of foreigners in the total population of all EU27 members, as well as Switzerland and Norway. It further looks at net migration rates and annual net migrant flows, for the latest years where data is available. In order to account as well for the weight of different economies, population size and GDP per capita are exemplified here, as reference measures.

It can be noted that most old member states (with the exception of the Netherlands) are net recipients of internationally mobile population in 2007, while new member states are generally losing population through international mobility. By far the highest net immigration rate registered in 2007 is in Spain and Ireland, at around 1.5% of the national population, creating potential strains on the capacity of absorption for national labour markets and social services. Indeed, along with Spain, which is the country with the highest net absolute value of inward migration for both 2007 and 2006, Italy, and at some distance, the UK, have also experienced recently large net immigration flows. Spain added over 700 thousand people to its

population through migration in 2007 alone, recording one of the largest increases in population ever, through net inflows within one single year. It is also interesting to see that the four countries identified above, which have experienced high net migration, are also the countries that have experienced the largest inflow of nationals from new EU member states. There are two indicative sets of explanations for the attractiveness of these destinations to nationals from Central and Eastern Europe. One is the liberalisation of access to their labour markets for nationals of most new EU member states, such as in the case of Ireland and the UK, along with the use of English as an international language - facilitating integration at destination. The second are the rounds of regularisation of earlier migrants in Spain or Italy, establishing migrant communities with strong pull capacity for new immigrants, and to some extent the subsequent liberalisation of mobility from a majority of new member states. However, the language dimension and integration capacity might have played once again a significant role, especially with reference to Romanians within the EU. These concentrate primarily in Southern European countries, with similar languages to their own. Finally, in spite of the sustained flows from Eastern Europe towards selected EU destinations, there is new evidence of increased out-migration from all major migrants' recipient countries. The process accentuates as economies slow down and the construction sector at destination (employing many foreigners) shrinks, but also in light of better employment prospects in home countries and devalued currencies in migrants' destinations⁵.

On the side of sending countries with negative migration rates, Lithuania and Poland have the largest negative net outflows. While these remain at just about 1‰ of the national population or below, sustained net outflows could have long term negative implications on their economies. Evidence already indicates serious labour and skill shortages in Central and Eastern Europe, largely attributed to the spell of recent emigration in the region⁶. It is interesting to see in this respect that for a country such as Romania,

⁵ Pollard, N. and M. Latorre and D. Sriskandarajah, 2008. Floodgates or turnstiles? Post-EU enlargement migration flows to (and from) the UK. London: IPPR. and The Economist, 2008. 'Migration. A turning tide?' *Economist.com*, 26.06.2008.

⁶ Euractive, 2008a. Romania skilled labour shortage 'highest worldwide'. 25.04.08. Available at: www.euractive.com. [20/06/2008]

which registered a significant net outflow of population in 2006, the trend appears to have reversed by 2007. Even in Poland, net out-migration is 50% lower in 2007 compared to 2006, tentatively indicating that East-West migration might be already past its peak. Furthermore, circulatory and return migration could reverse the trend of future mobility in the enlarged EU, as recently noted in the UK.⁷

For countries in Central and Eastern Europe, with a significant emigration potential, EU accession represented a turning point for the mobility of people, attracted by relatively strong economies, as pull factors in old EU members. Migration streams originating from Central and Eastern Europe (CEE) clearly intensified around the time of EU accession. Additionally, there is evidence of a diversification of destinations and a new type of mobility, which can be increasingly characterised as economic migration. The motivations of migrants on the other hand go beyond the potential to achieve a higher income in countries of destination, as compared to their origin. They also include a socio-economic dimension, comprising the need for secure employment, but also job satisfaction and a prospect to raise overall standards of living. Finally, with rising standards of living and lower social disparities in the enlarged EU, an increasing number of new member states could become attractive destinations for both EU and non-EU nationals alike.

2.2 Foreign workers in the EU

Recently the international mobility of labour within the European Union has received an increasing attention, even though migration from outside the community remains a predominant feature of EU migration policy. Through partial or complete liberalisation of internal mobility, the phenomenon has acquired new intensity, with visible effects on origin and destination countries at European level. Until now, the predominant category of intra-EU mobile workers were highly qualified personnel, with easily transferable skills, which were joined by similar categories of non-EU nationals in highly selective EU labour markets. Such flows were complemented by migrants in

⁷ Pollard, Latorre and Sriskandarajah 2008. *op. cit.*

unskilled occupations, often originating outside Europe. Intra-European migration now extends to all types of labour, from unskilled workers, often concentrated in agriculture, construction or household services, to highly qualified workers, in occupations such as medicine, IT, business management, or financial services.

According to the data in table 2, EU member states hosted in 2005 approximately 12 million active foreign nationals. Thereby, the largest country in the Union, Germany attracts 3.8 million foreign workers (9.3% of its labour force); Italy and Spain some 1.9 and 1.7 million, respectively, (both at around 8% of their national labour force), followed by the UK and France with about 1.5 million active foreign nationals each (at 5.4% and 5.3%, respectively, of their national workforce). However, in proportional terms, Luxembourg, Sweden, Austria, and Ireland have the largest non-national active population, at 60.9%, 13.1%, 12%, and 11.5% of their total labour force. Such high concentrations can be attributed to factors ranging from the attraction to other Europeans of EU institutions and financial business in Luxembourg, to the liberal migration regime of Ireland or Sweden and the close proximity to Central and Eastern Europe (with high migration potential) of Austria.

Another aspect which can be noted as well in table 2 is the slightly higher rate of employment rate for nationals and higher unemployment rate for foreigners in the EU, reflecting a traditional aspect of migration in established destinations such as Germany, France, or the UK. On the other hand, 'new migrant destinations' in the South of Europe, such as Spain, Italy, Greece, or Portugal (but also Ireland), record non-national employment rates higher than those of natives. It is one more indication that traditional migration patterns are shifting, with a stronger propensity towards economic migration and an increased employment rate for mobile European workers outside 'traditional destinations'.

Table 2 National and foreign workers in EU27, activity rate and unemployment, 2005

Country	Total active population	Non-national active population		Employment rate (%)		Unemployment rate (%)	
	Thousands	Thousands	% of labour force	Nationals	Foreigners	Nationals	Foreigners
Austria	4032.8	418.0	12.0	68.3	61.5	4.5	11.8
Belgium	4625.8	453.3	9.1	61.9	51.8	7.4	16.0
Bulgaria	3316.3	..	..	..	..	..	..
Cyprus	367.2	..	..	..	..	..	..
Czech Republic	5174.2	151.7	2.9	68.3	61.5	7.9	6.9
Denmark	2892	109.3	4.0	76.3	55.8	4.7	10.0
Estonia	659.6	..	..	..	..	..	..
Finland	2620.5	53.0	2.1	68.8	50.6	8.3	20.5
France	27611.2	1456.4	5.3	63.5	52.2	8.8	17.8
Germany	41254.7	3823.0	9.3	66.6	53.5	10.6	19.8
Greece	4846.3	324.6	6.7	59.8	68.0	9.9	8.1
Hungary	4203.6	62.9	1.5	56.7	66.2	7.2	..
Ireland	2041	239*	11.5*	67.0	68.7	4.1	6.3
Italy *	24451.4	1917.7	7.8	62.5	71.9	7.7	7.9
Latvia	1134.6	..	..	..	..	..	..
Lithuania	1606.9	..	..	..	..	..	..
Luxembourg	202.7	196.2	62.6	60.9	67.3	3.3	6.0
Malta	160.2	..	..	..	..	..	..
Netherlands	8513.1	287.5	3.4	67.5	71.6	4.5	12.0
Poland	17161	..	..	..	..	..	..
Portugal	5544.9	271.4	4.9	57.4	59.9	7.5	11.8
Romania	9819	..	..	..	..	..	..
Slovak Rep	2645.3	6.2	0.2	64.6	72.3	16.4	..
Slovenia	1015.3	..	..	..	..	..	..
Spain	20885.7	1688.6	8.1	62.5	69.8	9.1	11.6
Sweden	4712.9	617.3*	13.1*	73.5	56.9	8.4	16.5
U.K.	29626	1504.0	5.4	72.1	62.3	4.3	8.5
EU27	231124.2	12723.8	9.1	65.5	62.8	7.5	12.0
Norway	2393.4	159.3	6.9	75.1	64.9	4.5	10.6
Switzerland	..	830.1	20.9	78.7	72.2	3.3	8.9

.. means data not available

*values calculated on the basis of LFS data provided by Eurostat and Newcronos statistics

Source: Eurostat, 2008. *The Enlarged EU. A Statistical Handbook, 2007-2008*; OECD, 2007. *International Migration Outlook*; Newcronos; LFS.

Such observations require as well a review of standard pull and push factors for new migrant flows, including income levels or GDP per capita and unemployment rates. Additional characteristics, which make particular EU countries more attractive, especially to new EU member states nationals should also come under consideration. The objective is to find a set of indicators reflecting perceived opportunities in new immigrant destinations, beyond absolute income disparities, which would favour the continuation of migrant flows to traditional destinations alone.

2.2.1 Classic economic determinants and current migration patterns

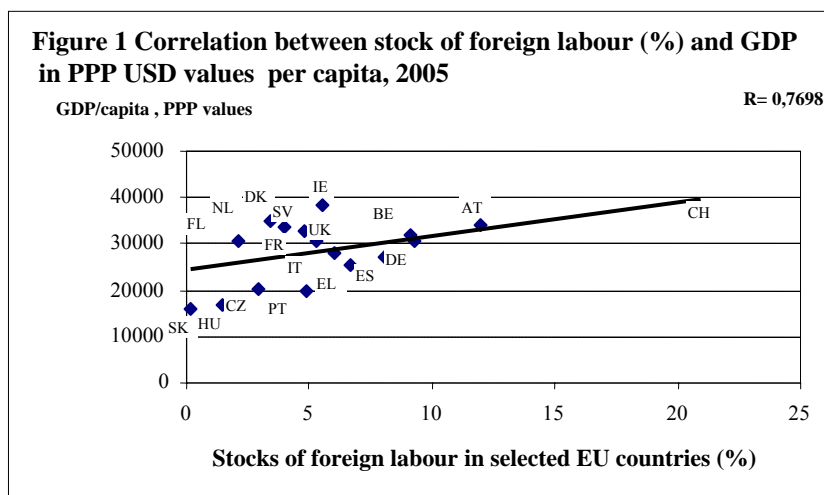
There is by now a large literature looking at the impact of migration on destination countries, with the main focus on wage and employment effects in immigration countries.⁸ The results are largely inconclusive. With respect to countries of origin, the general trend is to consider migration as a powerful means of generating foreign currency receipts through remittances⁹, but also, as a potential factor for either brain drain or brain gain in sending countries, a subject widely open to debate¹⁰. However, economic migration is determined by definition through income disparities between the country of origin and destination, as well as by the potential to secure employment abroad. Initially, we would thus like to test the relationship between the concentration of foreigners in individual EU27 member states and income levels in various EU27 countries belonging to

⁸ A recent survey of the relevant literature is provided in: Longhi S., P. Nijkamp, J. Poot., 2008. 'Meta-Analysis of Empirical Evidence on the Labour Market Impacts of Immigration'. IZA Discussion Paper 3418. March 2008.

⁹ Ozden, C. and M. Schiff, ed, 2006. *International Migration, Remittances & the Brain Drain*. Houndmills: Palgrave Macmillan.; Faini, R., 2006. 'Migration and Remittances. The impact on the countries of origin', in Ph. Martin, 2006. *Trade, Migration and Development Nexus*.; Solimano, A., ed, 2008. *The International Mobility of Talent. Types, Causes and Development Impact*. Oxford: Oxford University Press.

¹⁰ Ozden, C. and M. Schiff, ed, 2006. *International Migration, Remittances & the Brain Drain*. Houndmills: Palgrave Macmillan.; Faini, R., 2006. 'Migration and Remittances. The impact on the countries of origin', in Ph. Martin, 2006. *Trade, Migration and Development Nexus*.; Solimano, A., ed, 2008. *The International Mobility of Talent. Types, Causes and Development Impact*. Oxford: Oxford University Press.

the OECD (see figure 1). The data used for GDP per capita in PPP in US dollar standards¹¹ is a proxy for income potential and has been extracted from IMF databases. The concentration of foreigners in the labour force of individual countries is given by OECD values, which provides for foreign labour stocks as a percentage of the total active population in OECD members.

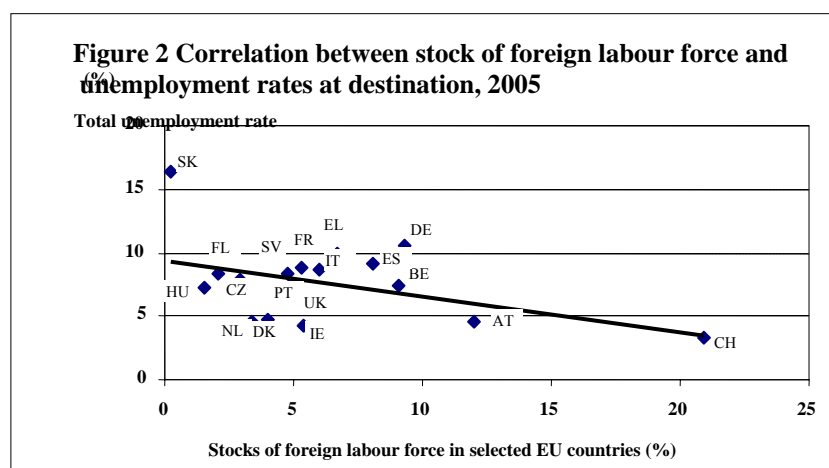


Data source: IMF and OECD

The relationship between GDP per capita and foreigners' concentration in individual national markets in Europe has the predicted positive sign, with migrants being predominantly represented in countries with higher income levels. This also indicates that recent international mobility is predominantly an economic process, representing primarily labour migration.

Next, we are plotting as well the stock of foreign labour against unemployment rates in countries of destination, as reflected in figure 2. Once again, we are using OECD data on the percentage of migrants in the labour force, as well as for unemployment rates in the various European countries recorded. The direction of the correlation is once more in line with the economic rationale, with countries recording higher immigrant stocks coinciding with countries experiencing a generally lower level of unemployment and hence better employment opportunities for foreign labour.

¹¹ The value takes into account the variation in prices of similar products in different EU countries, variation which can be significant.



Data source: OECD

It can be briefly concluded that migration in recent times follows a pattern in line with economic theory, whereas better income opportunities and a higher employment probability at destination determine a higher concentration of foreign labour. On the other hand, the recent trends of net migrant flows signalled in table 1 show an increased concentration of migrants in new destinations, away from traditional highest income destinations, which needs further investigation and the split of migrant stocks by new countries of origin. For the analysis, we shall introduce next a set of economic variables and socio-economic indicators, as well as reflecting on new migration within Europe in the context of recent policy redesign, in the context of the enlarged European Union.

3 A European Migration Triad

3.1 Specifications of a migration triad

This paper set out to explore the triad configuration European migration, determined especially through the new flows from CEE towards destinations in EU15. These developments come as a result of the process of liberalisation initialised around the event of eastward expansion, in 2004 and 2007. First, the opening of frontiers – albeit gradually – for workers from ten new CEE member states was a contributing factor to an increased dynamic of internal EU mobility of labour, where migration was reputedly

low compared to traditional single markets¹². The structure of mobility is also different in the new context, with labour migration at the forefront of recent developments in the EU. Thus, 30- 40% of those who arrive in Western Europe do so in order to find a better paid job. Moreover, CEE countries have become an important source for this type of migrant workers. Despite temporary restrictions for new EU member states, some 50-75% of migrants from these origins benefit from full freedom of movement and seek employment abroad¹³. However, differentiated liberalisation of workers' access to EU labour markets continues to shape mobility flows.

East-West migration in Europe ultimately defines a triad, originating in CEE, with movements concentrated towards two main poles of destination: 1) *North-Western Europe* (particularly in the UK and Ireland) and 2) *South-Western Europe* (particularly in Spain and Italy). The following analysis seeks to define this triad and its characteristics. The econometric analysis applied in this sense is focussed on a set of variables defining standards of living, differentiating primarily between wage costs and earning potential, as well as general job and life satisfaction in various European destinations. The ultimate purpose is to distinguish the features of the observed migration triad, and to outline the points of attractiveness of the two emerging areas of destination.

3.1.1 Methodology

The analysis undertaken here considers migration in 27 EU member states, as well as Switzerland and Norway, and draws on OECD data on foreign labour stocks, by country of origin and destination (FLFS). It considers migration stocks against the active population in countries of immigration, a proxy of the size of relevant labour markets. The further variables influencing migration considered here are economic factors at destination, in the form of costs of labour, by country (LFHC), along with socio-economic aspects determining migration. The latter are defined as work and family conditions (WCFL), and job content and satisfaction (JCS) in EU

¹²For a comparison of mobility in Europe and the US refer to (DOL September 2002){45 DOL September 2002;}

¹³ OECD, *International Migration Outlook*, 2007

27. Table 3. gives an overview of the chosen variables and the source of data used for each of them.

Table 3 Variables and individual data sources

Active variable/ symbol	Data source	Year
Stock of the foreign labour by country of origin and destination (FLFS)	OECD, <i>International Migration Outlook 2007</i>	2005
Active economic population as proxy for the labour market size (AEP)	Eurostat, <i>The Enlarged EU. A Statistical Handbook 2008</i>	2006
Proxy value for <i>work conditions and family life</i> (WCFL)	European Foundation for the Improvement of Living and Working Conditions, <i>The 4th European working conditions survey 2007</i> (based on EWCS 2005 data); Elsner, M. and O. Chagny, 2005. <i>Working conditions and working time in an enlarged Europe</i> . Office for Official Publications of the European Communities.	2005
Proxy value for <i>job content and satisfaction</i> (JCS)	European Commission, 2008. <i>Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis, 2008 compendium</i>	2005
Indicator of hourly costs of labour (LFHC).	Eurostat	2006

The WCFL proxy is a complex indicator, looking at social aspects related to work and living conditions. It is based on a series of survey questions of the EWCS, looking at: the balance between working and family life, the need to work extra hours, time spent on for children's education, cooking and housework, the number of those holding more than one job, and long working days and employment for five days a week. The JCS proxy is similarly constructed, on survey answers related to: satisfaction with working conditions, the fear of losing a job within six months, being well

paid for the work done, career prospects on the job, meeting precise quality standards at work, the assessment of the quality of own job, and the need for more training.

The paper undertakes a cluster analysis, in order to establish the triad configuration of labour mobility in Europe, including push and pull factors characterising EU countries of origin and destination. The factor analysis pertaining to this method is followed by the reconsideration of correlations between the stock of foreign labour in the two poles of migrants destination identified earlier, and the motivational factors determining current mobility patterns. We are using standard values (z_i) for the variables identified in table 3, with WCFL, JCS and LFHC. These are calculated on the basis of

$$z_i = \frac{\bar{x}_i - m}{\sigma},$$
 where \bar{x}_i is the average value in country i for each variable, m

is the EU27 average of the variable under consideration, and σ the standard deviation.¹⁴ We obtain a factor $F1$, representing wage costs (LFHC), and a factor $F2$, which groups living and work conditions (WCFL), along with job content and satisfaction (JCS) in various countries. Factor 2 can be defined as synthesising the qualitative aspect of labour and working standards in the EU.

Labour expenses represent about two thirds of the total cost of producing goods and services, and affect the competitiveness of enterprises, but can also influence unemployment rate. The latter is true especially for unskilled labour, which can be easily out-competed by workers in alternative, low-cost locations. As such, it can mean poorer employment prospects in unskilled jobs at destination. However, the cost of labour is expected to positively influence immigration, as it reflects a potential to earn higher wages¹⁵. Labour costs and implicitly wages vary strongly from one member state to another in the EU, and we are hence expecting a clearly positive relationship between labour costs at destination and the appeal of a location to immigrants. For example, while the hourly labour cost in Romania was recently just 2.48€, the average EU15 value was ten times higher, at 25€ per hour, giving a general indication that East-West

¹⁴ Calculations and standard values are available, on request, from the authors.

¹⁵ Labour costs relate to productivity, but typically cover as well social protection measures that vary strongly amongst EU27, and in themselves can be an attraction point to migrant labour.

migration should persist on wage disparity considerations alone. Still, as has been noted before, it is not necessary the highest wage countries which attract most migrants from the East, justifying the need to extend the analysis to further conditions under which migration appears to thrive.¹⁶ Studies concentrating on the aggregate life satisfaction of individuals have previously observed wide variation in such indicators by country of enquiry, and also, a differentiated degree of job satisfaction derived from income potential. For example, working income was found to be insignificant for general happiness in West Germany, but was highly relevant for respondents in East Germany or the UK¹⁷. As such, this paper acknowledges that work and life standards differ considerably in Europe, making some locations more or less attractive to potential immigrants on the basis of a series of socio-economic conditions. According to European Commission data, in EU15 a proportion of 79.8% of the population enjoys life/work balance, as opposed to 73% of those living in new member states. Concerns for time spent on household chores vary from 30% in the Czech Republic, to 52% in Romanian or 57.9% in the United Kingdom. There are large differences in the time allocated for children's education, with 14.9% percent of people in Spain citing this as a daily activity, going up to 36.1% in Ireland, or 42% in Hungary.

If we take the specific case of Romania, a country which registered large outflows of labour in recent years, work conditions here show that, for example, 36.3% of people in this country work overtime, against an average of just 16.9% in EU27¹⁸. On the other hand, while 65% of those in EU27 member states reported working five days a week, this percentage was at 44.2% in Romania, given the higher number of those who exceed this number of working days per week in this country. Thus, in Romania 51% of labour works over 40 weekly hours. One of the main reason for more hours being worked here compared to the average European member state are the number of daily hours, with 36% of Romanians working in excess of 10 hours a day. That compares to a 15-16% doing so in the EU25, and 20% in new member states. EWCS data also shows that in the

¹⁶ See for example, Hiris, 2004

¹⁷ Van Praag, B. M. S. and A. Ferrer-i-Carbonel., 2008. *Happiness quantified : a satisfaction calculus approach*. Rev. edn. Oxford: Oxford University Press.

¹⁸ This should be put as well against low hourly labour costs and wages.

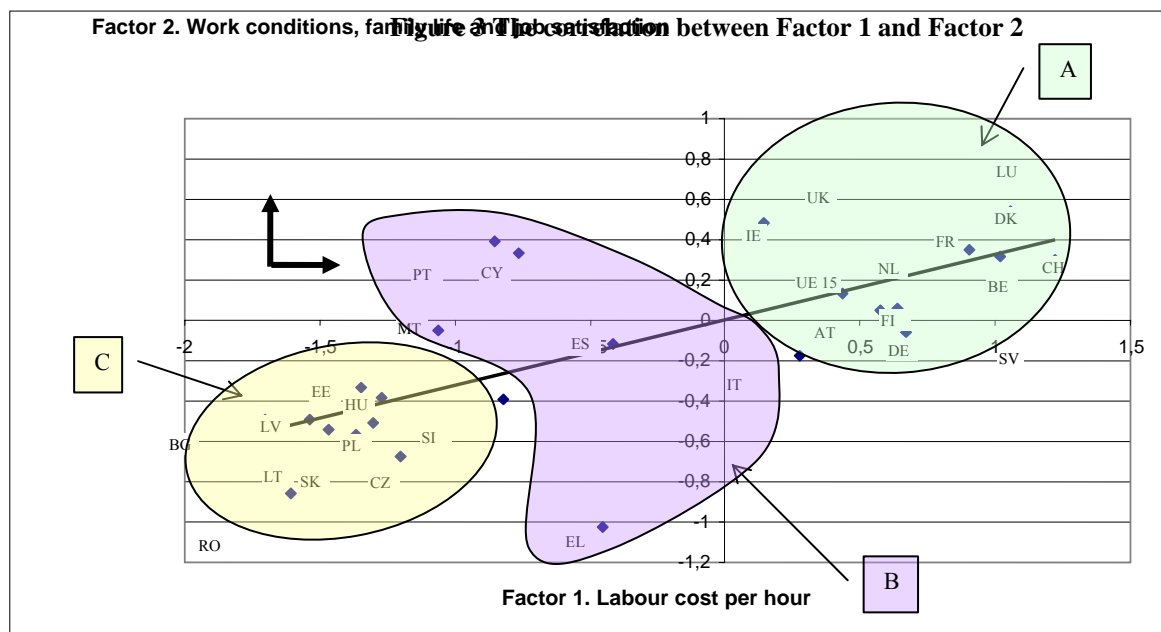
period 2001-2005 the average working week has grown in Romania, from 45.9 to 46.4 hours, while the EU15 average registered a declining working week, from 38.2 to 37 hours. In the 12 new member states, the working time has also dropped on average, albeit from 44.4 to 42.8 hours per week. The same situation is reflected in working time distribution: 24.3% of Romanians work night shifts. Then, about 40% work Sundays and 68% on Saturdays; compared to 28%, and 53%, respectively, for the EU average. However, Romanians appear to benefit from more flexible working hours, as just 46% declare to have a set starting and finishing time for their work programme, as opposed to 61% of the average in EU member states.¹⁹ In terms of the perceived work content and satisfaction of European nationals, 82% of all those in EU27 appear happy with their working conditions, the proportion being higher in the more economically advanced member states. For example, 92.7% of those in the UK, 89.6% of Austrians, 89.2% of Germans, and 89.5% of Belgian respondents agree with that. However, a different picture appears at the level of new member states, where just about 60% are satisfied with their work conditions, whilst in Romania and Bulgaria this percentage drops even lower, to 53% of all respondents. The relatively low satisfaction with working conditions is complemented by the 19.2% of those in new EU members fearing to lose their job, as opposed to the 13% EU average. The same situation is reflected in the case of the satisfaction with pay for work undertaken: while in the EU 25 almost 45% consider pay to be appropriate, in Romania and Bulgaria only a 24% and 28%, respectively, consider their pay appropriate. What the overview of the above indicators shows is a general expectation that pull and push conditions continue to be favourable to the continuation of East-West migration, with the push factors related to life and job satisfaction being perhaps strongest in countries such as Bulgaria or Romania, where low wages go hand in hand with long working hours and low overall job and life satisfaction. EU15 member states are on average better positioned both in terms of wages, and from the point of view of workers' satisfaction with general living standards, that allows pull factors

¹⁹ See also Ciuca, V., D. Pasnicu, L. Son, C. Sipos and M. Iordan, 2008. 'The Romanian Flexicurity – A response to the European Labour Market Needs', in *Romanian Journal of Economic Forecasting*. Vol. X, no. 3.

to operate in favour of continued East-West mobility, driven by differential social standards and going beyond simple wage considerations.

3.1.2 Mapping migration poles on the basis of socio-economic conditions in EU27

The representation of the correlation between the two factors identified in the previous section allows us to explore a typology of European countries, on the basis of wage costs and work and life satisfaction, as reflected in figure 3. According to the two socio-economic dimensions characterising EU27 members, we can distinguish three areas, comprising groupings of countries, as specified in figure 3.



Source: own calculations, OECD, EWCS, Eurostat

A triad which we have hypothesised earlier in relation to recent migration flows can be identified, with three poles corresponding to the groupings of countries A, B, and C. The solid arrows in figure 3 indicate the direction of labour mobility, which can be seen as a function of the two factors plotted here (work conditions, family and job satisfaction on one hand, and wage costs on the other hand). Thus:

i) Countries in *area C* can be characterised by two types of push factors, one related to relatively low wages, and one related to relatively low satisfaction with the quality of life and work conditions. Countries included here are all the new EU member states in CEE. Their nationals have a propensity to move:

- to countries in area B, on the basis of higher wages and generally stronger work and life satisfaction.
- to countries of area A, offering the potential to improve income even stronger than in area B, whilst at the same time experiencing better living and working conditions compared to home countries (but not necessary compared to area B).

ii) On the same grounds, *group B* is attractive as a destination from those in area C, but countries here could themselves represent a source for migrants wishing to improve income levels in area A. The EU member states represented here are those of South-western Europe, and particularly Spain and Italy, which were identified earlier as strong poles of new immigration flows. The potential of onward movement of migrants towards A present, but probably weakened in this instance, as a consequence of comparable levels of satisfaction with work and living conditions in area B and A (with the possible exception of Greece). Indeed, the recent experience of South-North European migration is of low flows, particularly after income disparities between area A and B has passed a ratio of 4:1.²⁰

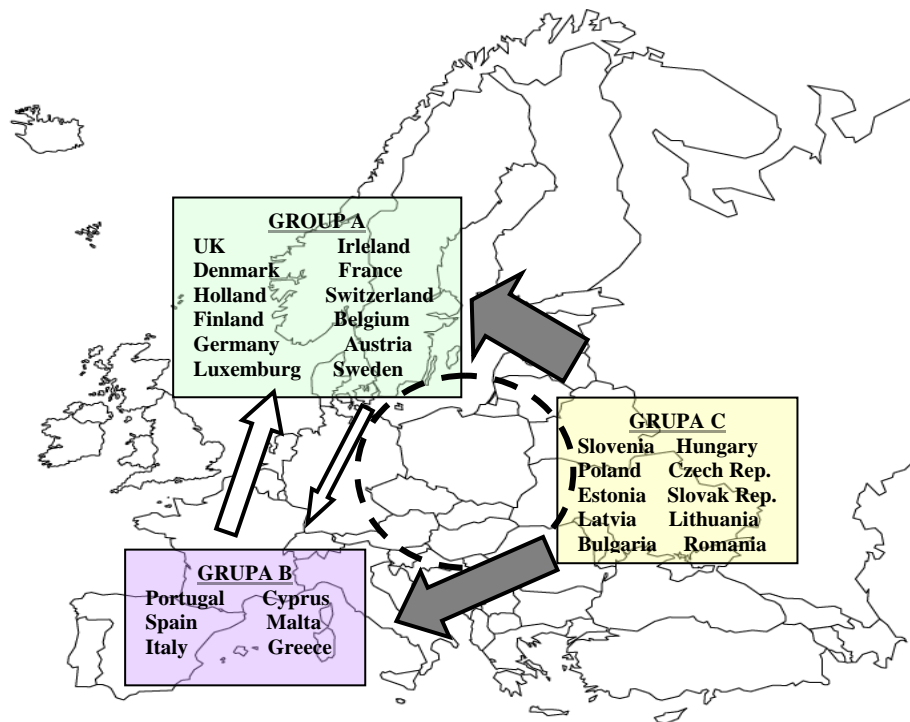
iii) *Area A* represents the EU15 member states of North-Western Europe, with generally higher income prospects compared to both group B and C, and standards of work and life satisfaction above those in area A, and occasionally, above those in area B. It is as such an attractive region to workers in countries of CEE, representing however a weaker pull force for those initially arriving or originating in member states of area B.

In a geographical perspective, the triad identified can be depicted as in figure 4. We can summarise that there is a clear pole for present and further emigration pressures, in area C, on considerations of both low

²⁰ For a good review of how South European countries have been transformed from sending to recipient countries of migrants in Europe, see Venturini, A., 2004. *Postwar Migration in Southern Europe, 1950-2000*. Cambridge: Cambridge University Press.

income and general work and life satisfaction. On the other hand, we have two potential poles of immigration attractive to area C nationals, which are driven to countries in group A, and B, respectively. While area B captures migrants wishing to improve their relative income capacity, but also supports immigration on principles of improved life and work satisfaction, wage expectations are still perceptibly lower here than in area A.

Figure 4. The motivational triad of migration in Europe



Where the capacity to improve income is a relatively stronger motivational factor, migrants might move directly from C to A. We also acknowledged a weaker incentive for movements between area B and A. On one hand, those in area B have the possibility to increase income levels in group A and potentially qualitative standards of work and life, too. Albeit, the gap between A and B is less significant, justifying a low migration propensity between the two areas in recent times. Moreover, migration is not a one-way process, and generally high standards of living and work and job conditions makes group B attractive to people in area A, from which Southward migration is a reality at present. In perspective, similar patterns could be observed between new and old EU members, and the process of

return migration to CEE countries is already an indication of such potential 'reverse flows' from A and B to area C.²¹

3.1.3 The migration triad and its components

In concrete terms, an overview of LFS statistics on migrants from new EU member states in the EU27 for the period 1996-2005 indicates a significant growth in migrants' stocks from group C, in both areas A and B identified above (see also table 4). For group A, the main recipient country is the United Kingdom, with most new migrants arriving from Poland and other CEE countries accessing the EU in 2004²². For group B, the highest immigration is recorded in Spain, primarily from Romania. In table 4, the total migrant stock originating in CEE is even higher in group B as compared to group A, which is an interesting finding, given the relatively higher income and life and work satisfaction that can be achieved in a large number of North-western European countries. The highest number of foreign residents from new EU members in one single EU27 country is recorded by the LFS in group B, in Spain, at about 637 thousand. The second recipient country is Italy, with about 474 thousand new EU member state nationals and also in area B. Then, we have a country of group A, the UK, at 434 thousand new member state nationals, followed by Austria, with 229 thousand CEE residents. One observation needs to be added here however, which is the absence of LFS detailed data on CEE migrants in Germany, the largest EU27 member, which traditionally attracts a high number of foreign workers. However, the omission should not distort our findings too much where Germany's stock of foreign labour largely predates the enlargement of the EU. As we have seen earlier in this paper, net inflows have been recently less dramatic to this destination as compared to other EU15 member states.

²¹ See, for example, Pollard, N. and M. Latorre and D. Sriskandarajah, 2008. Floodgates or turnstiles? Post-EU enlargement migration flows to (and from) the UK. London: IPPR, indicating an intensified return migration from area A to C.

²² The ongoing Accession Monitoring Reports for the UK is a useful point of reference in this sense.

Table 4. Stocks of foreign population in UE27, by CEE country of origin, 2006

	Receiving (destination) countries														
Origin	Group A. North Western Countries, in thousands									Group B. South West, in thousands					TOTAL
	AT	BE	FR	LU	NL	FI	SV	UK	Sub-total	IT	EL	ES	PT	Sub-total	
BG	9.32	4.44	11.52	0.31	3.22	0.49	4.49	19.99	53.78	21.35	29.77	115.40	2.49	169.01	222.79
CZ	50.58	1.40	9.58	0.40	7.98	0.04	6.24	22.18	98.4	10.99	2.25	2.07	0.04	15.35	113.75
EE	0.02	..	0.45	0.11	0.38	9.33	2.61	3.44	16.32	0.66	..	..	..	0.66	16.98
LV	0.04	0.19	3.68		0.25	0.20	2.45	16.59	23.36	0.89	..	13.6	..	14.49	37.85
LT	1.96	..	050	0.14	1.27	0.41	1.19	43.79	96.8	1.31	0.09	9.43	..	10.83	107.63
HU	29.68	4.44	1.86	0.52	4.85	0.49	13.11	14.76	69.7	8.03	0.95	3.38	..	12.36	82.06
PL	58.92	25.40	82.51	1.38	26.71	1.47	38.15	258.5 5	493.09	75.56	16.33	36.83	0.78	129.5	622.59
RO	47.86	13.25	43.04	0.43	8.86	0.82	10.56	16.84	141.66	336.49	18.78	471.72	12.95	839.94	981.6
SK	16.32	0.17	4.45	0.31	1.72	0.06	0.52	37.5	61.05	4.36	0.35	2.66	..	7.37	68.42
SI	15.90	..	2.28	0.50	0.43	..	0.85	0.96	20.92	14.95	0.11	..	..	15.06	35.98
TOTAL	228.58	49.29	209.37	4.1	55.67	13.31	80.17	434.6	1075.1	474.59	68.63	637.36	16.26	1214.6	2289.7

.. values are very low/unavailable

Source: LFS and own calculations; detailed values were not available for Germany and Ireland in group A, and Cyprus or Malta in group B

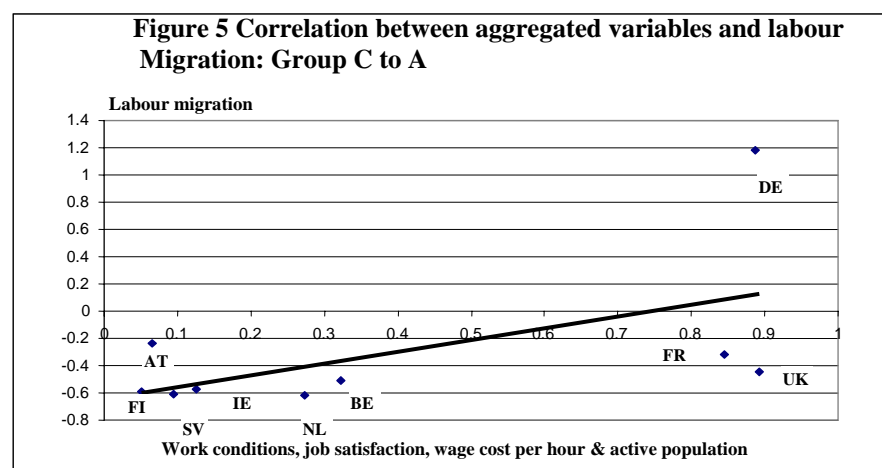
Another pattern emerging here is the strong concentration of migrant outflows in EU27 in the two largest origins of CEE, Poland or Romania. While by far the largest number of Polish workers can be found in the UK, or group A, Romanians tend to concentrate in Italy and Spain, in group B. The differentiated liberalisation of labour market access for nationals of new member states in the EU 27 might be part of the explanation, with Romanian nationals facing restrictive conditions in all EU15 countries at the level of 2006, while Polish nationals and 2004 enlargement countries nationals being free to work in the UK (area A) after EU accession. However, policy alone fails to explain the concentration of large numbers of Romanians in area B, where restrictions largely remained in place for them, labour markets in area A, such as in Sweden and Finland liberalised their access, without attracting many migrants. One explanation would be the geographical proximity of some group B countries to those in group C. An even stronger mechanism arises, where migrants in group C choose destinations of group B over group A, given cultural and linguistic proximity, as well as strong, established migrant networks abroad.²³ Such aspects, together with high standards of job and life satisfaction in group B has created a new pole of attraction at the level of intra-European mobility, away from the traditional group A, characterised by relative stronger economic indicators.

3.1.4 Migration between group C and A

Next, the analysis which has been undertaken for migration flows between the three poles of the A-B-C triad looks at how labour costs and narrowly defined socio-economic conditions are able to jointly explain the current patterns of mobility in an enlarged EU. On the basis of standardised values for the variables presented in section 3.1.1, the analysis here considers the two factors, F1 and F2 to shape migration in various countries of destination, including Belgium, Germany, Ireland, France, Holland, Austria, Finland, Sweden and the UK. The origins considered in CEE are: Bulgaria, The Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania

²³ The best example in this case is probably the concentration of Romanians in Spain.

and Slovakia.²⁴ While the migration variable reflects the stock of group C nationals in group A and B, the correlation we try to establish is this time a composite value, including all economic and social conditions relating to migration, as defined by the factor analysis. We obtain a correlation diagram of migration on one hand, and an index cumulating: work conditions, job satisfaction, wage cost per hour and the active population on the other hand. All values are standardised.



Data source: own calculations, OECD, EWCS, Eurostat

The diagram of figure 5 indicates a direct relationship between migrant stocks and socio-economic conditions, even though the correlation is relatively weak. One explanation can be that conditions such as market liberalisation (for example in the UK, or Ireland) or the cumulated migrant stock and established networks (for example, in Germany) or proximity (such as in the case of Austria) have a strong influence of their own, beyond income and living standards in individual member states.

3.1.5 Migration between group C and B

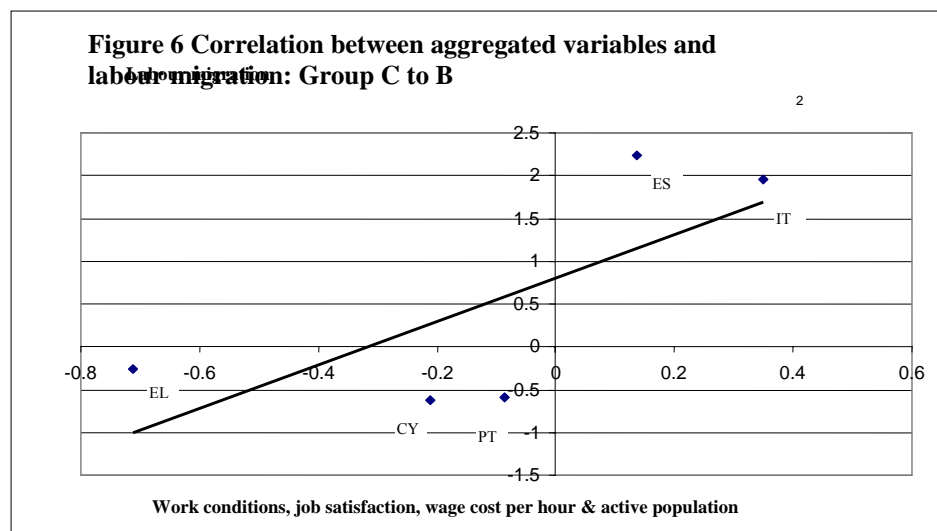
We use next standardised values of variables pertaining to group B including Greece, Spain, Cyprus, Portugal and Italy²⁵ and origins in CEE countries²⁶. Thus, the migration variable reflects the stock of group C

²⁴ Migrant stocks values have been in this section in line with OECD records, including values for Germany.

²⁵ Once again, OECD values have been used as a basis of calculation for migration stocks.

²⁶ The same as in the section above.

nationals in group B destinations, and it is correlated with the composite value representing economic and social conditions in individual countries. The correlation diagram in figure 6 shows this time a stronger link between the socio-economic composite index and migrant stocks.. Interestingly, market and social conditions might be an even stronger pull factor for group B, than for group A. Italy and Spain, the countries with the highest socio-economic standards and largest labour markets in the region remain the most attractive to new European migrants. That should be understood in the context of relatively easier labour market integration, partly triggered by regularisation of migrants, bilateral agreements with CEE countries, and also cultural and linguistic affinities, as discussed in an earlier section.



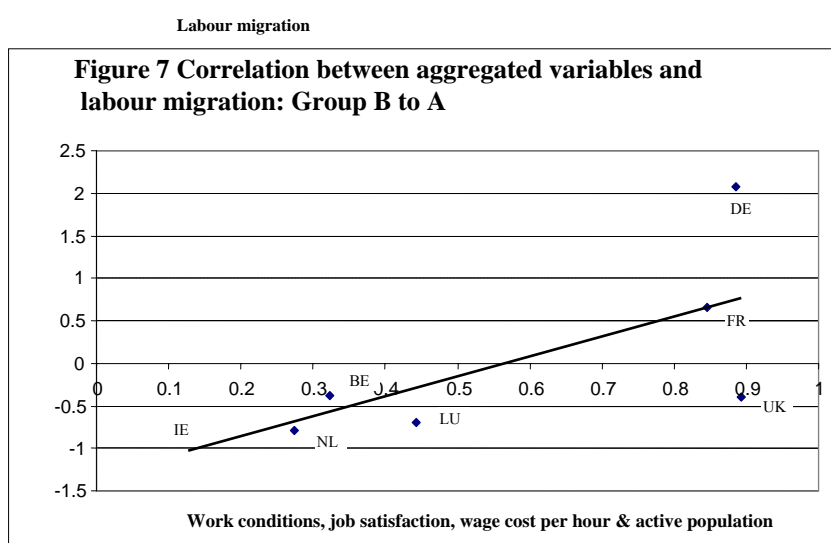
Data source: own calculations, OECD, EWCS, Eurostat

Last but not least, it can be argued that since relative higher wages in the Northwest do not seem to increase the attractiveness to migration flows towards group A over group B, working standards and job satisfaction (as introduced in this paper) are an equal and potentially even more significant factor than wages, in attracting new migrants to particular destinations.

3.1.6 Migration between group B and A

For the characterisation of migration within the last leg of the triad, between group B and A, we have used OECD migrants stock data for countries of origin in group B and destinations in area A, as enumerated in

section 3.1.4 and 3.1.5. The migration variable reflects the stock of group B countries nationals in group A, and is correlated with the composite value of economic and social conditions at destination. Figure 7 reflects again standardised values for the different variables, indicating a positive correlation between migration and the socio-economic index. The relationship is very similar to that observed for migration between C and A, in section 3.1.4.



Data source: own calculations, OECD, EWCS, Eurostat

It thus appears that EU nationals in the South of Europe have a similar inclination with those originating in CEE to move to the Northwest, on the basis of social and income standard considerations. An exploration of the raw data reveals as well that there are more nationals from group B than nationals of group C in group A. Surely, the stock of migrants is cumulative, and many group B nationals in area A could be traced back to the incipient phases of the single market, and the freedom of movement of labour amongst the EU15, rather than to more recent migrant flows.

4 Some implications for European labour markets

The observed pattern of new EU migration indicates a shift of areas of origins and destination in Europe, with an emphasis of mobility towards a small number of destinations. In the Northwest (group A) the UK and Ireland, and in the Southwest (group B) Spain and Italy are now the

primary destinations favoured by labour in countries joining the EU post 2004. On the other hand, Poland and Romania have large pools of nationals moving abroad from what we identified as area C in CEE. All countries involved can expect strong impacts on their economies by the new process of migration, triggered by large outflows around the time of EU accession of new members, as well as a sustained circulation of labour between the three poles in the foreseeable future. As discussed in section 2, the consequences of international migration for individual sending and receiving countries remain under debate, but a consensus exists around fundamental economic theory, whereas freedom of movement is overall growth enhancing.²⁷ However, the way in which individual states of origin and destination and different sections of society are affected²⁸ by the process largely depends on the characteristics of migrants, their remittances and knowledge transfer to countries of origin, as well as the flexibility of labour markets and integration capacity at destination. Such aspects make migration an ongoing challenge for policy makers faced with the choice of managing migration. Moreover, labour mobility cannot be treated in an interdependent world as an isolated or bilateral process. It requires co-ordination at regional and international level²⁹, towards an enhanced understanding and an increased efficiency of international labour markets, with long term effects for all EU member and non-member states alike.³⁰ While at present some of the EU15 countries have opened up their markets to workers from new member states, others will have to follow suit once transition periods would have expired under the so-called 2-3-2 scheme in the enlarged EU. On the other hand, countries of origin are faced with an increasing shortage of labour and skills, as Western European markets offer more appealing conditions than employment and standards of living at home. Attempts have been made, for example, by both Poland and Romania to attract national workers back to their home markets, offering

²⁷ See as well Dayton-Johnson, J. and L. T. Katseli, *Migration, aide et commerce: plus de coherence en faveur du developpement*, 2006; J. Dayton-Johnson, L. T. Katseli, *Gaining from migration, towards a new mobility system*, OECD; 2007

²⁸ BARRELL, R., J. FITZGERALD. AND R. RILEY, 2007. *EU enlargement and migration: Assessing the macroeconomic impacts*. NIESR Discussion Paper 292. March 2007.

²⁹ OECD, 2007b, op.cit.

³⁰ OECD, *Policy Coherence for Development. Migration and developing countries*, 2007

either tax breaks (Polish initiative) or organising job fairs with country of origin employers in major countries of destination (Romanian initiative). Such attempts met with limited success. However, return migration remains a constant reverse facet of large outflows from new EU member states, with improved living conditions and positive expectations in countries of origin as the ultimate guarantor of return flows.³¹

5 Conclusion

The shaping of a migration triad in Europe on the basis of the socio-economic characteristics identified in this paper, along with policy and proximity criteria that influence the concentration of mobile workers in particular EU locations indicate that the process of migration is not always a straightforward move to destinations with highest income potential. Economic migrants do surely consider wage differentials when choosing a broad area of destination, but ponder in the process the possibility of locating in a series of alternative destinations, with relatively higher wages than their home countries. Such locations are more or less attractive on grounds of labour market access, integration capacity of migrants, general job and life satisfaction, etc. As such, the liberalisation of East-West mobility in Europe has shaped a new triad of EU migration, with one pole of origin in the relatively poorer countries of CEE and two poles of destination, one in the South of Europe, concentrating on Spain and Italy, and one in the North, with the UK and Ireland as significant destinations of migrant workers from the East.

The most interesting aspect of this migration triad is probably the high intensity of mobility of workers, of all skills and characteristics. While East European workers can be found in both group A and B destinations, they often bypass traditional patterns of mobility to North-western Europe, as the main attraction point for migrant labour in the past. Indeed, on various socio-economic criteria, along with policy and proximity considerations, a

³¹ See, for example, Euractive, 2008b. *Eastern Europe struggles to bring back its worker*. 12.06.08. Available at: www.euractive.com. [20/06/2008]; POLLARD, N. and M. LATORRE AND D. SRISKANDARAJAH, 2008, op.cit. or Sandu, D. et. al, 2006. *Locuirea temporara in strainatate. Migratia economica a romanilor: 1990-2006*. November 2006. Bucuresti: Fundația pentru o Societate Deschisă.

stable migration triad has been established, with South-western Europe becoming a major receiving area, potentially even more significant than the Northwest of Europe itself.

Last but not least, we can expect that current migration patterns will persist in the medium term, often on the basis of migrant networks' ability to sustain current mobility patterns, and beyond policy intervention, by either country of origin or destination, trying to manage migration. The triad of migration can be expected to come under some pressure upon complete liberalisation of internal EU mobility, but the only new major trend shaping up so far would be the return migration from the two poles of destination to countries of origin. New EU members in the East are expected to increase standards of living in terms of both income level and general life and work satisfaction. As these would converge towards standards recorded amongst the EU15, they should be accompanied by exits from both areas of initial destination in the migration triad, towards the very origins of recently mobile workers, in CEE.

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