

**LABOUR MOBILITY
AND EU ENLARGEMENT**

– A REVIEW OF CURRENT TRENDS AND DEBATES

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Abstract

The focus of the article is labour mobility within the European Union (EU) and how the current trends may be influenced by the impending accession of the central and eastern European Countries (CEECs). The findings are based on a number of recent studies conducted by various authors. Starting from a brief analysis of the public debate about labour mobility and EU enlargement, the article takes a closer look at the increasing need for migration in the future. The theory of labour mobility and the generally low migration trends within the EU are also discussed in this context. For extrapolations of future migration trends the economic and labour market situation in the accession states as well as the migration flow towards the EU in the past are interesting. According to most studies the – especially in Austria and Germany – widespread fears about a ‘wave of labour migrants’ in the case of EU enlargement are quite unfounded. Nevertheless a general increase in migration is expected. In this context transitional agreements to regulate migration flows are considered a diplomatic solution. They offer CEEC nationals clear prospects and give current EU member states an instrument to restrict immigration for a certain period of time. This will help to gain public support for the enlargement process on both sides.

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**EVERY CITIZEN OF THE UNION SHALL HAVE THE RIGHT
TO MOVE AND RESIDE FREELY WITHIN THE TERRITORY
OF THE MEMBER STATES, SUBJECT TO THE LIMITATIONS
AND CONDITIONS LAID DOWN IN THIS TREATY AND BY
THE MEASURES ADOPTED TO GIVE IT EFFECT.**

*(Article 18, item 1 of the Consolidated
Version of the Treaty establishing the
European Community signed in Rome 1957)*

Introduction¹

There has been much discussion about labour mobility² within the European Union (EU) during the last months. It must be seen in the context of the impending EU enlargement in eastern Europe. So far Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia – also referred to as central and eastern European countries or CEECs – have applied for EU membership. Despite the fact, that their economic and social situation still differs sharply from EU averages, it is assumed that the majority of the CEECs will gain accession to the European Union in 2004.³ This prospect has raised fears that low living standards and high unemployment figures in some of the accession countries⁴ may lead to increasing migration flows towards the current EU member states as soon as CEEC nationals are granted labour freedom of movement. Besides high costs for the enlargement itself, the migration is said to be causing extra spending in the field of social security. Newspaper articles and political statements support this impression.⁵ While the opportunity to migrate to other EU countries in order to find work had been seen exclusively as a positive achievement of the European integration process in the 1960s and 1970s, public assessment has changed during the last decades. Already the accession of Greece (1981), Portugal (1986) and Spain (1986) to the European Union raised fears about increasing migration flows, which however failed to appear. The application of the CEECs for EU membership opened the discussion once again. Of course this endangered neither the position of the freedom of movement of labour as a basic right nor its significance as such, but it did enforce the perception that labour mobility is a two-edged sword. In the case of Greece, Portugal and Spain economic and labour market differences were moderate compared to their neighbouring EU regions and living standards similar. In the case of the CEECs the differences are much greater and some countries with low living standards are sharing common borders with highly industrialised countries (see Table 1). As a result, the EU

¹ I am very grateful to Reiner Hoffmann, Amparo Serrano Pascual, Mira Celin, and Caroline Wörgötter for their valuable comments, which helped to shape this article.

² The term ‘labour mobility’ refers to geographical mobility in this context, where people move from one country to another in order to find work.

³ Bulgaria and Romania are likely to join the EU later than the other CEECs.

⁴ The terms ‘accession states/countries’, ‘applicant countries’ and ‘candidate countries’ are used synonymously in this article. They refer exclusively to the CEECs. Malta, Cyprus and Turkey, which have also applied for EU membership, are excluded as far as this article is concerned.

⁵ See for example *Spiegel Online* (2001a) or *Kurier* (2001).

enlargement towards the east and the freedom of labour movement for CEEC nationals is considered by many as threat to labour market stability and economic growth in Europe. These fears are especially widespread among EU nationals in border countries like Austria or Germany. In order to gain the necessary public support for the enlargement process, the EU is hence discussing a temporary restriction of the freedom of movement of labour for CEEC nationals.

Table 1: Border state comparisons

	GDP per inhabitant as percentage of EU-15 average in 1998	Unemployment rate in 1999	Employment rate as percentage of population aged 15-64 in 1999
Germany	107.7	8.9	65.4
Poland	36.1	12.3	57.5
Difference Poland/Germany	- 71.6	+ 3.4	- 7.9
Czech Republic	60.3	8.5	65.5
Difference Cz. R./Germany	- 47.4	- 0.4	+ 0.1
Austria	111.7	4.0	68.8
Czech Republic	60.3	8.5	65.5
Difference Cz. R./Austria	- 51.4	+ 4.5	- 3.3
Slovak Republic	48.6	16.4	60.8
Difference Sl. R./Austria	- 63.1	+ 12.4	- 8.0
Hungary	49.0	6.9	55.4
Difference Hungary/Austria	- 62.7	+ 2.9	- 13.4
Slovenia	68.8	7.3	62.5
Difference Slovenia/Austria	- 42.9	+ 3.3	- 6.3
Italy	101.1	11.7	53.4
<i>Italy: Friuli-Venezia Giulia</i>	<i>113.5</i>	<i>5.6</i>	<i>59.7</i>
Slovenia	68.8	7.3	62.5
Difference Slovenia/Italy	- 32.3	- 4.4	+ 9.1
<i>Difference Slovenia/IFVG</i>	<i>- 44.7</i>	<i>- 1.7</i>	<i>+ 2.8</i>
Greece	66.0	11.7	56.9
Bulgaria	22.3	17.0	54.1
Difference Bulgaria/Greece	- 43.7	+ 5.3	- 2.8

Notes: This table compares national data. Regional comparisons may come to different results as the example of the Friuli-Venezia Giulia region in Italy and Slovenia (*Italic figures*) indicates.

Source: European Commission (2001b: 37), author's calculations.

The aim of this article is to investigate whether fears about new migratory flows from east to west have any factual basis and whether the political measures envisaged to prevent disruption of the labour markets are well chosen. The analysis is based on recent publications of the European Commission as well as a number of independent studies in this field. As far as the methodology is concerned, the subjects 'EU enlargement' and 'labour mobility' are approached from theoretical research through empirical evidence. The first two chapters take a closer look at different perceptions of EU enlargement and labour mobility, on the one hand as a threat and on the other hand as a need. The reasons why people leave their home country and seek work elsewhere are analysed in chapter three. Chapter four deals with the history of the freedom of movement of labour as well as recent migration trends within the European Union. The fifth and

sixth chapters focus on the situation in the CEECs. In this context economic and labour market developments, as well as migration trends of CEEC nationals to the EU after the fall of the iron curtain, are discussed. Chapter seven sums up different calculations and predictions about future migration flows between the accession countries on the one side and the current EU member states on the other. Some political options concerning ways of dealing with the freedom of labour movement when the CEECs join the European Union are presented in chapter eight. This is followed by an assessment of the attempt to restrict labour mobility by means of transitional agreements. A summary of the findings concludes the article. The bibliography is followed by an appendix with relevant tables.

1. EU enlargement and labour mobility as a threat

The perception that EU enlargement and the freedom of movement of labour poses a threat to current EU member states is probably most widespread in Austria and Germany. Although countries like Spain or Ireland are afraid of losing financial support as a result of the accession, the two German-speaking countries in the West have more concrete fears, like being overrun by CEEC migrants. Indicators are for example statements by the German Chancellor Gerhard Schröder, who has said that Germany would not be able to cope with the effects of migration if the flow of CEEC nationals is not restricted (*Spiegel Online* 2001a) or Herbert Tumpel, president of the Austrian *Arbeiterkammer*⁶, who warns that Austrian jobholders might become the losers of the enlargement if thousands of migrants enter the country (*Neue Kronen Zeitung* 2001a). The right wing politician Peter Westenthaler, from the *Freiheitliche Partei Österreichs* (FPÖ), even claims that migration is the wrong way as there are already enough unemployed migrants living in Austria. In his opinion the EU enlargement will ‘further aggravate the problem’ (*Kurier* 2001). Some newspaper articles paint dark pictures of the future. According to a study quoted in the *Neue Kronen Zeitung* (2001b) 17.4 million Poles, 3.9 million Hungarians and 2.6 million Czechs are planing to work in the EU. The fact that the answers of the survey participants are merely declarations of interest, which say little about actual migration figures in the future, is ignored in this context. In the opinion of the newspaper the results are sufficient to justify restrictive measures in order to avoid the ‘severe social tension that will originate from the migration of the millions’. One year earlier the *Neue Kronen Zeitung* (2000) had indicated that EU enlargement is too expensive as it will cost the current EU member states the ‘astronomical’ sum of 80 billion euro.

Reasons for the criticism of enlargement

The criticisms of the price that has to be paid for EU enlargement must be contrasted with the fact that it is impossible to express, in financial terms, the gains accruing from accession. Of course there are calculations of future trade and markets, but superior and more important ‘goods’ like peace, stability or security are priceless. As far as the general fear of labour migration from the East among Austrians and Germans is concerned, it is important to notice that these two countries have, taken together, five CEECs as direct neighbours and there are big gaps between economic and social standards along their borders (see Table 1). Furthermore Austria and Germany have received most of the CEEC migrants in the past. However, this cannot be the only explanation, especially if analyses like the DIW study (see below) insist that there will be nothing like a wave of migrants once the borders are open. Rather historical and social-psychological factors have to be taken into account to explain the phenomenon.

⁶ Political lobby for employees and workers in Austria.

The public anxiety about EU enlargement can be partly traced back to negative experiences with illicit work and wage dumping by foreign companies. Existing, but certainly not systematic, contravention and misuse of social security systems also influence public opinion (Berger 2000). Another important point is that for nearly the whole of the twentieth century 'the East' has been described as an enemy of Austria and Germany, which represent 'the West'. Hence East Europeans were labelled with negative attributes. The old ideological borders, and the idea of the East as undesirable and evil, still dominate the perceptions of many people. At the same time foreigners and everything foreign is often met with suspicion, which reflects social prejudices towards many migrants and members of minorities (e.g. 'they are all prostitutes or thieves'). Therefore it is no surprise that even today Germans can be found who believe Poles to be 'lazy', 'unsuccessful' or 'dishonest' (*Spiegel Online* 2001b). In addition there is the fear of conservatives that migrants will not integrate themselves into society, but will either maintain their own culture or even exert a negative influence on the culture of their new country of residence. The fact that many societies are already multicultural is ignored in this context, as demonstrated, for example, by the debate about the '*Leitkultur*' (leading culture) in Germany.

It is interesting that, while politicians in Germany are engaged in heated debate about migration and regulation measures, Germany is in fact already the biggest country of immigration in Europe. Besides the eight million refugees living there in the wake of the Second World War, 29 million people moved to the country between 1950 and 1997 (*Spiegel Online* 2000). Another point worthy of reflection is that while in many cases financial and economic considerations play a main role with regard to policy measures, social and cultural considerations are suddenly found to be convincing arguments against the liberalisation of migration and for transitional agreements with the CEECs. Fears that the home economy might not be competitive enough are frequently expressed between the lines only. It should also not be forgotten that migration is not necessarily a one-way street, as the example of Austria shows: currently there are more Austrians working in the Slovak Republic than vice versa (*Kurier* 2000).

2. EU enlargement and labour mobility as a need

With regard to the enlargement process as a whole, there is not much of an option in European politics. As experience during recent decades has shown, the effort to unite national states is the best way to increase stability and security, as well as social and economic cohesion in Europe. The intended EU enlargement is an attempt to recognise the fact that the 'European project' does not end at the eastern borders of Austria or Germany and that the EU and the CEECs have common political, social and economic values, despite the long-lasting division by the so-called iron curtain.

Europe needs labour mobility

A fact often ignored or concealed for political reasons during the debate on EU enlargement and freedom of labour movement is that Europe needs more labour mobility. Concerning migration within the EU, the MKW GmbH has produced the following finding:

In order to achieve a 'healthy' level of labour mobility and to exploit the job potential of the Single European Market, transnational mobility of European workers would have to be 2 to 3 times higher [than today]. The term 'healthy level of labour mobility' is to be understood as compared to labour mobility on a national level. (MKW 2001: 240)

Mobility within the EU could be increased by active measures comparable to the Erasmus, Sokrates or Leonardo exchange programmes. Furthermore, it is important to promote job experiences and training abroad (Vandamme 2000). An increase of intra-national labour and job mobility as well as measures to educate more specialists are another necessity to balance the labour markets. This again helps to increase the general acceptance of higher migration rates as, the better the labour market situation, the less labour migrants will be perceived as competitors.

Europe needs migrants

The general development of the EU labour markets indicates a great need of migrants in the future. The European Commission (2000) estimates that the average age in the EU will increase from 38.3 years in 1995 to 41.8 years in 2015. While the age group 0 to 25 years is going to decline, the number of retired people will grow significantly. These changes will affect the labour markets in many European regions. In Portugal, Italy, Spain, Greece, the United Kingdom, France, Germany and Sweden the working age population has already decreased. Further declines are predicted especially in the case of France, Germany, Ireland and the Scandinavian countries. 'Given the intensity of the demographic trends, particularly after 2005, these regions could find themselves in a situation of contracting and rapidly ageing labour force' (European Commission 2000: iv). In order to prevent a collapse of its social security systems and to maintain positive growth rates, the EU needs higher activity rates as well as more labour migration. In this context it is important for politicians and the media to prepare the public for social and cultural changes that will accompany this development. There may be many different cultures living and working side by side in one European region. They will respect the legislation of the EU and its member states but it will not be necessary that they comply with any particular 'Leitkultur'.

The case of Germany

With regard to the demographic trends in Europe, Germany is an interesting case, not only because of its economy, which is the biggest in Europe, but also because it is the member state with the largest population. This could, however, change in the future. The *Spiegel* recently described Germany as a 'dying nation' (*Spiegel Online* 2001). In 1995 there were 81.7 million people living in the country and there were 4.4 people of working age (15 to 64) to every pensioner (age 65 and over). Without immigration the age ratio will drop to 1.8 in the year 2050. Concurrently the population is expected to decrease to 58.8 million people (minus 28 percent). In order to maintain a stable population level, Germany would need at least 324,000 net immigrants every year, in which case the age ratio would be 2.3 in 2050. To reach the same age ratio in 2050 as in 1995, Germany would have to receive the unrealistic figure of 3.4 million net immigrants per year, which would lead to a population of 299 million in the year 2050.

According to Fuchs and Thon (1999) who focused on the labour market situation, the German working age population is most likely going to decline after 2010 (see Table 2). Without any migration the number will drop from 41.1 million in 1996 to 24.8 million in 2040. Only a net figure of 500,000 working age immigrants per year would be able to stabilise the situation. Any lower net migration would slow down the decline of the working age population but would not prevent it, even if concurrently the employment rate of women were to increase. One positive effect might be that the unemployment problem would in this way be automatically solved. On the other hand the average age of the working age population will increase dramatically, which makes changes in the social security systems inevitable. In this context, high immigration buys the government time to get necessary reforms underway.

Table 2: Estimated development of working age population in Germany

	working age population without migration	working age population with 100,000 net migrants per year *	working age population with 200,000 net migrants per year *	working age population with 500,000 net migrants per year *
1996	41,063,000	41,063,000	41,063,000	41,063,000
2000	40,356,000	40,783,000	40,814,000	40,905,000
2010	38,525,000	41,388,000	42,069,000	44,099,000
2020	34,512,000	39,432,000	40,806,000	44,862,000
2030	28,757,000	34,624,000	36,683,000	42,714,000
2040	24,811,000	31,221,000	33,846,000	41,481,000

Notes: Non italic figures are estimated. * from 2000 onwards.

Source: Fuchs and Thon (1999: 6).

3. Labour mobility - a theoretical approach

Tassinopoulos and Werner (1998) define geographical mobility of the working age population as ‘any movement of the production factor labour (or the possibility of moving it) from one region to another’. If the movement is connected with a change of residence, it is considered as migration. In cases where people move back and forth between their job and their place of residence on a more or less daily basis, the phenomenon is described as commuting. Movements between two regions are considered as interregional mobility, whereas intraregional mobility describes the movement if the place of work and residence are located in the same region. Cross-border mobility means that people either move or commute to other countries in order to work there. People who migrate temporarily frequently include students, project managers and contract workers. Permanent migrants turn their backs on their home countries more or less for good, often due to political (e.g. discrimination), economic (e.g. a low living standard) or personal (e.g. marriage or retirement) reasons. It is possible that temporary migrants become permanent migrants or that permanent migrants change their minds and return to their country of origin, thereby becoming re-migrants.

According to the results of the literature review, the decision to move to a foreign country in order to find work is influenced by different motives, like economic reasons (e.g. higher wages), social reasons (e.g. friends or family members already living in the country of destination), work-related reasons (e.g. career possibilities), political reasons (e.g. political repression in the country of origin) or humanitarian reasons (e.g. ethnic or religious discrimination in the country of origin). The external and internal reasons to migrate are also described as pull and push factors. For example higher wages and a good working environment in the country of destination are pull factors, while high unemployment or discrimination in the country of origin are push factors. Usually pull and push factors complement one another.

The decision to migrate depends on the assessment of the transaction costs, which range from the probability of finding a job and the costs for moving and housing to taxes and contributions as well as information access. Migration will occur only if personal gains⁷ from a change of job and

⁷ The term ‘gains’ should not be exclusively understood in an economic sense in this context, but also as social and individual advantages of migration.

residence are considered to be higher in the long-run than the transaction costs (Tassinopoulos and Werner 1998). Higher wages, better career opportunities, the possibility to overcome or avoid unemployment and poverty or to receive a better education are generally seen as personal gains. But there are also other motives, like a desire to meet different cultures or to gain new forms of inspiration for life. In addition, social, cultural and environmental considerations, local and national policies, the security situation as well as legal and administrative barriers play a role (European Commission 2001b; Tassinopoulos and Werner 1998). The distance between the country of origin and the country of destination is important insofar as, the further away the country of destination, the more difficult it is to obtain information. Although this may change due to modern communication and information technologies, the transaction costs usually increase with the distance that has to be covered. This does not only mean that higher removal costs have to be taken into account but also, for example, that it will be more difficult to visit friends and relatives at home or to adapt to geographical and cultural differences. The geographical direction of migration can be influenced by friends, close family members or more distant relatives who live abroad already (the so-called ‘friends and relatives effect’).⁸ Taking these points into account, it would be wrong to reduce the decision-making process exclusively to economic factors. Migration depends very much on subjective considerations, which do not have to appear rational from an objective point of view.

Individual factors such as age or marital status also influence the decision to migrate or not. For example, it is more difficult for older people to move abroad, as they are often bound to one particular employer, have gathered a certain region- or employer-specific knowledge, have less time to make gains in order to cover the transaction costs, have more difficulties to adapt to new life situations and are less flexible in general due to ingrained habits. Migration is also more difficult for people with a partner and/or children, as the transaction costs are higher and there are more individual opinions and life situations involved.⁹ People with an academic education have certain advantages, as they have fewer problems in accessing information, assessing the labour market situation and finding a job. On average they are more flexible and open-minded and their academic qualifications are likely to be recognised abroad. The lower language barriers of academics represent another advantage in this context, as the ability to learn and speak foreign languages plays a key role for migration. On the other hand, the migration pressure on academics is often lower due to a better professional and social status compared to ordinary workers. The current professional position and future prospects, as well as the ownership of houses or apartments, also influence the decision to move abroad. A good financial background makes it easier to change country of residence, but in most cases the pressure to migrate is lower for people who are financially well off. Furthermore, the migration culture plays a role. It is more likely that people will migrate if others have done so before them. The probability of migration also increases if there is a strong trend to move from the countryside to bigger cities. In these cases the traditional roots of the potential migrants have been cut already and there are less social obstacles to prevent them leaving the country.

A study by the MKW GmbH (2001) sums up the obstacles and hindrances for individual migrants in Europe as follows: firstly, Europe is no homogenous cultural zone, which means that there are many different traditions, religions, prejudices and so on. However, one of the most important cultural barriers seems to be the fact that there are currently eleven official languages spoken within the EU.¹⁰ It should be kept in mind at this point, that, due to the cultural

⁸ Examples are the Algerian community in France or the Turkish community in Germany.

⁹ This does not apply in cases where the breadwinner alone decides about the faith of the family.

¹⁰ See also Vandamme (2000: 443).

differences, every comparison of migration within the EU on one side and the individual member states or non-EU countries like the United States of America on the other side is distorted. Secondly, there are information deficits which can be traced back to a lack of cultural, political and economic knowledge, geographical distance, communication problems, or a lack of personal contacts. Thirdly, migrants can face problems with the recognition of their qualifications. These must be viewed alongside different school and education systems, as well as the diversity governing job regulations (e.g. required work experience, traineeships, language skills). Fourthly, economic and financial problems may occur due to different income, taxation and social security systems. Especially for temporary migrants the latter point is a significant barrier, as they have to transfer their entitlements gained abroad to the social security system in their home countries. Fifthly, there may be legal and administrative problems entailed by migration, like a lack of common rules for the application of a residence permit, problems with family reunions or difficulties of access to social security.

Besides migration obstacles, there are factors which encourage people to stay in a certain region. Tassinopoulos and Werner (1998: 35) speak about the 'value of immobility' in this context. Among factors which discourage migration are for example good jobs, work which is strongly connected to a specific region or employer, strong social relations, involvement in political and social activities, a high level of integration or good cultural and economic information about a region. The higher the local advantages, the lower will be the tendency to migrate. This is reinforced by difficulties in assessing the risks factors associated with migration, like social, cultural or economic discrimination in the country of destination, the financial costs of migration, difficulties in accessing social security systems or problems with administrative and legal barriers.

Samorodov (1992) argues that from a national point of view migration is a medal with two sides: on the one hand the development has advantages, like fulfilling the desires of certain people to work abroad, the reduction of political, economic or ethnic tensions, the training of workers abroad, or the remittance of money from migrant workers to their families. On the other hand, migration can endanger regional developments and social security systems, if too many young, skilled and well educated people leave a country.

4. Labour mobility in the European Union

By signing the Single European Act in 1986 the twelve member states of the European Community agreed to establish a single European market for goods, services, capital and persons from 1993 onwards. With regard to the labour markets, the treaty thereby enforced the freedom of movement of labour within the EU member states. This principle has its origins in the Treaty of Rome, signed in 1957 and which led to the founding of the European Economic Community one year later. As a first step in 1961 EU nationals were allowed to work in other member states in the case of vacancies. This meant, in practice, that if a member state was not able to find suitable candidates among its own nationals for a job during a certain period of time, the offer was opened to applicants from other EU member states without restriction.¹¹ As a second step in 1964 the priority of national job-seekers was abolished, which meant that EU nationals could apply for all registered vacancies but they were not yet allowed to act on their own initiative and start looking for a job. Safeguard clauses enabled member states to suspend the free movement of labour for a certain period of time. It was not until 1968 that the free movement of labour was fully achieved within the EU, but even then safeguard clauses remained in force until the end of 1991 (European Commission 2000b).

¹¹ There were special regulations for commuters in the border regions.

The initial idea behind the establishment of the freedom of movement of labour in the 1960s was to create a legal framework for migrants from southern Europe (especially Italy), who were desperately needed on the labour markets in central Europe (especially Germany). Due to changed labour market situations and the fear of a migratory wave from southern European to northern European countries, the free movement of labour was restricted when Greece (1981), Portugal (1986) and Spain (1986) joined the European Union. It took Greek workers six years before they were allowed to choose their place of work freely and without restriction within the EU. Their Spanish and Portuguese counterparts had been expected to wait seven years, but as no strong flow of migration took place, the freedom of movement of labour was granted one year earlier. Over the years the right of EU nationals to choose their place of work and abode wherever they wish within the EU member states became one of the main principles of the European Union and has now the status of a basic right. It is confirmed in many international contracts and agreements (Graham 1992; Vandamme 2000; European Commission 2001b).

However, despite the high ideological value attributed to this principle, rather few citizens make use of it in practice. A labour market analysis by the European Commission (2001a) indicates that geographic mobility is strong only among young and highly skilled employees and workers. This is a reversal of the trend in the 1960s and 1970s when primarily low-skilled people with only a basic education moved from southern to central Europe in order to find work. The number of students studying abroad in the framework of the Erasmus exchange programme, for example, was steadily rising by about 10 percent throughout the 1990s and amounted to 181,000 by 2000, evidence that mobility can be promoted with the help of the appropriate initiatives. On the other hand, it should also be mentioned that participants on the Erasmus programme represent less than 2 per cent of the 12 million students in Europe. With regard to EU citizens as a whole, the situation is even worse: in 2000 only 225,000 people, or 0.1 percent of the EU population, changed their residence between two countries and at 600,000 the number of people working in a country different from their country of residence was also relatively low. The tendency of the employed population to move from one region in their country of residence to another stood at 1.4 percent. On the other hand, work-related daily or weekly commuting between different regions was rather high (4.9 percent). According to a study by the MKW GmbH (2001), the total number of permanent migrant workers in the EU is approximately 2.5 million, which represents about 1 percent of the total EU labour force. Therefore Planas hits the spot when he states:

In spite of a legal and political environment which encourages the free movement of persons and in spite of the Commission programmes to promote mobility and eliminate any obstacles in its way, there is still little transnational mobility among EU countries - less than in the past - and it is highly concentrated on special groups. (Planas 1998: 3)

Vandamme (2000: 441), who confirms these trends, points out, that ‘the labour mobility of EU nationals may be perceived as enjoyment of rights and facilities guaranteed by community law and encouraged by business developments’. This means that there is generally no need for EU nationals to move to other member states in order to overcome economic misery or even to ensure the own survival. The authors of the MKW GmbH study (2001) argue that from a strictly legal point of view the actual level of geographical mobility does not really matter, as long as obstacles to mobility are reduced and EU nationals who are looking for additional opportunities in other member states have the possibility to use their basic right of freedom of movement of labour.

The efforts made to strengthen this right within the EU are partly based on the so-called ‘integration theory’ (Tassinopoulos and Werner 1998). Accordingly, high wages guide migrant workers to the places where they are needed most if all legal obstacles are removed. This again ensures economic prosperity and balanced labour markets in the member states. However, the

reality in the EU casts doubts on this theory. Despite the fact that the labour markets are far from being balanced, there is growing reluctance on the part of EU nationals to work in other member states. One reason for this may be that the theory underestimates the 'value of immobility' for individuals as well as the risks and obstacles of migration. Another reason is the increasing convergence with regard to incomes and wages within the EU, which reduces people's willingness to move to other member states. In addition the choice to migrate is based on the individual assessment of the transaction costs, which does not exclusively follow economic logic but also personal interests, as described above. The so-called 'classical foreign trade theory', on the other hand, analyses the decreasing migration from a different point of view and finds that the intensified economic activities between the member states are responsible for the decline. As goods and capital are more mobile than people, they are brought to places where experts and companies exist already.¹² Hence trade and foreign direct investment (FDI) can be considered as 'substitutes for labour mobility' (Langewiesche 2001: 326). The classical foreign trade theory gives also an explanation for regional specialisation and regional differences within the EU and its member states. Labour mobility is however still necessary in fields where products cannot be transferred, e.g. special services in the construction or tourism sector or expert knowledge in a certain field.

As far as the number and distribution of non-EU migrants in general is concerned, there were about 12 million foreigners living within the EU in 1995¹³. In addition 5.6 million EU nationals (primarily Italians, Greeks, Irish and Spaniards) lived in other member states. 40 percent of the foreigners had their residence in Germany, 20 per cent in France and 10 per cent in the United Kingdom. With the exception of Luxembourg (about 33 percent) the share of foreigners was highest in Belgium, Germany and Austria with about 9 percent. The EU average stood at 4.8 per cent (DIW 2000).

5. The economic and labour market situation in the CEECs

According to the assessment of the European Commission (2001a), there is a 'painful transition' underway in the economies of the CEECs. This process coincides with a difficult economic situation on the international markets. As a result, employment rates declined in many CEECs in 2000, while unemployment figures rose. After the economic slowdown in the mid-1990s there are also signs of economic recovery. For example the GDP growth rate in the CEECs rose from 2.2 per cent in 1999 to approximately 4.0 percent in 2000. With growth of over 5 per cent, Estonia is one of the countries at the top of the list, while Romania is at the bottom with 1.6 per cent. However, there are still major differences between the level of gross domestic product in the CEECs and the EU. With regard to the per capita purchasing power in the applicant countries, Langewiesche (2001) refers to a slight increase between 1995 and 1999. Nevertheless the overall level is still about 60 per cent lower than in the EU (see Table 3). According to the European Integration Consortium (2000b), the gap between the applicant countries and EU-15 can be traced back to differences in factor endowments (e.g. labour, capital, resources, land) as well as technologies and institutions.

¹² Some empirical evidence for the classical foreign trade theory is given by a study of the German Institute for Economic Research (DIW 2000). It indicates that while the share of EU migrants was nearly the same in 1973 and 1990, the imports and exports within the EU rose considerably between 1960 and 1990.

¹³ The figure remained nearly unchanged in 1999 (see Langewiesche 2001).

Table 3: Per capita purchasing power in the CEECs and the EU

	Gross annual wages and salaries #	Purchasing Power Standard per capita*		In percent of EU-15 Purchasing Power Standard	
	1995	1995	1999	1995	1999
Bulgaria	1361 [°]	4900	4700	28	22
Czech Republic	3694	11,000	12,500	62	59
Estonia	2478	5600	7700	32	36
Hungary	3708	8100	10,700	46	51
Latvia	2000	4300	5800	24	27
Lithuania	1437	4900	6200	28	29
Poland	3429	5600	7800	32	37
Romania	2268	5600	5700	32	27
Slovak Republic	2883	7700	10,300	44	49
Slovenia	11,341	11,300	15,000	64	71
CEEC-10	3101	6900	8640	39	41
EU-15	34,885	17,600	21,100	100	100

Notes: * in US Dollar,

per employee in US-Dollar (total compensation of employees divided by employees),

° Gross wages for the public sector of the economy only.

Sources: Eurostat (2000), European Integration Consortium (2000), author's calculations.

Although experts predict a positive economic development in the CEECS in the short-run, the growth alone will not be enough to prepare the applicant countries for the employment changes lying ahead of them. A close look at the labour markets of the CEECs reveals that overall employment has fallen by 1.4 per cent (see Table 4 and Table 5). In the case of Bulgaria it was only slightly above the 50-per-cent-level in 2000, while the Czech Republic presented the best result with 64.9 per-cent. The average employment rate of the CEECs was over 4 per-cent lower than in the EU. In 2000 the creation of three million new jobs in the applicant states would have been necessary to equalise employment rates. Taking this as well as the similar activity rates of the CEECs (67.5 per cent) and the EU (69 per cent) into account, the higher unemployment in the applicant states is no surprise. While 12.4 per cent of the labour force was without work in the CEECs in 2000, the figure stood at 8.2 per cent in the EU. The applicant countries also had higher rates of youth and long-term unemployment. Except for Poland and the Czech Republic, there were more men than women involuntarily without work in the CEECs (European Commission 2001a).

The need for medium-term changes in the economic structures of the applicant countries is underlined by the distribution of the labour force in the labour market sectors. While the percentage of people working in the industrial sector of the CEECs¹⁴ was only about 6 per cent higher and considered to be more or less stable, the situation was different in the fields of agriculture and services. With 11.1 per cent (compared to 4.4 per cent in the EU), the former was significantly over-represented in the year 2000. On the other hand the service sector, with 55.4

¹⁴ Romania has been excluded from the following comparison, as its high employment rates in the agricultural sector and its low rates in the service sector would have distorted the comparison.

per cent, fell about 12 per cent short of the EU average. Within the service field especially the finance and business services, as well as the public administrations, were underdeveloped in comparison with the EU. These results indicate risks as well as opportunities of the CEEC economies, as expected job cuts in the agricultural sector can be partly offset by the growth potential of the service sector (European Commission 2001a).

Table 4: Direct comparison of the key indicators of the CEECs and the EU in 2000

	CEECs	CEECs excluding Romania #	EU-15
Population (in million)	93.9	71.6	372.0*
Activity rate (% pop. 15-64)	67.5	67.2	69.0*
Employment rate (15-64)	59.0	58.4	63.3
Self employed (% total employment)	14.5	13.3	14.8*
Employment in Services (% total employment)	52.8	55.4	68.8*
Employment in Industries (% total employment)	32.7	33.5	26.9*
Employment in Agriculture (% total employment)	14.5	11.1	4.4*
UE rate (% of LF 15+)	12.4	13.0	8.2
YU rate (% of LF 15-24)	24.1	24.9	16.1
LTU rate (% of LF)	6.5	6.8	3.6

Notes: * indicates Eurostat estimations, # due to a different labour market situation Romania is excluded.

Source: European Commission (2001a: 110, 126-36), author's calculations.

Table 5: Key employment indicators in the CEECs and the EU in 2000

	BG	CZ	EE	HU	LV	LT	PO	RO	SK	SL	EU-15
Population (in million)	6.8	10.2	1.4	9.9	2.4	3.0	30.5	22.3	5.4	2.0	372.0*
Activity rate (% pop. 15-64)	61.6	71.2	70.0	59.9	68.0	71.5	66.1	69.6	69.5	67.4	69.0*
Employment rate (15-64)	51.5	64.9	60.6	55.9	58.2	60.1	55.1	64.2	56.3	62.7	63.3
Self employed (% total employment)	14.7	14.5	8.1	14.6	10.6	15.9	22.5	25.4	7.8	11.2	14.8*
Employment in Services (% total employment)	54.0	54.8	58.3	59.8	58.7	54.2	50.3	29.0	55.8	52.7	68.8*
Employment in Industries (% total employment)	32.8	39.9	34.7	33.8	26.8	27.4	31.1	25.8	37.3	37.7	26.9*
Employment in Agriculture (% total employment)	13.2	5.2	7.0	6.5	14.4	18.4	18.7	45.2	6.9	9.6	4.4*
UE rate (% of LF 15+)	16.2	8.8	13.2	6.6	14.4	15.8	16.3	7.0	19.1	6.9	8.2
YU rate (% of LF 15-24)	33.3	17.0	23.7	12.3	21.2	27.5	35.7	17.8	36.9	16.4	16.1
LTU rate (% of LF)	9.5	4.3	6.3	3.1	7.9	8.2	7.3	3.4	10.3	4.3	3.6

Notes: * indicates Eurostat estimations; bold figures mark the highest and lowest values in a row.

Source: European Commission (2001a: 110, 126-36), modified by the author.

The CEECs still have a long and hard way to go until their labour market and economic structures will correspond to those of the EU. In order to monitor this process and familiarise the applicant countries with the European Employment Strategy, the European Commission and national governments draft Joint Assessments of Employment Policy (JAP). In this context special attention is paid to the development of human resources, labour market institutions and labour market programmes.

6. Migration from CEECs to the EU

After the breakdown of the Soviet Union and the fall of the iron curtain CEEC nationals were granted the right to travel and move to other countries. This led to increasing immigration rates in many EU member states, especially Austria and Germany. The development reached its peak in 1990, when about 300,000 people from the applicant countries came to the West (European Integration Consortium 2000b). As there was no legislation dealing with labour migration in place, CEEC nationals were initially treated as refugees or asylum-seekers. Due to the political changes going on in their countries of origin, the EU member states subsequently changed their immigration legislation and made it nearly impossible for CEEC nationals to seek asylum. The so-called European Agreements, which are supposed to close the gap between the CEECs and the EU and thereby enable their membership, do not grant any special rights to CEEC nationals to enter the EU labour market. Hence it is up to the individual member states how they treat labour migrants from the East. Some of them (e.g. Denmark or the Netherlands) apply the same rules as to other third-country migrants. This means that it depends on national quotas and the labour market situation whether and how many migrants are allowed to enter the country. However, other EU countries (Austria, Belgium, Finland, France, Germany, Greece, Sweden and the UK) concluded bilateral agreements with some or all of the CEECs and/or imposed special regulations for CEEC nationals. They regulate the inflow of guest-workers, seasonal workers, project-tied workers, border-commuters and/or trainee workers (see Table 6).

Due to the change in legislation and the channelling of the migration flows through bilateral agreements the overall figure of migrants from CEEC countries remained relatively low. According to Langewiesche (2001) there were only 830,000 registered migrants from central and eastern European countries living in the member states of the European Union in 1999¹⁵, of whom 290,000 were members of the labour force. This corresponds to 0.2 per cent of the EU population and 0.3 per cent of the EU labour force. In addition 600,000 residents of the CEECs came to work in the EU on a temporary basis. About 80 per cent of the migrants lived in Germany and Austria¹⁶. Hence it is no surprise that the majority of the employed migrants (72 per cent) had their jobs located in these two countries. With 1.1 and 0.5 per cent, the share of CEEC nationals on the workforce in Austria and Germany was rather modest in 1998 (European Integration Consortium 2000b).

¹⁵ The actual figure could be higher due to illegal CEEC migrants living in the EU.

¹⁶ The first two columns of table 7 indicate the distribution of CEEC nationals among EU member states in 1998 (see page 20).

Table 6: Labour market access of CEEC nationals in EU countries

	Austria	Belgium	Finland	France	Germany	Greece	Sweden	United Kingdom
Bulgaria					Agreements on guest-workers, seasonal workers, project-tied workers and trainee workers.	Agreement for seasonal workers (max. six month/year). Special provision apply for key personnel and their family members.		
Czech Republic	Similar agreement to the Hungarian one was under preparation (March 2001).				Agreements on guest-workers, seasonal workers, project-tied workers, border commuters and trainee workers.	Special provisions apply for key personnel and their family members.		Au-pairs aged between 17 and 27 admitted without need for work permit.
Estonia			Agreement on guest-workers and project-tied workers.		Agreements on guest-workers and trainee workers.	Special provisions apply for key personnel and their family members.	Bilateral agreement on the exchange of trainees.	
Hungary	Agreement on border commuters and trainees (1200 and 600 in 2001).				Agreements on guest-workers, seasonal workers, project-tied workers and trainee workers.	Special provisions apply for key personnel and their family members.		Au-pairs aged between 17 and 27 admitted without need for work permit.
Latvia			Agreement on guest-workers.		Agreements on guest-workers, project tied workers and trainee workers.	Special provisions apply for key personnel and their family members.	Bilateral agreement on the exchange of trainees.	
Lithuania					Agreements on guest-workers and trainee workers.	Special provisions apply for key personnel and their family members.	Bilateral agreement on the exchange of trainees.	
Poland		Agreement on guest-worker.		Agreement on guest-worker and seasonal worker.	Agreements on guest-workers, seasonal workers, project-tied workers, border-commuters and trainee workers.	Special provisions apply for key personnel and their family members.		
Romania					Agreements on guest-workers, seasonal workers, project-tied workers and trainee workers.	Special provisions apply for key personnel and their family members.		
Slovak Republic					Agreements on guest-workers, seasonal workers, project-tied workers and trainee workers.	Special provisions apply for key personnel and their family members.		Au-pairs aged between 17 and 27 admitted without need for work permit.
Slovenia					Agreements on seasonal workers, project-tied workers and trainee workers.	Special provisions apply for key personnel and their family members.		Au-pairs aged between 17 and 27 admitted without need for work permit.

Sources: European Commission (2001b), European Integration Consortium (2000b), combined by the author.

During the 1990s migration from the CEECs to the EU showed some interesting trends (Langewiesche 2001; European Integration Consortium 2000b): firstly, larger numbers of immigrants came only from Poland and Romania. They had mainly German origins and were thus heading primarily to Germany. Taking the working age population into account, the largest share of migrants came from Hungary (0.6 per cent of the Hungarian work force), former Czechoslovakia (0.4 per cent) and Poland (0.3 per cent). The migration flow from these countries, especially to Germany and Austria, hints that geography as well as per capita income have a strong influence on the migration decision. The fact that many migrants in Germany work in the south and the south-west, instead of the new *Länder* in the east, indicates that the situation of the regional labour markets is also taken into account. Secondly, the figures of permanent migrants from the CEECs have been decreasing since 1992. This phenomenon must be seen in connection with the weak labour markets (especially in Germany during the 1990s), the increasing trade between the EU and the CEECs¹⁷, as well as the tightening of the immigration legislation in the EU member states. Concurrently the flow of temporary migrants has been increasing in the last years. Germany alone registers about 250,000 temporary migrants every year. Thirdly, some countries, like the Czech Republic, Hungary or Slovenia, are facing increasing re-migration, most likely due to improving economic prospects. Fourthly, the migration from the CEECs was quite selective as far as branches and regions are concerned. Many migrants worked in the agricultural and construction work sector as well as some fields of the service sector (e.g. catering). This applies especially to seasonal workers, 90 per cent of whom could be found in the agricultural sector and 4 per cent in the hotel and restaurant sector. As mentioned above, most of the jobs in Germany were located in the south and south-west as well as in Berlin. In Austria the majority of the migrants worked in the east including the Vienna region. Fifthly, with regard to education, skills, age and employment places the migrants from the CEECs showed some particular characteristics. The majority had a significantly higher education than other foreign or native employees in the EU. In addition most of them were employed at the time when they decided to leave their country. With almost 70 per cent of the CEEC migrants belonging to the 25-44 age group, they were also considerably younger than the EU average. Despite these advantages, their employment rate was lower and their unemployment rate higher than the average. In addition many CEEC migrants could be found in labour-intensive services with a high share of unskilled work.

7. Labour mobility and EU enlargement - estimations for the future

What will happen when CEEC nationals have unrestricted access to the European labour markets? This question has been very much discussed during the last years. Nevertheless, there are only a few, albeit frequently quoted, studies which offer concrete figures (see Table 7). Most of them are based on developments in Austria or Germany during the last decade and presuppose that current trends (e.g. the distribution of CEEC nationals within the EU or labour market and economic development) remain stable. Figures for the European Union are then extrapolated on the basis of the results for Austria or Germany. The uncertainties entailed by this method of calculation are expressed in the results. An extreme position for example is that of Sinn, who predicts about eleven million immigrants from CEEC countries until 2030 in the case of Germany. In his view one trigger for the migration flow are the wages, which are about five to ten times higher in Germany than in the CEECs (*Financial Times Deutschland* 2000). The German Institute for Economic Research (DIW 2000) on the other hand foresees that the number of migrants will grow to no more than 2.5 million by 2030.

¹⁷ Between 1995 and 1999 the EU exports to and the imports from the applicant countries grew by about 70 per cent, which had positive effects on the regional labour markets (Langewiesche 2001).

Table 7: Potential migration flow of CEEC nationals to the EU under the condition of free movement of labour (various studies)

	CEE-8 migrants *		CEE-10 migrants	
	Stock	Flow per year over the first ten years	Stock	Flow per year over the first ten years
Brücker (DIW) and Boeri (2000). Only workers.	860,000 (after 10 years)	70,000 declining to 30,000	1.4 million (after 10 years)	120,000 declining to 50,000
Brücker (DIW) and Boeri (2000). All migrants.	1.8 million (after 10 years)	200,000 declining to 85,000	2.9 million (after 10 years)	335,000 declining to 145,000
Sinn (ifo) et al. (2001). Excluding Bulgaria, Slovenia and the Baltic States. EU figures are based on research results from Germany, assuming the distribution of CEEC national within the EU-15 remains stable.	2.7 million (after 15 years)	240,000 declining to 125,000	4.2 million (after 15 years)	380,000 declining to 200,000
Walterskirchen (WIFO and Dietz (1998). Except commuters. EU figures are based on research results from Austria, assuming the distribution of CEEC nationals within the EU-15 remains stable.		160,000 declining to 110,000		
Bauer and Zimmermann (IZA) (1999). Excluding the Slovak Republic and the Baltic States.	2.5 million (after 15 years)			200,000
Fassmann and Hintermann (1997). Excluding Slovenia and the Baltic States.	720,000 (long-term migrants)			
Hille and Straubhaar (2000)				270,000 to 790,000
Salt et al. (1999). Excluding the Baltic States.	2.25 million (3.3 percent of the population after 15 years)	140,000		
Note: * CEE-8 includes all candidate countries aspiring to accede in 2003: Czech Republic, Hungary, Poland, Slovak Republic, Slovenia, Estonia, Latvia, Lithuania.				

Source: European Commission (2001b: 34), modified by the author.

Despite the different results and the uncertainties concerning the calculation basis, the studies still indicate some interesting trends. According to the DIW research (2000), which is also quoted by the European Integration Consortium (2000a, 2000b) as well as Langewiesche (2001), the number of migrants in the EU will increase, but over a long period of time. Assuming that labour market restrictions for CEEC nationals are totally removed in 2002, which will not happen of course and should thus be understood simply as a theoretical consideration, the number of migrants in the EU would increase to approximately 2 million people in 2005, 2.9 million in 2010, 3.7 million in 2020 and 3.9 million in 2030 (see Table 8). This means that the share of CEEC nationals in the EU would rise from 0.2 per cent (1998) to 1.1 per cent in 2030. The yearly increase of new migrants falls from 336,000 in 2002 to 2400 in 2030. The tendency of stronger migration in the beginning and decreasing numbers in the long run is also stated by other studies (see Table 7). With 2.5 million people Germany would bear the biggest share of migrants, followed by Austria with 470,000.

Concerns that EU labour markets will be swamped by migrants from the CEECs [...] seem to be ill-founded. Although Eastern Enlargement will not affect wages and employment at the aggregate level, trade and factor movements may well have a non-negligible impact on the regions immediately bordering the CEE countries and on specific sectors that are more exposed to import penetration from the East. (European Integration Consortium 2000a: a)

As trade and capital movements are most likely not going to equalise factor prices, it can be assumed that wage differences between the EU-15 and the candidate countries will remain, even after their accession. However, the limited absorption capacity of the labour markets in the countries of destination, as well as high transaction costs, are reducing the number of migrants. Negative effects of migration (e.g. higher competition among the employees) could be visible in the field of blue-collar workers, the manufacturing industry and unskilled labour services. The effects on white-collar workers on the other hand are said to be small or even positive, like in the case of job creations by highly skilled migrants (European Integration Consortium 2000a). In addition migration trends will be strongly influenced by the economic cycles (Langewiesche 2001). Commuting and the provision of services along the border of current EU member states and accession countries are expected to increase strongly in both directions, once the CEECs have become member states. Concurrently labour-intensive sectors may face higher competition (European Commission 2001b).

An in-depth study by Berger (2000) about labour migration by Czech nationals to Bavaria in Germany reaches results similar to those of the national analysis mentioned above. Accordingly the migratory trends depend very much on the dynamics of the regional labour markets on both sides of the border. The importance of migration cultures is emphasised by the example that Czech workers are less mobile than, for example, Polish ones and are less willing to accept low paid jobs. Hence Berger rules out a 'migration wave' from the Czech Republic, even in the case of unrestricted freedom of movement of labour. With the exception of the construction work sector, her findings suggest no labour market distortions in Bavaria due to the EU accession of its neighbour state.

Gradev (2001), a Bulgarian researcher at the European Trade Union Institute (ETUI) in Brussels, warns that the analysis of the migration solely from a western (which means primarily economic) point of view is short-sighted. Rather the eastern angle should be taken into account as well. Accordingly Europe is not a preferred target for CEEC migrants as the social security systems are too difficult to access. Canada or the United States of America, on the other hand, offer more possibilities for work-seekers as they are more open-minded towards migrants. In addition a high percentage of CEEC nationals possess their own houses and are hence inflexible and not willing to move into small and expensive apartments in other countries.

Table 8: Potential migration flow of CEEC nationals to EU member states under the condition of free movement of labour (DIW study).

	CEEC nationals in 1998	Share of CEEC nationals country/EU	predicted number of CEEC nationals (in persons) <i>predicted yearly increase of residents from CEECs</i>				
			2002	2005	2010	2020	2030
Austria	103,000	12.07	140,026	239,982	351,013	449,318	469,931
			+ 40,547	+ 30,020	+ 17,739	+ 5107	+ 286
Belgium	10,773	1.26	14,646	25,100	36,713	46,995	49,151
			+4241	+ 3140	+ 1855	+ 534	+ 30
Denmark	8863	1.04	12,049	20,650	30,204	38,663	40,437
			+ 3489	+ 2583	+ 1526	+ 439	+ 25
Finland	11,985	1.40	16,293	27,924	40,844	52,282	54,681
			+ 4781	+ 3493	+ 2064	+ 594	+ 33
France	22,000	2.58	29,908	51,258	74,974	95,971	100,374
			+ 8661	+ 6412	+ 3789	+ 1091	+ 61
Germany	554,869	65.04	754,329	1,292,799	1,890,933	2,420,513	2,531,556
			+ 218,430	+ 161,720	+ 95,560	+ 27,510	+ 1539
Greece	20,131	2.36	27,368	49,904	68,604	87,818	91,846
			+ 7925	+ 5867	+ 3467	+ 998	+ 56
Ireland	200	0	272	466	682	872	912
			+ 79	+ 58	+ 34	+ 10	+ 1
Italy	34,490	4.04	46,888	80,359	117,538	150,456	157,359
			+ 13,577	+ 10,052	+ 5940	+ 1710	+ 96
Luxembourg	700	0.08	952	1631	2386	3054	3194
			+307	+ 228	+ 135	+ 39	+ 2
Netherlands	9606	1.13	13,059	22,381	32,736	41,904	43,827
			+ 3782	+ 2800	+ 1654	+ 476	+ 27
Portugal	781	0.09	1062	1820	2662	3407	3563
			+ 307	+ 228	+ 135	+ 39	+ 2
Spain	10,539	1.24	14,327	24,555	35,916	45,974	48,084
			+ 4149	+ 3072	+ 1815	+ 523	+ 29
Sweden	26,191	3.07	35,606	61,023	89,256	114,253	119,495
			+ 10,310	+ 7634	+ 4511	+ 1299	+ 73
UK	39,000	4.57	53,019	90,867	132,908	170,130	177,935
			+ 15,353	+ 11,367	+ 6717	+ 1934	+ 108
EU-15	835,128	100.00	1,159,804	1,987,718	2,907,367	3,721,613	3,892,345
			+ 335,843	+ 248,649	+ 146,926	+ 42,297	+ 2,366

Notes: The number of foreign residents is estimated for a number of countries on the basis of employment figures. Predictions based on the migration trends in Germany in the past. Figures rely on the assumption that country shares in the number of foreign residents from the CEECs in the EU remain constant.

Source: European Integration Consortium (2000b: 126-27), modified by the author.

To sum up the results, it can be said that, firstly, as a result of EU enlargement and the freedom of movement of labour for CEEC nationals, an initial increase of migration towards the current EU member states is expected. Secondly, yearly growth rates will decline. Thirdly, the development and the geographical direction of migration depends to a large extent on the economic performance within the CEECs and the EU as well as former and current migration trends. Fourthly, if the framework conditions remain constant, there will be - with the exception of some sectors - no major influence by the migratory flow on wages and labour market risks. Fifthly, some regions within the EU (especially in Austria and Germany) will face higher migration by CEEC nationals than others, which could distort the local labour markets.

8. Political options

The EU has several options concerning how and when to grant freedom of movement of labour for CEEC nationals. According to the European Commission (2001b), it is important that political agreements between the EU and the accession countries do not implement regulations which are more restrictive than existing bilateral agreements or migration conditions for third-country nationals. In addition CEEC nationals who are already living and working in a member state of the EU by the time of accession, as well as their family members, should be excluded from new agreements which would worsen their situation. The theoretical options for the EU enlargement range from immediate and full access of CEEC nationals to the labour markets of the member states to the maintenance of the status quo. Five alternatives are explained below:

- Firstly, *full and immediate application of the free movement of labour*: This approach guarantees for example the unity of the single market, would not require any further negotiations and is in line with the EU principle of adopting basic rights and duties at the date of accession. On the other hand, it would not provide any instruments against possible labour market disruptions and would ignore public sensitivity which endangers support for the EU enlargement. Furthermore, it would not be consonant with the policy adopted in the case of problematic accessions in the past (e.g. Portugal and Spain).
- Secondly, *safeguard clauses*, either based on the assessment of the labour market situation or a fixed threshold: should they turn out not to be needed, they reduce the administrative burden. They can be individually designed for certain regions or sectors and the EU has made use of them in the past. A disadvantage is the need for a permanent monitoring of the labour market situation, the inflexibility in terms of reacting to problems within a short time (due to a time lag between the appearance of problems and their statistical identification), and the total absence of experience of what will happen if safeguard clauses actually come into force.
- Thirdly, *a flexible system of transitional arrangements*, which guarantees free movement of labour after a certain period of time: Current member states can decide individually when, where and for whom they are going to open their markets. This could mean that some states grant the free movement of labour earlier, while others wait until the transition period expires, thereby taking labour market situation and the public opinion into account. Transitional arrangements can also be combined with safeguard clauses. Difficult negotiations with the applicant countries, as well as intensive monitoring of the labour market, are negative points in this context.
- Fourthly, *the establishment of a fixed quota system*, which limits the access to fixed maximum numbers for the EU as a whole, the individual member states or certain regions: This restrictive measure allows a selection of labour migrants, is predictable and gives the population a sense of security. On the other hand, it is inflexible, hinders the functioning of the internal market, might promote illegal employment, and postpones problems potentially

associated with subsequent free movement of labour. What is more, it is difficult to implement and could further complicate the negotiations with the candidate countries.

- Fifthly, *a general non-application of the free movement of labour for a limited period of time*: It does not change the status quo, is easy to implement, is familiar to the member states and would most likely encounter support of public opinion within the EU. However it would be extremely difficult to negotiate with the candidate countries, would hinder the functioning of the free market, as well as ignoring the need to adjust the rules after the accession.

In addition to the options mentioned above there exist a number of *flanking measures*, like assistance for border regions and vulnerable labour market groups in the current member states, as well as support from the structural funds of the EU. The communication strategy of the European Commission is another important point in this context. It aims at the dissipation of fears among EU and CEEC nationals that the enlargement might cause disruption, social hardship and unfair treatment.

9. Assessment of transitional agreements as a political option

With regard to EU enlargement in practice, transitional agreements, which somehow limit the number of migrants, were supported by several actors, among them the Austrian and German governments, who demanded a transition period of seven years, as well as the EU Commissioner for Enlargement, Günter Verheugen (*Financial Times Deutschland* 2001).¹⁸ In April 2001 the European Commission finally decided to propose transitional agreements for the free movement of labour.¹⁹ According to the DIW (2000) the uncertainty of all calculations concerning labour migration of CEEC nationals in the future is the only justification for restrictions. However, a complete non-application of the freedom of labour movement for a certain time, as suggested in option five, would not make any sense as it would postpone the migration without any significant influence on the number of migrants.²⁰

...it follows from our analysis that transitional periods which absolutely suppress migration would postpone a migration surge, but not prevent it. Note that the half-life of an initial gap in per capita income is around 35 years. If the freedom to move is postponed by a medium time period, let's say ten years, the income gap and hence potential net immigration is almost the same at the end of the transitional period. (European Integration Consortium 2000b:130)

Fixed quotas, on the other hand, prevent a strong increase in migration during the first years, and can be abolished immediately should there be less demand than work permits available. Nevertheless the freedom of movement of labour should not be restricted for long as it would divide Europe and prevent integration (DIW 2000). In this respect, the opinion of the DIW diverges from demands of the Austrian social partners to postpone the opening of the labour markets for CEEC nationals until the income differential between their home countries and Austria is less than 20 percent (Langewiesche 2001; *Kurier* 2000). This suggestion is unrealistic as there are great income differentials even within current EU member states (e.g. in South and Northern Italy). Langewiesche (2001) supports a combination of safeguard clauses and

¹⁸ The above mentioned option 'full and immediate access' could be excluded as a solution as it would have led to political and public resistance in the current EU member states.

¹⁹ By now several CEECs, among them the Czech Republic, Hungary, Latvia, Lithuania and the Slovak Republic, have reached agreements with the EU and closed this chapter for the time being.

²⁰ In addition such a move would contradict the fundamental principles of the EU.

transitional agreements, as they allow an opening of labour markets in general but enable individual member states to impose restrictions in the case of disruptions. The German Trade Union Confederation (DGB), originally considered transitional periods as ‘not sufficient for the development of the preconditions for the free movement of labour’, because they would create false expectations and political friction if no economic and labour market goals are formulated (Langewiesche 2001). Now the confederation argues that they are necessary due to economic and social differences between the applicant states and the EU (DGB 2001). Furthermore, the DGB is calling for legal regulations to prevent a misuse of the freedom of movement of services by CEEC nationals or companies to circumvent restrictions concerning the free movement of labour. The trade union demand to restrict the freedom of movement of services, which is also backed by Berger’s study about the Czech-Bavarian boarder region (2000), is unlikely to gain support as it would hamper another basic EU principle (Langewiesche 2001). According to Verheugen this kind of move could even endanger the whole enlargement process (*Financial Times Deutschland* 2001). With regard to the freedom of movement of labour the European Trade Union Confederation (ETUC) is in line with earlier DGB demands that, firstly, collective agreements and social standards are not to be undermined, secondly, national and foreign workers have to be treated equally, and, thirdly, the introduction of the freedom of movement of labour should depend on sustainable results concerning the development of the labour markets, accompanying measures, etc. and not on a certain date. Concurrently the ETUC rejects a selective freedom of movement of labour (e.g. for high-skilled workers) as it has a negative influence on the economies and the labour markets in the CEECs (Langewiesche 2001). The demands are reasonable in theory but some of them have only little practical value. The combination of the freedom of movement of labour and certain economic developments would mean, for example, that full membership of the CEECs is postponed indefinitely. In addition, it can be expected that academics and other specialists will be among the first CEEC nationals to be hired in current EU member states.

More guest-workers or stricter migration restrictions?

More guest-workers or stricter migration restrictions? In the case of Germany this question could be answered with ‘preferably both’. It is the only member state of the EU to have already signed bilateral agreements on labour migration with all CEECs (see Table 6), thereby allowing a number of foreigners to work in Germany every year. This can be interpreted on the one hand as an attempt to channel the migration flow and, on the other, as a sign that there is a lack of labour in certain sectors.²¹ In addition, the bilateral agreements contradict the hard line of the German government with regard to the introduction of transitional agreements to restrict the labour migration of CEEC nationals once their countries are members of the EU. Hence it is justified to speak about a double standard in German policy in this case. This is also highly apparent in the way the demand for transitional agreements is justified. According to Chancellor Gerhard Schröder, the CEECs even benefit from the restrictions, as they limit the danger of skilled workers leaving the country (*Spiegel Online* 2001a). This argument is sanctimonious as, firstly, initiatives like the German ‘green-card campaign’ to hire computer experts aim explicitly at skilled experts, and, secondly, well trained applicants are usually the first ones for whom work permits are issued – not only in Germany but throughout the EU.

²¹ Despite the fact that there are for example about 700,000 unemployed registered in the catering and service sector, German hotels and restaurants are unable to find personnel for 80,000 open jobs (*Spiegel Online* 2000).

Political reasons for transitional migration restrictions

The real reason for the introduction of transitional migration restrictions is rarely mentioned in public: to ensure support for EU enlargement and to avoid right-wing parties gaining votes as a result of increasing fears about unlimited migration flows from the east. In this respect transitional agreements are a good instrument. Firstly they give the accession states a clear prospect of when they will gain the freedom of movement of labour. Secondly they allow individual member states to impose restrictions on labour migration (e.g. in the case of Austria and Germany) or to open their labour markets earlier than the rest of the EU if they perceive no danger for their labour markets (e.g. in the case of Ireland or Portugal). In this way political double standards can even be maintained, as for example the German government can on the one hand issue as many work permits as necessary to satisfy the demands of the labour markets and, on the other hand, still claim that the migration flows are under control, which will be essential for the national elections in 2002. Bearing in mind the unemployment figures in Germany, unrestricted access of CEEC nationals to the EU labour markets would have been difficult to explain to the public - despite all scientific studies. On the other hand, a total restriction would have led to political difficulties with the candidate countries, higher rates of illicit employment and a further decrease in the workforce in many member states (see Table 2).

Transitional agreement also give the EU some extra time to promote economic growth and social improvements in the accession states. However, these changes cannot be the main argument for a restriction of the freedom of movement of labour, as major successes will most likely fail to appear in the short run. What can and has to be achieved are visible trends towards a positive development. Justified hope for a better future in a familiar social and economic environment reduces the willingness to migrate.

Last but not least, the remaining time until the accession of the CEECs, as well as the transition period, should be used by politicians, the media, social actors and education institutions to prepare the public in the current EU member states – especially in Germany and Austria – for higher immigration and multiculturalism. This is more important than ever after the terrorist attacks on the United States of America and the increasing suspiciousness towards everything foreign and unknown. With regard to public opinion one advantage of transitional agreements could be that in many EU countries the labour force is set to decline from 2010 onwards, which would coincide with the expiry of the mobility restrictions. A more relaxed or even improved labour market situation could help to increase the acceptance of labour migrants within the European member states.

10. Conclusion

It has been shown that, despite widespread public anxiety concerning EU enlargement and freedom of movement, there will be a great need for immigration in many EU member states in the future. The decision to leave the home country in order to seek work abroad is influenced not only by wage differentials, but by a number of different factors ranging from transaction costs to marital status and social involvement in the region of residence. Despite its high ideological value and status as a basic right, the freedom of movement of labour has during recent years induced only few people to migrate within the EU. While the number of students studying in other member states is steadily increasing due to the promotion of exchange programmes, the rest of the working age population is reluctant to work abroad. Only young and highly skilled specialists seek their future in other EU member states.

With regard to the economic situation of the CEECs, some slight improvements can be stated. Nevertheless, their unemployment is higher and their GDP lower compared to the EU. In addition the CEECs still have difficult structural changes ahead. Bearing this in mind, the number of labour migrants from the applicant countries in the EU is rather low, which can be partly explained by migration restrictions imposed in the first half of the 1990s as well as high transaction costs. Analysis of future migration trends leads to predict increasing migration rates of CEEC nationals, once they are granted the freedom of movement of labour within the EU. The trend will be stronger at the beginning and decrease gradually until 2030. There are no indications of a wave of migrants from the east, although there might be considerably more migrants working in specific regions or sectors. Nevertheless, the EU – under pressure from Austria and Germany as potential main recipients of CEEC migrants – has negotiated transitional periods with the candidate countries, allowing restrictions to be placed on CEEC migrants, insofar as they are considered necessary.

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