

A stylized world map composed of a grid of dots. Some dots are grey, some are white, and several are red, highlighting specific regions. The map is centered behind the title.

Free Movement in the EU

The Case of Ireland

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- In May 2004 Ireland, Sweden and the United Kingdom opened their labour markets to nationals of the ten new member states. As Germany is to follow, it is time to learn from the experiences of others. This study analyses the public debate in Ireland, the impact on labour markets as well as the implications for welfare and overall economic and societal effects. Particular emphasis is given to the role of trade unions and their responses to the massive inflow of migrants from the new member states.
- Although the scale of this inflow was unexpected, the labour market was able to absorb it without adverse effects on employment, unemployment or earnings. The Irish economy blossomed and living standards improved. When the economy went into recession EU10 nationals lost their jobs at a much faster rate than native workers, and while many returned to their home countries most of them remained in Ireland.
- Trade unions responded to the large influx of migrants from the EU10 by actively working to recruit migrant workers. They worked towards the establishment of the National Employment Rights Authority to enforce labour law, payment of the minimum wage and collectively bargained wage rates, and to secure the same rights for migrant workers as for Irish workers.



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1. Executive Summary

There was a massive inflow of long-term and short-term immigrants to Ireland from Central and Eastern Europe following EU enlargement in May 2004. Although the scale of this inflow was unexpected, the labour market was able to absorb it in the period up to the end of 2007 without adverse macroeconomic effects on employment, unemployment or earnings. When the economy went into recession in 2008 EU10 nationals lost their jobs at a much faster rate than native workers, although significant numbers of them remain in employment in Ireland.

The Irish economy and the immigrants themselves benefited from an improvement in living standards. EU10 immigration had some adverse microeconomic effects on the labour market which resulted in trade union pressure to establish the National Employment Rights Authority on a statutory basis to enforce labour law, payment of the minimum wage and collectively bargained wage rates, and to secure the same rights for migrant workers as for Irish workers. This pressure resulted in the National Employment Rights Authority being established on an interim basis, the introduction of legislation on redundancies to prevent social dumping and the introduction of an Employment Compliance Bill which would have been a major social policy achievement for Irish workers and migrants if it had been passed. Unfortunately, employer opposition and other factors held up passage of the bill and it lapsed with the end of the Fianna Fail–Green Party coalition government at the beginning of 2011.

The background to immigration from the EU10 states and its main outcomes can be summarised as follows:

Public Debate

- Very few migrants were expected to come from the EU10 states as Ireland did not have strong trade and cultural ties with them. The concern in the pre-enlargement debate about »welfare tourism« turned out to be completely unfounded.

Labour Market

- The migrants were predominantly young, male, single, and as well educated as the Irish population. Their la-

bour force participation rate was higher than that of Irish nationals and during the boom period up to the end of 2007 their unemployment rate was only about one percentage point above that of the labour force as a whole.

- In the first year after enlargement, 34,100 long-term EU10 immigrants came, in 2007 52,700 came but in 2010, long-term immigration virtually ceased with only 5,800 immigrants coming to Ireland.

- The overall number coming to look for work was much greater than the annual long-term figures. In 2004 59,000 short-term immigrants came from the EU10 states to look for work and this figure increased to 139,000 in 2006. In 2009 the number coming fell to 26,500. In total over half a million migrants from the EU10 came to Ireland to look for work during the period May 2004 to December 2010.

- EU10 nationals found jobs in all parts of the country, but mainly in urban areas, and predominantly in hotels and restaurants, the wholesale and retail trade, construction and other production industries.

- In 2005 Irish Ferries replaced over 500 Irish seafarers with mainly Latvian workers who they proposed to pay less than half the minimum wage. In response to public fears about social dumping and trade union protests the company eventually agreed to pay its Latvian workers the Irish minimum wage.

- EU10 nationals were much less likely to be in higher level occupations than Irish workers.

- Migrant workers were more severely affected by the economic crisis than local workers. A significant number of EU10 nationals who lost their jobs during the recession probably left. Nevertheless, there were still 176,000 EU10 nationals living in Ireland in 2010.

Wages

- EU10 immigrants earned 18 per cent less than comparable Irish workers.

- Econometric studies of the effect of immigration from the EU10 during the period 2004–2007 indicate that

wage growth was nearly eight per cent less than it would otherwise have been.

- The minimum wage set a readily identifiable benchmark against which migrants could judge the wages being offered by employers.
- The minimum wage also applies to agency workers and is particularly important for the sectors of agriculture, domestic work, cleaning, and catering and hotels which are poorly regulated and have low unionisation rates.

Trade Unions

- Trade unions responded to the large influx of migrants from the EU10 by actively working to recruit migrant workers. The ICTU, the umbrella organisation for trade unions, published guidelines in 2005 on what trade unions and organisers must do to protect migrant workers' rights.
- Special campaigns were launched to recruit migrant workers. The biggest trade union in the country, SIPTU, hired Polish and Latvian speaking organisers and developed multilingual literature and websites to inform migrants about their employment rights. Lack of resources precluded smaller trade unions from undertaking similar campaigns.
- In response to the fears of social dumping generated by the Irish Ferries case and other developments, the trade unions made it a precondition for entering into another round of social partnership discussions with the government and the employers in 2005 that the initial items on the agenda would be how to implement and strengthen labour legislation protecting established labour standards including employment rights, health and safety, non-discrimination and equal rights for Irish nationals and migrants.
- The agreement which emerged from these discussions (*Towards 2016*) provided for the introduction of legislation to prevent a repetition of the Irish Ferries case and the establishment of the National Employment Rights Authority.

■ Two pieces of legislation, the Exceptional Collective Redundancies Bill 2007 and the Employment Compliance Bill 2008, were introduced; if they had been passed it would have represented »the biggest single leap forward in social policy« for the Irish trade unions.

■ The redundancies legislation was passed into law in 2008 but the employment legislation was not. Consequently, the National Employment Rights Authority exists under social partnership arrangements but does not have a statutory basis.

Welfare Systems

- Because of concerns about »welfare tourism« during the pre-enlargement debate a Habitual Residence Condition was introduced which required workers to have been living in Ireland or the Common Travel Area with the UK in order to qualify for social assistance and other means tested benefits.
- EU10 nationals made less demands on the welfare system than Irish nationals when labour demand was strong.
- Case studies indicate that the Habitual Residence Condition reduces workers' bargaining power.

Economy

- Immigration resulted in a significant increase in total GNP and GNP per head, and helped to slow the rate of earnings growth during the boom period.
- It increased the flexibility of the labour market during the recession as a significant number of immigrants who lost their jobs left Ireland.

Society

- Immigration made Ireland a more multicultural society and strengthened relationships with Central and Eastern European countries.

It contributed to the enormous expansion of the construction sector, and put pressure on the education and transport systems.

Countries of Origin

- Immigration reduced the excess supply of labour in the EU10 states and helped to close the gap between their living standards and those in the rest of the EU.
- Apart from strong labour demand during the boom period, one of the primary attractions of Ireland for EU10 nationals was that it is an English speaking country and many of them came to improve their English language skills. It appears that this enhanced the employment prospects of migrants who returned home.

Lessons Learnt

- Immigration is beneficial to the host country provided migrants enjoy the same employment rights as indigenous workers.
- The principle of freedom of movement of labour within the EU protects migrants from the kind of exploitation which is possible where work permits are controlled by the employer.
- The necessity to grapple with the implications of large-scale immigration provided an opportunity for Ireland to tackle issues within its labour market in a way that benefited all workers.
- The minimum wage and Registered Employment Agreements provide benchmarks which make it difficult for employers to exploit low-skilled workers by paying them less than agreed rates.
- The exploitation of the Irish Ferries workers highlighted the weaknesses of Ireland's employment laws, their lack of enforcement and the necessity for legislation which would prevent such occurrences in the future.
- The lead given by the ICTU in issuing guidelines on what should be done to protect migrant workers resulted in significant initiatives by the larger unions to recruit mi-

grant workers and in some unions changing the emphasis from a service model to an organising model;

- SIPTU, the largest trade union in Ireland, worked in co-operation with the Migrant Rights Centre of Ireland and migrants support groups to prevent exploitation of low-paid migrant workers and succeeded in implementing Registered Employment Agreements to protect their rates of pay.
- While organising workers is a primary objective of the trade union movement, more resources are required to organise migrant workers due to language, cultural and other differences.
- The combination of recruitment, regulation and enforcement offers the best prospect for ensuring that migrant workers enjoy the same terms of pay and conditions of employment as Irish workers and that society as a whole benefits from immigration rather than suffering from damaging racial and social tensions.

2. Introduction*

On 1 May 2004 Ireland, Sweden and the United Kingdom (UK) opened their labour markets to nationals of ten new member states (EU10) from Central and Eastern Europe, plus Cyprus and Malta.¹ All of the remaining EU15 countries invoked EU rules which allowed a gradual transition to the free movement of labour with delays of up to seven years following enlargement.

Although the pre-enlargement debate on immigration in Ireland was based on an assumption that relatively few migrants would come from the EU10, in fact the Celtic Tiger period changed Ireland from a country of net emi-

* I am grateful to David Joyce of the Irish Congress of Trade Unions (ICTU) and to Ethel Buckley of the Services, Industrial, Professional and Technical Union (SIPTU) for providing information about the trade union movement's activities in dealing with migrant workers, to Alan Barrett of the Economic and Social Research Institute for discussion on the immigrant wage gap and to Mary Hyland of Dublin City University for discussing with me her research on the trade union response to labour migration. None of them are responsible for the way in which this information is used here.

1. The ten new countries are Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Bulgaria and Romania joined the EU in January 2007 but Ireland availed of transition arrangements to restrict their nationals' access to the labour market. Statistical data post-January 2007 includes these two countries, although it makes hardly any difference to the numbers. The relevant series will be flagged by identifying them as EU10+2.

gration to one of net immigration until the economic recession which started in 2008 reversed this trend.

Data on the size of long-term and short-term migration flows from the EU10 member states shows that the short-term flow is about three times more than the long-term flow. The magnet attracting these large inflows of migrants was a strong demand for labour and the large difference between per capita incomes in Ireland and the source countries. In the paper I compare the demographic characteristics of the migrants with those of the native Irish population and identify the sectors in which the migrants are employed. The experience of employment and unemployment of migrants and natives during boom and recession periods are compared, giving particular attention to the effects of EU10 immigration on labour displacement, earnings, employment and welfare tourism.

The response of the trade union movement to these developments is outlined, particularly in relation to its concern about social dumping by Irish companies (replacing Irish workers with lower paid migrants from the EU10). In addition, information is provided on the exploitation of non-EU migrants within particular sectors. Finally, the paper examines how immigration from the EU10 and the threat it posed to the terms and conditions of employment of Irish workers enabled the trade union movement to tackle issues within the labour market that benefited both Irish and migrant workers.

3. Ireland's Migration Experience Before and After Enlargement

For centuries emigration played an important role in determining the structure of the Irish population and labour market. During the 75 years following independence in 1922 there was only one intercensal period, 1971–79, when the country experienced a net inflow of population from abroad. Figure 1 gives an overview of emigration, immigration and net migration since 1987, when annual population and migration estimates became available. It shows the re-establishment in the 1980s of the traditional pattern of a net outflow of large numbers of mainly young people emigrating because they could not find jobs in Ireland. However, towards the end of the 1990s Ireland reversed this trend and began to benefit from a large net inflow. The migrants came not only from

the EU15 but also from a wide range of other countries, particularly the Baltic states, mainly under the work permits system. In the period 1995–2000 real annual GNP growth averaged almost nine per cent and the estimated net jobs created totalled 389,000, representing growth of over five per cent on an annual average basis. By April 2000 there was virtually full employment with an unemployment rate of 4.3 per cent.

The boom period of the Irish economy peaked around the turn of the century. Nevertheless, annual GNP growth averaged four per cent for 2000–2005 and employment continued to increase, albeit at a slower rate. In the period from 1996 to the year ending April 2004, just before enlargement, immigration increased from 39,200 per annum to 58,500, emigration fell from 31,200 to 26,500 and net immigration increased from 8,000 per annum to 32,000.

In the year following enlargement 84,600 immigrants entered the country, 29,400 emigrants left and the net migration balance increased to 55,100. In 2007, the peak year for immigration, 109,500 migrants came in and 42,200 left and the net balance amounted to 67,300. The beginning of the economic and financial crisis in 2008 precipitated a return to the pattern of migration experienced twenty years earlier, with immigration falling, emigration rising and the net migration balance turning from positive to negative. In the year 2009/2010 the number of immigrants fell sharply to 30,800, the number of emigrants shot up to 65,300 and the net loss of population amounted to 34,500.

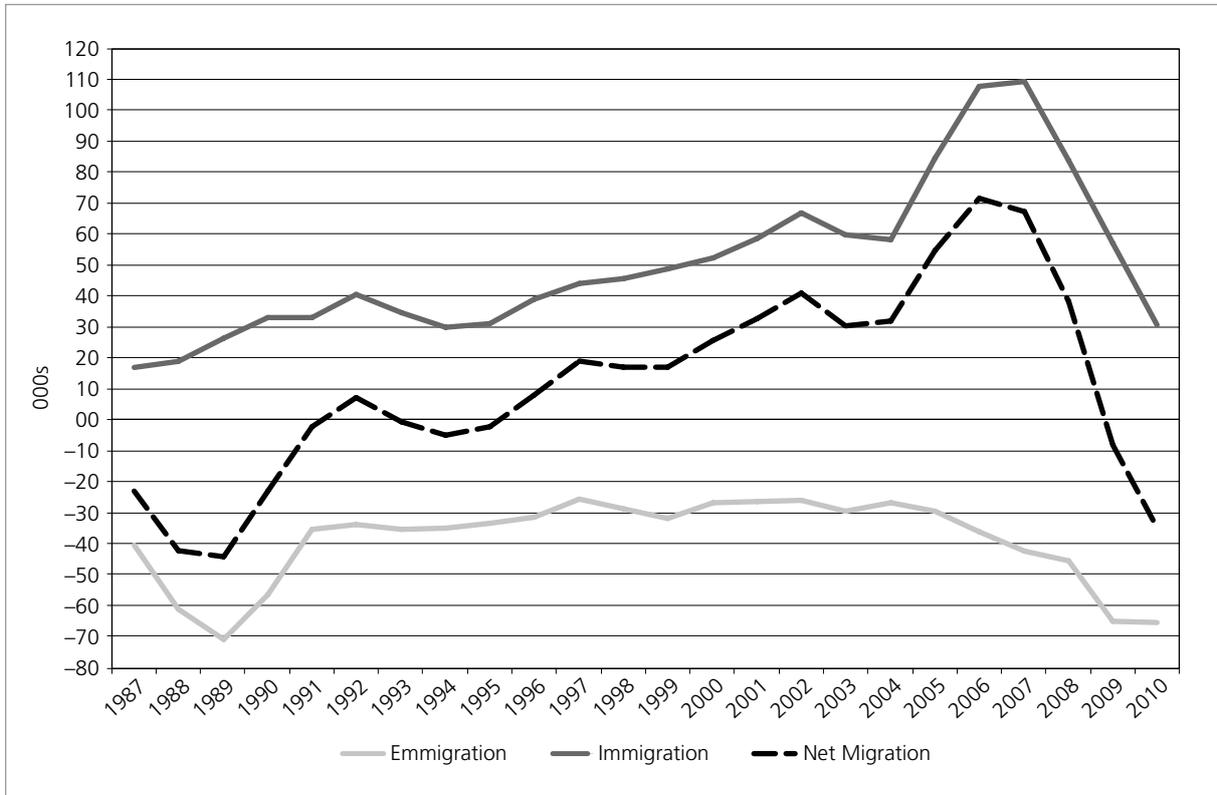
Ireland's experience of immigration from the EU10 following enlargement in 2004 breaks naturally into two periods: 2004–2007, the end of the Celtic Tiger period, and 2008–10, the period of recession in which the country has been locked since the onset of the financial crisis in 2008. Most of the analysis which follows, therefore, focuses on Ireland's experience of migration during these periods of boom and bust.

4. The Pre-Enlargement Debate on Immigration in Ireland

The Nice Treaty had a major influence on the pre-enlargement debate as Ireland was the only EU country that had to ratify the treaty in a referendum. The treaty was ini-



Figure 1: Emigration, Immigration and Net Migration, Ireland 1987–2010



tially rejected by the Irish electorate by 54 per cent to 46 per cent in June 2001. After this embarrassing defeat the Irish Government decided to hold another referendum to try to get the treaty ratified. In the wake of the »No« vote, its undertaking to honour the principle of freedom of movement of labour following enlargement was criticised by anti-Nice campaign groups. One of them, the National Platform said: »This irresponsible commitment by the Government significantly changes the argument about EU enlargement. It means that the Government has agreed to bear the costs of potentially heavy East European migration to Ireland ... without any debate in the Dáil [Parliament], consultation with the public, or consultation with the UK government, which could be significantly affected by this Irish Government commitment.« (*Irish Times* 3 July 2002)

2. The anti-Nice groups included No to Nice (led by an anti-abortion campaigner), the National Platform, the Alliance against Nice (a broad left grouping including the Socialist Workers Party, Sinn Fein and the Green Party). The pro-Nice groups included the main political parties (Fianna Fail, Fine Gael, the Labour Party), the trade union movement, the employers' organisations, the farmers' organisations, many civil society organisations and most of the media. While an earnings gap did emerge between Irish and migrant workers only one multinational company, Dell, appears to have moved some of its activities to Eastern Europe.

Claims by some anti-Nice campaigners that EU enlargement would lead to large numbers of Eastern European workers undercutting Irish workers' wages and to multinational businesses moving to the East where wages were said to be one-third of those in Ireland were rejected by both the trade unions and the employers.² A spokesman for the largest trade union, the Services, Industrial and Professional Trade Union (SIPTU), said that unnecessary fears were being raised about a »flood« of immigrants from new member states. A spokeswoman for the Irish Business and Employers Confederation (IBEC), the main employers' organisation, said fears of large numbers of workers coming from the candidate countries were unfounded. The General Secretary of the Irish Congress of Trade Unions (ICTU) and every major business organisation subsequently endorsed these statements.

One important perspective on the immigration debate emerged among political parties and in the media in the aftermath of the first Nice Referendum. It was pointed out that Ireland benefited for centuries from the willingness of other countries in Europe, and the rest of the world, to take in Irish immigrants. Politicians, media com-

mentators and others argued for a »Yes« vote in the second Nice Referendum so that the country would not be seen as shutting the door to migrants from Central and Eastern Europe who might wish to look for work in Ireland. The emergence of this perspective in conjunction with a very positive commitment to the European project meant that various media and most political parties did not take up opposing positions on the immigration issue.

The allegations about »floods« of immigrants eventually divided the anti-Nice campaigners when the Socialist Workers Party, the Green Party and Sinn Fein all said that they were opposed to introducing the immigration issue into the debate on the Nice Treaty. Campaigners for the Nice Treaty also strongly rejected the argument that there would be »floods« of immigrants, but were mistaken in suggesting that the flows would be minimal. For example, the Minister of State with responsibility for European Affairs and the Government's spokesman on the Nice Treaty, Dick Roche, said that: »Existing surveys on migration patterns in Europe show that the claims are false. Ireland barely registers as a location in these surveys. The most recent research in Hungary and Poland shows no interest whatsoever in Ireland as a work location.« (*Irish Times* 22 August 2002)

In the second referendum in October 2002 the electorate ratified the Nice Treaty by 63 per cent to 37 per cent. After ratification, none of the major actors in the economic debate about enlargement expressed concerns about any adverse effects of immigration from Central and Eastern Europe on pay and working conditions in Ireland. However, the General Secretary of the ICTU said in a Press Release on 3 November 2005 that his organisation had not been consulted on the decision to open the labour market to the EU10 and that the government had acted at the behest of the business community.

In the months preceding enlargement the decisions of other EU members to restrict access to their labour markets did not affect the policy stance of the Irish government. Employment growth in Ireland was 2.6 per cent in 2003 and the unemployment rate was 4.5 per cent so there was very nearly full employment. The Department of Enterprise, Trade and Employment argued, in line with government policy, that nationals of the EU10 and other EU member states would provide the bulk of Ireland's employment needs to maintain economic growth. In the year prior to enlargement Ireland processed over 47,500

work permits, almost 50 per cent of which went to nationals of the EU10 states. The Taoiseach (Prime Minister) stated that he believed »70 to 80 per cent« of work permit jobs could be filled in future by citizens of the new EU member states (Ahern 2004).

Consequently, in response to the economy's demand for labour, Ireland replaced government regulation of migration from Central and Eastern Europe (through the work permit system) with market regulation through free movement of labour. Although it did not try to attract migrants from specific EU10 countries, employers actively recruited workers for the construction, hotel and catering, and other sectors from Poland, Lithuania and Latvia. The government restructured the work permit system for people from non-EU states to favour highly skilled migrants.

Given the economic conditions in Ireland, the EU enlargement debate was much more focused around protecting the welfare system from possible abuse than around labour market issues. The decision by Britain to close off welfare benefits to accession state workers for a two year period therefore had important consequences for Ireland. This move meant that Ireland and Sweden were the only countries in Europe offering equal welfare rights to EU10 nationals. An inter-departmental committee set up by the Department of the Taoiseach in autumn 2003 to review the implications of EU enlargement on the Irish state, including housing and social welfare costs, was asked to reassess whether restrictions were necessary in light of the UK decision. During the months leading up to enlargement, public lobby groups such as the Immigration Control Platform (ICP) and the National Platform urged the government to protect Ireland's social welfare system. On 24 February 2004 the Taoiseach announced that Ireland would have to protect its welfare and social benefits systems from possible abuse in light of EU enlargement (Ahern 2004). One immediate concern for the government was to protect the Common Travel Area between Ireland and Britain by having similar arrangements for the receipt of social benefits. On 24 February the Minister of Social and Family Affairs announced: »Because of our common travel area with Britain it is now important that we put in place some conditions. ... I will be proposing changes to the social welfare code which will be no less robust than those introduced in Britain« (DFSA Press Release, 24 February 2004).

By the end of February the Irish Government had introduced the Habitual Residence Condition (HRC), which meant foreign nationals would have to live in the Common Travel Area (Ireland, the UK, the Channel Islands and the Isle of Man) for at least two years, or meet certain other requirements, before being entitled to social assistance or child benefit.

5. Expected and Actual Inflows from the EU10 Member States

5.1 Expected Inflows

A number of studies were undertaken to consider the likely migratory flows from east to west following enlargement. They were all predicated on the existing EU15 states observing European Community rules in relation to the free movement of labour. One study done for the European Commission estimated that the migration flow from Central and Eastern Europe would average 325,000 per year in the first five years following enlargement and would decline to 60,000 per year within a decade. As the basic assumption underlying these estimates was not fulfilled, the expectation that there would be an inflow into Ireland of 3,400 long-term migrants was not credible. While no estimates of expected inflows from the EU10 countries were published in Ireland, Barry (2004: 845) argued that on the basis of the number of Irish work permits issued to nationals of the Central and Eastern European countries before enlargement the EU studies »would appear to substantially underestimate the likely immigration flows«. He pointed out that even before enlargement immigrants from these countries probably accounted for just under one per cent of the Irish population, meaning that the consensus estimate that immigration from these countries would amount to one per cent by 2030 was »extremely conservative«.

5.2 Actual Inflows

Migrants are categorised into long-term and short-term. Long-term migrants are defined as persons resident in the country at the time of the survey in mid-April each year whose place of residence was outside Ireland one year previously. Short-term migrants are defined as those who came to Ireland over a period of a year who were

issued with a Personal Public Service Number. They may have left Ireland or decided to stay during that period.

Although there are no annual migration statistics which identify long-term migrants from EU member states before 2005, there was very little immigration from these countries before then. The 2002 Census figures show that there were less than 25,000 EU10 nationals, or 0.6 per cent of the population, living in Ireland before enlargement. In the following four years immigrants from the new member states came in such large numbers that the 2006 Census recorded more than 120,500 EU10 nationals, or nearly three per cent of the population, as resident in Ireland.

The Central Statistics Office annual migration estimates show that after enlargement an increasing number of immigrants came from the Central and Eastern European states (Figure 2). In the first three years after enlargement, up to the year ending April 2007, 136,700 long-term migrants came to Ireland from the EU10, accounting for more than three quarters of all long-term migrants in that period. The following three years, up to the year ending April 2010, were a period of severe economic recession due to the global financial crisis, and only 53,000 long-term migrants came from the EU10 (less than 40 per cent of the total). In the latest year for which we have data, the year ending in April 2010, long-term immigration from the EU10 virtually ceased with only 5,800 immigrants, or 20 per cent of all long-term immigrants.

The overall numbers entering Ireland from the EU10 were actually much greater than the number of long-term migrants because large numbers of EU10 nationals came on a short-term basis to look for work and subsequently left, either because they could not find work or because they were seasonal migrants working in sectors such as construction, retailing, hotels and restaurants.

Figure 3 shows how the total of Personal Public Service (PPS) numbers issued to EU10 nationals before and after enlargement compares with the total issued to migrants from the rest of the EU excluding Ireland (the EU14) and the rest of the world. Looking first at the data for the EU10 it is evident that the annual inflow was relatively small in the period before enlargement. However, in the three years to April 2007 the inflow was massive with 339,666 migrants coming from the EU10 states. In the



Figure 2: Immigration from EU10 after May 2004 and Rest of World Excluding EU15 and USA, 1987–2010

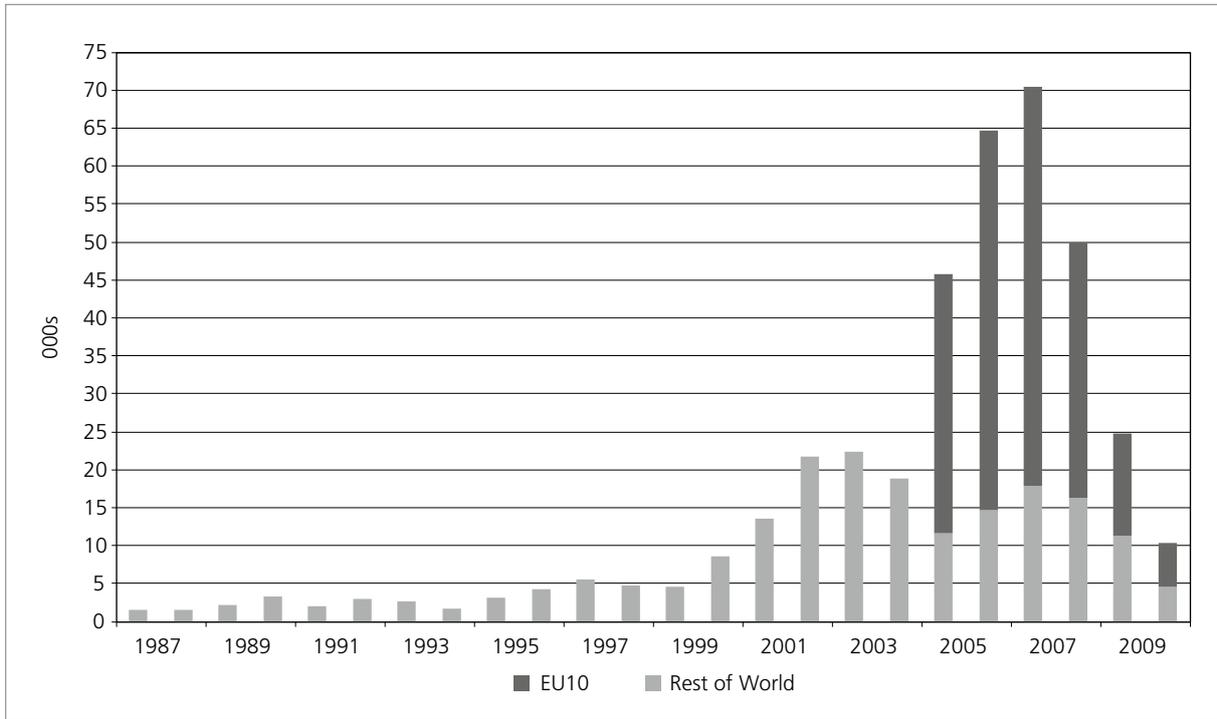
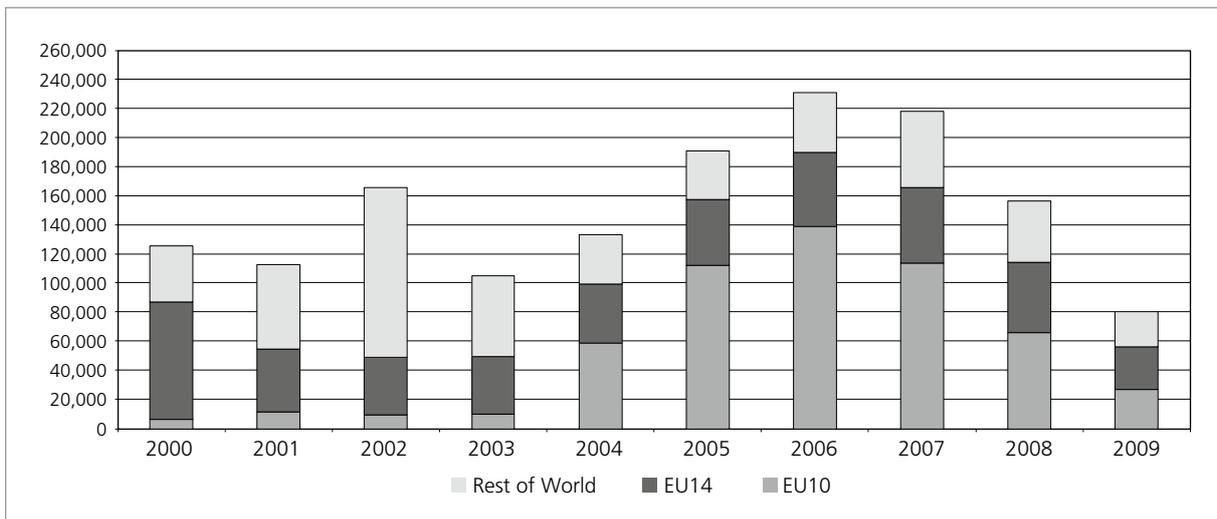


Figure 3: PPS Numbers Issued to Nationals of EU10, EU14 and Rest of World, 2000–2009

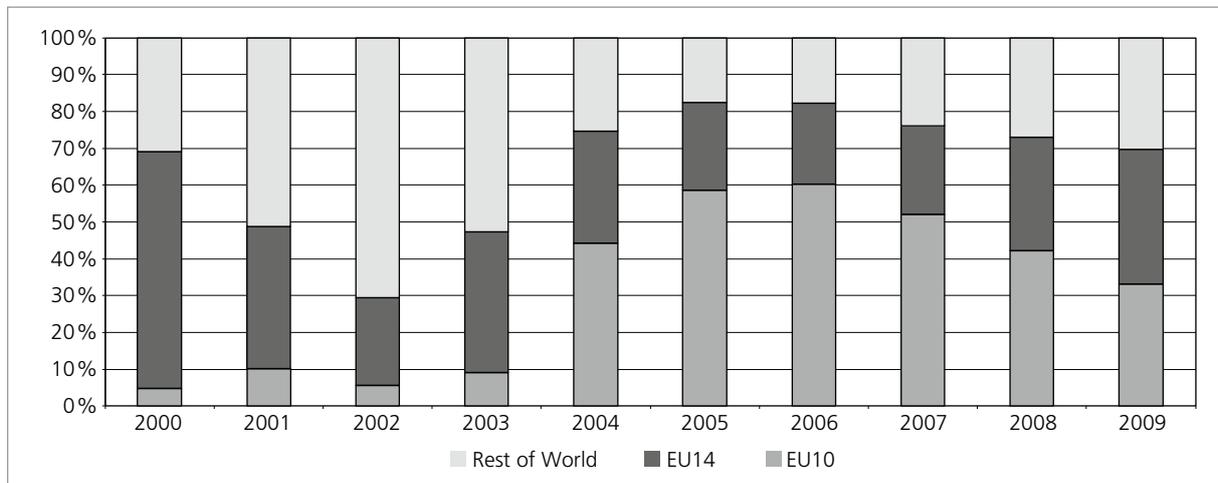


subsequent three-year period the number coming from the EU10 states nearly halved to 177,189.

unprecedented gross inflow of migrants looking for work in an economy whose labour force in 2004 was only 1.9 million.

In total 531,140 Personal Public Service numbers were issued to EU10 nationals following EU enlargement, in the period May 2004 to December 2010. This was an

Figure 4: EU10, EU14 and Rest of World Shares of Total PPS Numbers issued to Non-Irish Nationals, 2000–2009



The changes in gross inflows from the EU10, the EU14 and the rest of the world before and after enlargement (see Figure 3) are largely attributable to the Irish government's policy of trying to source most of the economy's need for migrant workers from within the enlarged EU. This is in line with the EU policy of sourcing as much of its labour requirements as possible from within the member states.

Figure 4 shows the impact of inflows from the EU10 states relative to the inflows from the rest of the EU and the rest of the world in terms of changes in each category's share of total immigration over the period 2000–2009. The share of PPS numbers issued to EU10 nationals increased dramatically from nine per cent in 2003 (before enlargement) to 60 per cent at the peak in 2006 before declining to 33 per cent in 2009. The share of immigrants coming from the EU14 fell sharply from 38 per cent in 2003 to 22 per cent in 2006. The share of immigrants coming from the rest of the world fell from 53 per cent in 2003 to 18 per cent in 2006.

The pre-enlargement expectation that there would be relatively small inflows from countries with which Ireland had weak economic relationships turned out to be very wide of the mark. In addition, the surveys of migration

intentions carried out in the source countries before enlargement proved to be an unreliable indicator of people's actual behaviour.³

Monthly data on the number of Personal Public Service numbers issued to EU10 nationals are available only since May 2004. The three-month moving averages of the number of PPSs issued between May 2004 and December 2010 to EU10 nationals from (a) Poland, (b) the Baltic states, and (c) the rest of the EU10 are shown in Figure 5. There was a strong upward trend in the monthly inflows from the EU10 up to July 2006 when the monthly inflow peaked at 16,600. This trend is most evident from the figures for Poland and to a lesser extent for the Baltic states. Thereafter, the inflow began to decline sharply due to slackening labour demand, turning into a collapse in demand with the onset of the recession in 2008.

Figure 5 shows a strong seasonal effect with migration increasing in summer and decreasing in winter. The seasonal pattern of migration from the Central and Eastern European states to Ireland is similar to the seasonal pattern of migration from Poland to Germany and the underlying factors may be the same. Stark and Fan (2007) show that seasonal migration arises as a response to differences in costs of living in the origin and destination countries, the costs of separation from the family in the origin country and returns to work in the two countries.

Figure 6 shows where migrants from Central and Eastern Europe came from. Almost two-thirds (62 per cent)

3. This is not surprising as opinion polls on migration intentions are focused on the supply side, rather than the demand side, of the labour market. They do not provide any information on the capacity of the labour market to absorb migrant workers, as Boeri and colleagues point out (2002: 25).



Figure 5: Three Month Moving Averages of Personal Public Service Numbers Issued to EU10 Nationals, May 2004 to October 2010

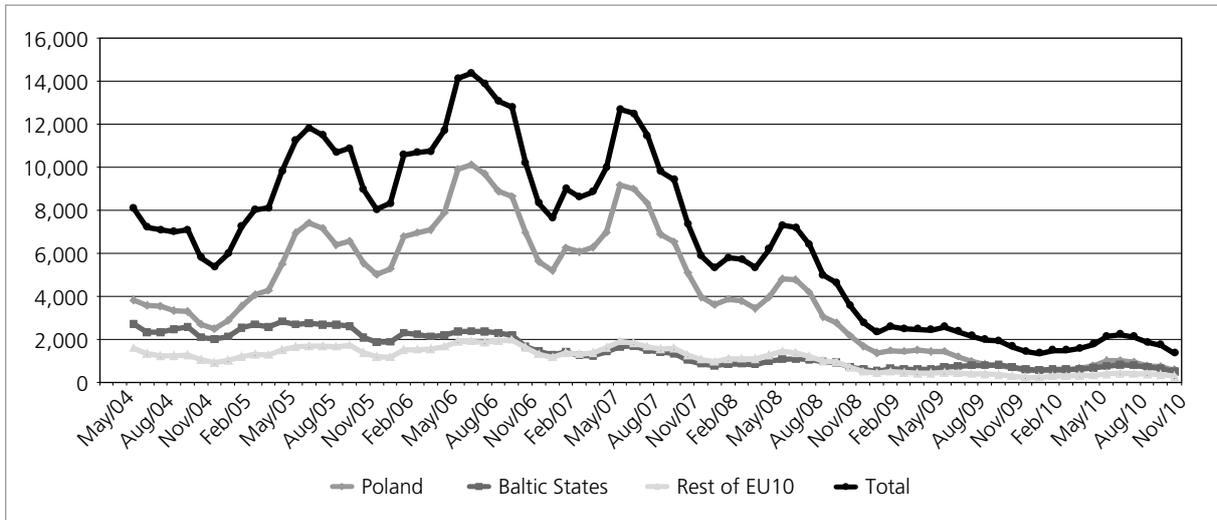
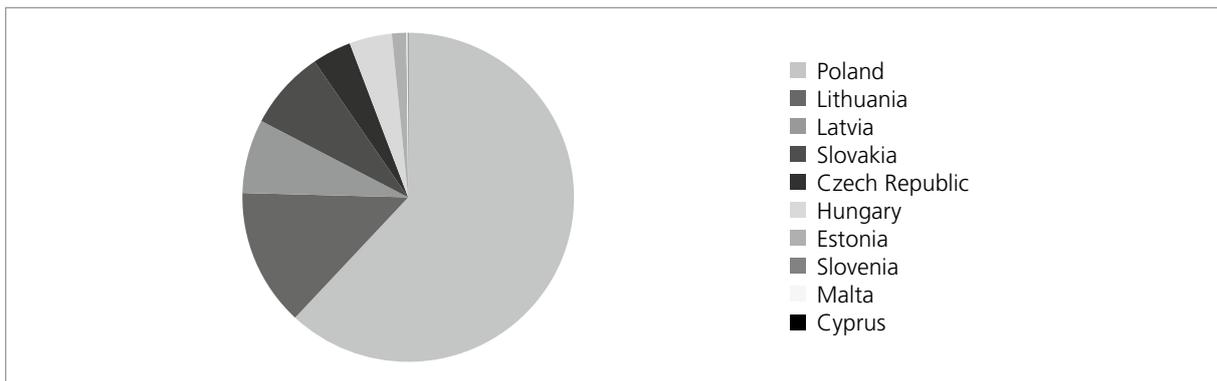


Figure 6: Percentage Share of All Personal Public Service Numbers Issued, May 2004–December 2010



came from Poland, 13 per cent from Lithuania and about seven per cent each from Latvia and Slovakia. The Czech Republic and Hungary each accounted for about four per cent, while the number coming from the remaining countries – Estonia, Slovenia, Malta and Cyprus – was less than one per cent each.

The fact that more than half a million PPS numbers have been issued to EU10 nationals since enlargement in May 2004 does not necessarily mean that all of these migrants were looking for employment, as the PPS number is also required for other purposes such as access to state services. However, an internal cross-matching of PPS numbers with income tax records by the Department of Social and Family Affairs indicates that around 70 per cent of those with a PPS number subsequently took up em-

ployment. However, most of the immigrants looking for work in Ireland appear to be temporary. A comparison of the PPS data on the gross inflow of EU10 nationals between October 2004 and January 2007 (277,366) with the QNHS data on the change in the number of EU10 nationals in the labour force over the period from the last quarter of 2004 to the first quarter of 2007 (72,000) shows that somewhat over a quarter of those who came looking for work remained in the Irish labour force at the end of that period.

Although the Poles received the largest number of PPSs, it was Lithuanians and Latvians who showed the greatest relative propensity to enter the Irish labour market. At the time of enlargement these countries had lower per capita GDP and higher unemployment rates than Ire-

land. Analysis of the relationship between GDP per head in the EU10 in 2005 relative to GDP per head in Ireland and the propensity to migrate, measured by the number of PPSs issued per 1,000 population in the source country, shows that nearly two-thirds of the difference in the propensity to migrate to Ireland can be explained by the attraction of higher living standards in Ireland compared to the EU10 (Hughes 2007).

6. Characteristics of EU10 Migrants and Employment by Sector

6.1 Age and Qualifications

Table 1 shows the age distribution of EU10 migrants and of the native Irish population in 2006. Migrants from the EU10 who were given PPS numbers in 2006 were much younger than the native population. Just over 85 per cent were concentrated in the 15–24 and 25–44 age groups compared with 44 per cent of the native population. A little over 60 per cent of EU10 migrants were male compared with 51 per cent of native Irish and 62 per cent of migrants were single compared with 54 per cent of native Irish.

Table 1: Age distribution of native Irish population and EU10 migrants, 2006

Age group	Irish	EU10
0–14	21.5	8.1
15–24	14.5	42.3
25–44	29.4	43.0
45–64	22.8	6.6
65+	11.8	0.1
Total	100.0	100.0

Source: Census 2006, vol. 4, Usual Residence, Migration, Birth-places and Nationalities.

As a whole, immigrants in Ireland are much better educated than the native population (see Table 2). Well over half of immigrants have higher education compared with less than half of the Irish population. However, immigrants from the EU10 had less tertiary education than the Irish population, 37 per cent compared to 45 per cent.

The demographic profile of EU10 migrants which emerges from this analysis indicates that they were predominantly young, male, and single but with less tertiary education than the Irish population. These characteristics suggest that their main reason for coming to Ireland was to look for work rather than to claim welfare benefits.

Table 2: Educational attainment of Irish population, EU10 migrants and all immigrants, 2006 (per cent)

Educational attainment	Irish	EU10	All immigrants
Primary	7.6	6.8	6.5
Secondary	37.1	27.6	24.2
Post-secondary	10.2	28.2	15.3
Tertiary	35.5	28.4	39.9
Postgrad	9.6	8.9	14.1
Total	100.0	100.0	100.0

Source: Barrett et al. (2011, Table 2)

6.2 Employment of EU10 Nationals by Sector

At the time of enlargement in 2004 Ireland was experiencing an economic boom. GNP growth was the highest in Europe, 6.9 per cent, and unemployment was the lowest, 4.5 per cent. Following enlargement, the Irish economy continued to perform very strongly with GNP growth averaging nearly nine per cent in the years 2005, 2006 and 2007. The average unemployment rate during these years was 4.5 per cent, the same as it was before enlargement in 2004. These numbers changed dramatically when the housing bubble burst in 2008 and combined with the global financial crisis to push the economy into a deep recession from which it has not yet re-emerged. There was a cumulative fall of nearly 20 per cent in GNP between 2007 and 2009 – an unprecedented collapse in output for any Western country since the Great Depression. Economic crisis was accompanied by major job losses as the unemployment rate increased sharply to nearly 14 per cent towards the end of 2010.

Data on the stock of EU10 workers in employment in Ireland in 2006 by occupation has been analysed by Barrett, McGuinness and O'Brien (2011). The data show EU10 nationals strongly concentrated in lower occupational cat-



Figure 7: Number of Nationals from EU10, EU14 and the Rest of the World in Employment, 2004 Q4 to 2010 Q3

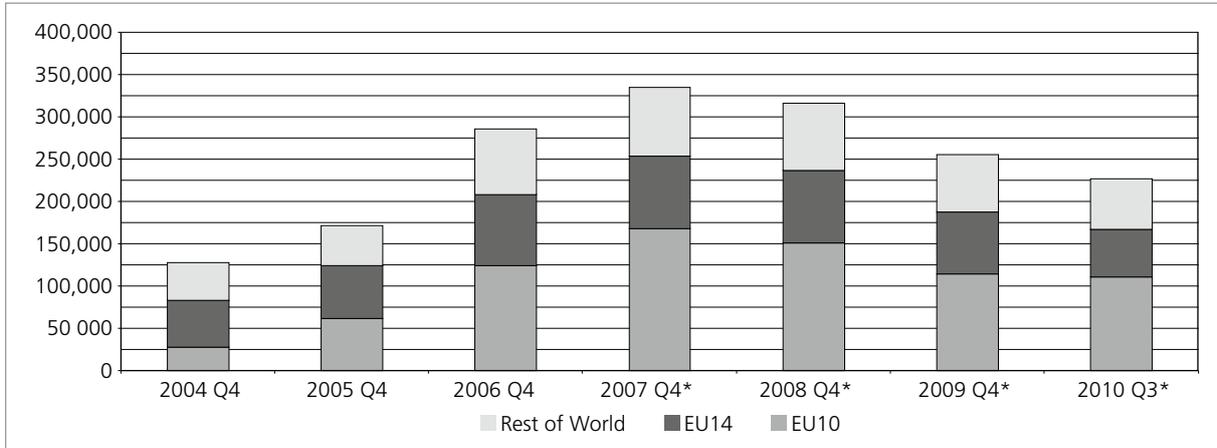
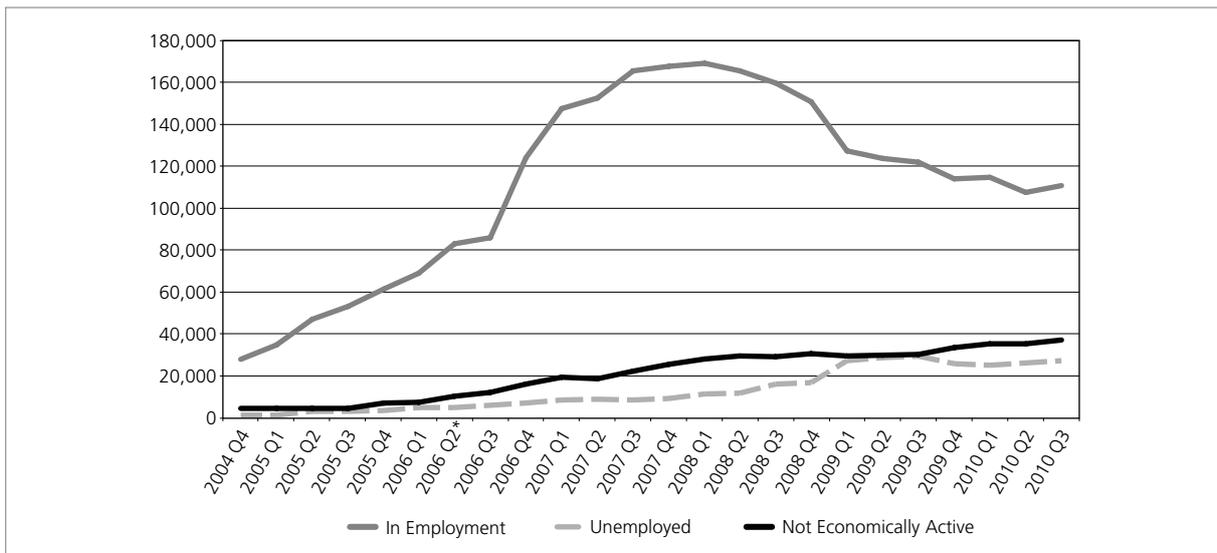


Figure 8: ILO Employment Status of EU10 Nationals, 2004 Q4–2010 Q3



egories such as craft and related trades, plant and machine operatives and other miscellaneous occupations.

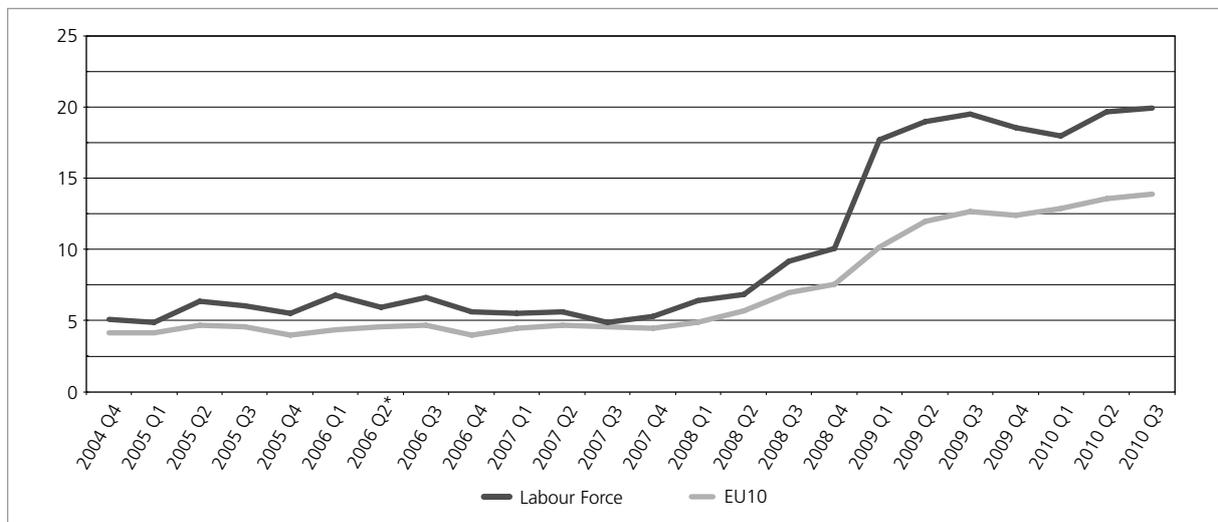
Data on employment by sector is published in the Quarterly National Household Survey (QNHS). Figure 7 shows that 28,100 EU10 nationals found employment in Ireland during the last quarter of 2004. This figure increased rapidly in subsequent quarters and peaked at 169,200 in the first quarter of 2008.

As seasonal factors have some influence on the employment of migrants from the EU10 our analysis of their employment status and employment by sector and occupa-

tion will focus on their position in the last quarter of 2007 just before the peak and in the third quarter of 2010, the latest period for which employment data are available. The data show that the employment of EU10 nationals increased sixfold to 167,700 between 2004 and 2007 but then fell by one third to 110,800 by 2010 Q3. So although the downturn in the economy has affected the employment of migrants far more than the native population, most EU10 migrants were able to hold onto their jobs in Ireland.

EU10 nationals accounted for 1.5 per cent of total employment in Ireland in 2004 Q4 and their share increased

Figure 9: Unemployment Rates for All Nationalities and EU10 Nationals, 2004 Q4–2010 Q3



to 7.8 per cent in 2007 Q4. Migrants from all sources increased their share of total employment from nearly seven per cent at the end of 2004 to approaching 16 per cent at the end of 2007. However by the third quarter of 2010 migrants' share of employment had fallen back to around 12 per cent.

Figure 8 shows the employment status of EU10 nationals since 2004. They had a much higher labour force participation rate than Irish nationals. For example, at the beginning of 2007 it was 91 per cent compared with 62 per cent for Irish nationals.

Supporting the proposition that EU10 nationals came to Ireland to work rather than to claim welfare, Figure 9 shows that the unemployment rate of EU10 nationals was only around one percentage point higher than that of the labour force as a whole during the boom period 2004 Q4 to 2007 Q4. The unemployment rates begin to diverge sharply in the first quarter of 2008 with the onset of the recession, as EU10 nationals lost their jobs at a much faster rate than the labour force as a whole. By the third quarter of 2010 the rate for the EU10 migrants had increased to nearly 20 per cent compared with an increase to around 14 per cent for the labour force as a whole.

Figure 10 shows the NACE Rev. 1 sectors in which EU10 nationals were employed in 2004 Q4, 2007 Q4 and 2010

Q3.⁴ Initially their jobs were concentrated in hotels and restaurants, wholesale and retail, construction and manufacturing, and their employment in these sectors increased dramatically up to the end of 2007. At the end of 2007, these four sectors employed 75 per cent of all EU10 nationals at work in Ireland.

Employment of EU10 nationals began to fall in 2008. Over the next three years their numbers fell by 57,000, or by one third of the number employed in 2007. Almost half of these job losses were concentrated in construction. The loss of jobs by EU10 nationals in other sectors was smaller but still quite significant. In total, 85 per cent of all job losses by EU10 nationals were concentrated in the same four sectors that accounted for the bulk of their employment in 2007.

Looking at EU10 nationals' share of total employment by sector in 2004, 2007 and 2010 (Figure 11) it is evident that they have not been successful in finding employment in the public sector. Nearly all of them found jobs in the private sector. At the end of the first year after enlargement, for example, employment of EU10 nationals ranged from less than one per cent of total employment in health to five per cent in hotels and restaurants. By the end of 2007, their share of employment ranged from less than one per cent in education to over 20 per cent in hotels and restaurants. Towards the end of 2010

4. At the beginning of 2009 NACE Rev. 1 was replaced by NACE Rev. 2. The crosswalk between the two classifications has been used to reclassify the data for 2010 Q3 to maintain consistency across the years.



Figure 10: Employment of EU 10+2 Nationals in Ireland by NACE Rev. 1 Sector, 2004 Q4, 2007 Q4 and 2010 Q3

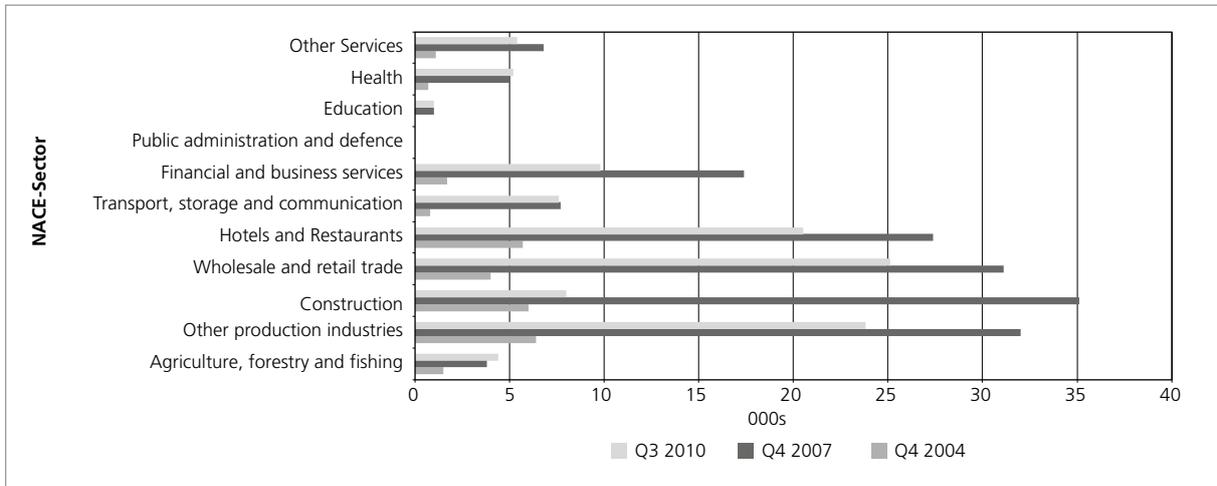
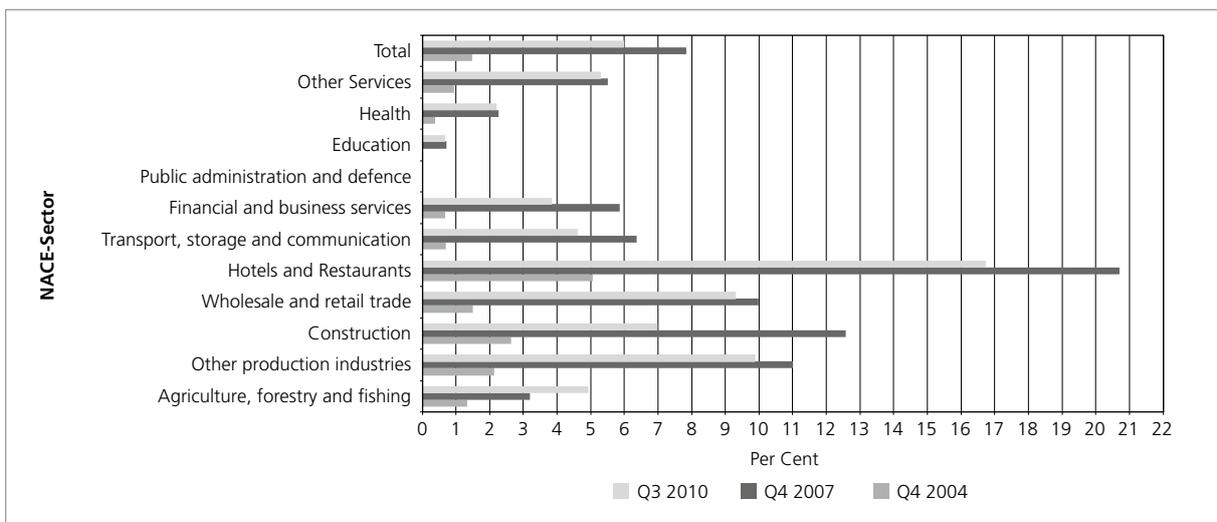


Figure 11: EU10+2 Nationals Share of Employment in Ireland by NACE Rev. 1 Sector, 2004 Q4, 2007 Q4 and 2010 Q3



the range of their employment share by sector fell back to less than one per cent in education up to 17 per cent in hotels and restaurants. The primary reason for the failure of EU10 migrants to find employment in the public sector is that they do not fulfil the Irish language requirement. As trade union membership in the public sector in Ireland is much higher than in the private sector the low representation of EU10 nationals in the Irish public sector is a factor which contributes to their lower level of trade union membership.

7. Changes in Total Employment and Employment of EU10 Nationals in Boom and Bust

Figures 12 and 13 compare changes in the employment of EU10 nationals with changes in total employment by sector for the boom period up to 2007 when employment was growing, and for the recession period thereafter when employment was falling. Figure 12 shows that in the earlier period the increase of 244,800 in total employment significantly exceeded the increase of 139,600 in the employment of immigrants from the EU10 states. The change in total employment exceeded the change in



Figure 12: Change in Total Employment and in Employment of EU10+2 Nationals by NACE Rev. 1 Sector, 2004 Q4–2007 Q4 (000s)

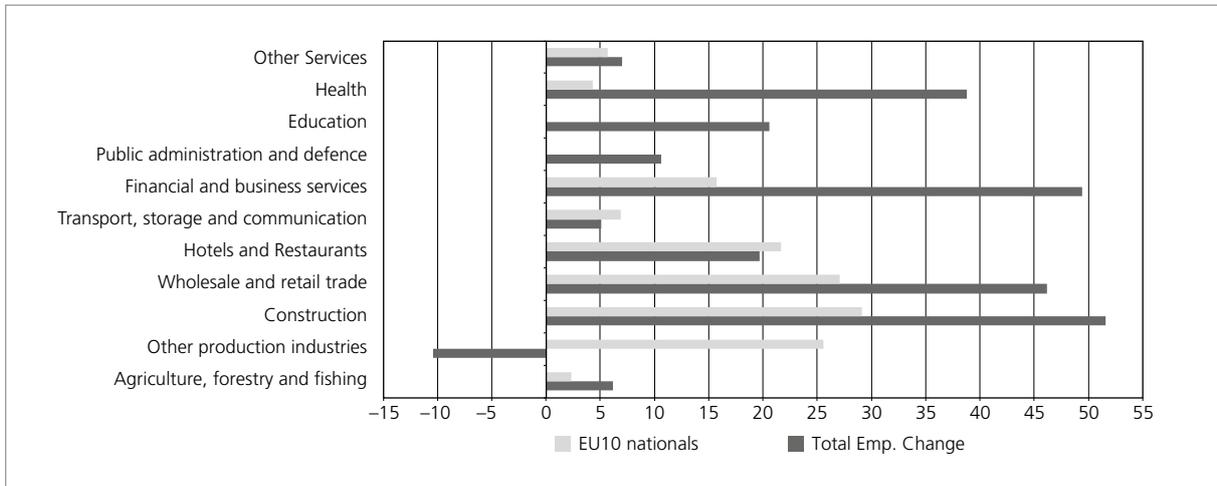
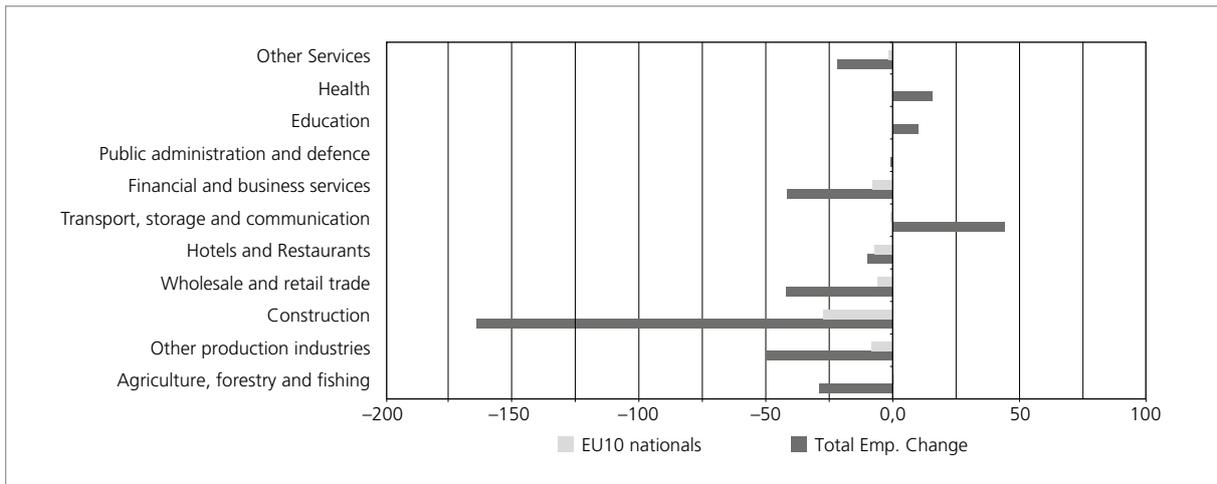


Figure 13: Change in Total Employment and in Employment, 2007 Q4–2010 Q3 (000s)



employment of EU10 nationals in all sectors except other production, hotels and restaurants, and transport, storage and communication.

When employment began to fall dramatically in the period after 2007 all of the national employment gains made since 2004 evaporated with around 287,000 jobs being lost. These job losses amount to almost 13 per cent of total employment in 2007. EU10 nationals lost 56,900 jobs or one-third of the employment they had in 2007. Figure 13 shows that the biggest losses were in construction, other production industries, and wholesaling and retailing.

There was a big difference between job losses in the public and private sectors. There were virtually no job losses in public sector employment while there were major job losses in the private sector. Job loss in most sectors was much greater for EU10 nationals than for the labour force as a whole in that sector. EU10 nationals, for example, lost more than 75 per cent of their employment in construction compared with about 60 per cent for the labour force as a whole. They lost over 40 per cent of their jobs in financial and business services compared with 14 per cent overall, and they lost a quarter of their jobs in other production industries compared with 17 per cent for the labour force as a whole. Overall the number of EU10 nationals who were unemployed tripled from

9,400 to 27,600 between 2007 and 2010. The greater impact of unemployment on immigrants from the EU10 countries is in line with international experience which shows that immigrants generally suffer higher unemployment rates during a recession than the native population.

It is not possible to say how many of the 57,000 EU10 nationals who lost their jobs between 2007 and 2010 have left Ireland, as the emigration statistics do not provide information on the nationality of emigrants. However, a significant number probably have left. Data from the Quarterly National Household Survey shows that there were 27,300 fewer EU10 nationals aged 15 and over living in Ireland in 2010 Q3 than there were in 2007 Q4. Nevertheless, most of the migrants remained as there were still 176,000 EU10 nationals aged 15 and over living in Ireland in 2010 Q3.

8. EU10 Migration, Unemployment, Labour Displacement and the Earnings Gap

8.1 EU10 Migration and Local Unemployment Rates

An argument is sometimes made that immigration results in higher local unemployment rates (Gilpin et al. 2006). This proposition has been tested using data from the Census of Population and the Live Register of Unemployment by county (Hughes 2007). Hughes investigated the correlation between the change in the local unemployment rate over the period May 2004 to April 2006 and the stock of EU10 migrants in each county in April 2006 and found no noticeable impact of immigration on local unemployment rates.

8.2 Labour Displacement

The inflows of immigrants from the EU10 in the three years following enlargement were much larger than expected. This was primarily because there was continuing strong demand for labour in Ireland during this period and because the countries which would have been the immigrants' more natural destinations, Austria, Germany and Italy, had closed their labour markets during the transition period allowed by European Union regulations.

Ireland benefited significantly from migration from the EU10 in the period 2004–2007. However, there were some disadvantages. The immigrants' demand for housing helped to inflate the housing bubble by increasing the price of renting and buying accommodation (Duffy 2007). They helped to increase transport congestion and use of other infrastructure and increased class sizes in primary schools in some urban areas where they had a sizable presence. During this boom period there were also cases of Irish workers being displaced by immigrants whose employers were paying them less than the collectively agreed rates of pay.

The displacement issue first came to public attention with the Gama and Irish Ferries cases. In the Gama case a Turkish construction company was paying its Turkish workers posted to Ireland less than half the minimum wage and less than a quarter of the Registered Employment Agreement hourly rate for the lowest paid operative in the construction sector. The Minister for Enterprise, Trade and Employment appointed an inspector to investigate this case. Although the outcome of the investigation was reported to be unfavourable to the company, legal action taken by the company prevented the minister from publishing the report. Subsequently, the parent company, Gama Turkey, and its wholly owned Irish subsidiary, Gama Construction Ireland Ltd., were unsuccessful in trying to stop the Irish courts hearing an appeal by the Gama workers for some €40.3 million compensation for underpayment of wages and benefits while they were working in Ireland (*Irish Times*, 26 February 2011). The outcome of this appeal is awaited.

In the Irish Ferries case over 500 mainly Irish seafarers were replaced in 2005 by foreign workers, mainly Latvian, whom the employer proposed to pay less than half of the minimum wage. As this was done under international maritime law the Irish government was unable to use domestic labour law to prevent the replacement of the Irish workforce. Eventually a compromise was reached under which the company agreed to pay its foreign workers the Irish minimum wage.

Similar developments with the Laval and Viking cases in Sweden and Denmark focused trade union attention in Ireland, and elsewhere in the EU, on the potential for un-

dercutting wages and conditions of employment offered by the proposed EU Services Directive.⁵

Statistical evidence relating to the argument about foreign workers displacing Irish workers is cited in an article in the *Irish Times* in January 2006 by the head of research at the Services, Industrial and Professional Trade Union (SIPTU), the country's largest trade union (O'Riordan 2006). O'Riordan uses earnings and employment data for the manufacturing sector to argue that »unregulated immigration and unscrupulous hiring practices are undermining wages and conditions«. This view was based on the observation that earnings growth in the manufacturing sector fell from 4.7 per cent in the year ending March 2005 to 2.1 per cent in the year ending September 2005 while the number of foreign workers in the sector increased by 8,000 and the number of Irish workers decreased by 19,400 between September 2004 and September 2005.

O'Riordan points out that the annual rate of increase in earnings up to September 2005 was only half the value of the increase negotiated under a social partnership agreement largely because of »large numbers of immigrant workers experiencing a negative pay differential« (2009: 2). He continues: »This was an issue given particularly serious attention by the trade union movement, not least through the drive to organise NMS (New Member State) workers. ... But there had been a »lost year« and this undoubtedly depressed the overall level of industrial earnings below what they would otherwise have been« (2009: 6).

The earnings and employment data has also been examined by FÁS (2006), the Training and Employment Authority, and McCormick (2007) to try and establish if there is any relationship between the reduction in the number of Irish workers in the sectors in which foreign workers are employed and a slow-down in earnings growth. Such an association would be consistent with displacement although it would not prove the hypothesis. On the basis of the evidence available, FÁS (2006: 43) concludes that »while definitive conclusions could not be drawn from the data, the statistics would suggest that displacement

is not a major or widespread issue in the current circumstances of the Irish economy«.

There is no evidence from the unemployment data that displacement of Irish workers has resulted in an increase in the unemployment rate. In an article on the displacement issue, FitzGerald (2006) notes that since the Irish labour market was opened to EU10 nationals the unemployment rate actually fell to 4.1 per cent by December 2005 and he points out that: »...if there has been significant displacement of Irish workers by immigrants in some sectors, the unemployment data suggest they must have been re-employed elsewhere. And, in so far as there is a difference between Irish and immigrant workers, part at least of this phenomenon could be accounted for by Irish workers moving to better-paid jobs, and being replaced by lower-paid immigrants in their old positions.«

Figure 10 shows that three years after enlargement there was very little difference between the unemployment rate of EU10 nationals and the labour force as a whole. As already noted, it was only with the onset of the recession that the unemployment rates began to diverge.

8.3 The Immigrant Earnings Gap

Initial studies of the difference between the earnings of Irish workers and immigrants found it hard to pin down the size of the gap because »the small size of the samples used ... meant that it was not possible to get a clear view on the structure of the pay gap and, by extension, of the possible factors underlying the immigrant earnings differential« (Barrett, McGuinness and O'Brien 2011: 2). That problem was resolved with the publication of a matched employer-employee workplace survey carried out in March 2006 which had a large sample of about 50,000 workers, of whom 4,729 (9.5 per cent) were immigrants including 1,119 EU10 nationals (2.3 per cent) (CSO 2007). The differences between the earnings of Irish workers, immigrants as a whole and sub-categories of immigrants including EU10 nationals are shown in Table 3. Irish workers had average hourly earnings of €19.86 compared with €15.63 for immigrants. The differential was much larger for EU10 nationals whose average earnings were €11.99 per hour. There was a significant differential between males and females with males earning more than females in all categories except non-

5. It was feared the EU Services Directive would provide opportunities for companies to undercut wages and conditions of employment by basing themselves in the new low-wage member states while operating in the high-wage old member states.

EU/non-English-speaking. In addition male and female immigrants earn less than Irish workers of either sex.

It should be noted that the raw differences in earnings in Table 3 can be strongly influenced by differences in personal characteristics such as age, sex and education and by differences in sector of employment, firm size and trade union membership. Regression analysis provides a method of controlling for such differences and establishing a more precise estimate of the earnings gap between natives and immigrants. Taking account of differences in tenure, education, experience, gender, union density, sector and firm size Barrett et al. (2011) use regression analysis to show that while immigrants as a whole earned nine per cent less than comparable Irish workers the differential for EU10 immigrants was 18 per cent, or double the differential for all immigrants.

Table 3: Average earnings per hour (€) by gender in 2006

Category	Male	Female	Total
Irish	21.15	18.48	19.86
All immigrants	15.85	15.34	15.63
Of which UK	20.82	18.24	19.62
EU13	17.77	16.41	17.10
EU10	11.99	10.48	11.40
Non-EU/English-speaking	24.14	20.48	22.39
Non-EU/non-English-speaking	13.09	15.04	13.81

Source: Barrett et al. (2011, Table 6).

A key question is whether this differential is due to discrimination against immigrants or to employers paying less to immigrants than Irish workers because they lack English language skills or have poorer educational qualifications. Barrett and colleagues (2011) argue that if there is discrimination the earnings gap should be larger at the bottom of the earnings distribution whereas if it is due to market forces the gap should be larger at the top end of the distribution because of the greater importance of location-specific human capital at the upper end of the earnings distribution. If there is discrimination there is clearly a case for increasing the number of labour inspectors, better enforcement of labour law and prosecutions in the courts. If employers are paying the rate for the job

market forces can be relied on to eliminate any discrimination against migrant workers.

In order to identify which of these interpretations of the pay gap has validity Barrett and colleagues (2011) ran regressions of EU10 nationals earnings focusing on the effects of education level, occupational category and other variables. The pattern they find is that the differential between EU10 nationals' earnings and Irish workers' earnings is smaller at the bottom of the earnings distribution and generally larger at the top.

They argue their findings »might suggest that the pay gap for immigrants from the NMS is related to a failure to capture a full return on human capital, and points to the potential importance of skill transferability in explaining the immigrant-native pay gap« (Barrett et al. 2011: 22). In other words, they do not favour discrimination as an explanation and argue that the EU10 immigrants fail to earn the full return on their human capital because their qualifications are not exactly what Irish employers are looking for or because the quality of education in their countries of origin is not as good as the quality of education in Ireland.

However, their results can be interpreted in another way. The smaller differential at the bottom of the earnings distribution could be due to the constraining effect of the minimum wage, which was €7.65 per hour in 2006, and Registered Employment Agreements on wage rates for low skilled workers. The larger differential at the top end could be due to employers exploiting the lack of official recognition of foreign qualifications to pay highly educated migrants less. Two pieces of evidence from their paper provide some support for this alternative interpretation. First, they acknowledge that the earnings gap at the lower end is »possibly bounded by the national minimum wage« (Barrett et al. 2011: 18). Second, EU10 nationals working in heavily unionised firms earn five to 10 per cent more than comparable Irish workers in non-unionised firms. The presence of a trade union, therefore, prevents employers paying migrant workers less than Irish workers.

In the absence of definitive evidence on the determinants of the immigrant wage gap it would be prudent for trade unions to continue to defend the minimum wage and to continue to work to enrol migrant workers in trade unions.

8.4 Economic Benefits of Migration

Barrett (2006, 2009) estimates the benefit of EU10 migration to the Irish economy using a structural model to simulate the effects of the immigration of EU10 nationals on GNP per worker, employment and the average wage. His simulation of the impact of the inflow of 180,000 EU10 nationals, or about eight per cent of labour force, suggests that GNP increased by 5.9 per cent in the period 2004–2007, that GNP per worker increased by 1.7 per cent, that total employment increased by 4.4 per cent and that the average wage was 7.8 per cent less than it would have been in the absence of immigration from the EU10 countries (Barrett 2009). There are no estimates of the average wage effect for low- and high-skilled labour from the EU10 countries but in another paper Barrett and Bergin (2009) find that slower wage growth affects the wages of both low and high skill labour with the biggest impact on the wage growth of high-skill workers.

Most of the labour market adjustment to immigration from the EU10 Member States in the period up to 2007, therefore, occurred through immigrants from non-English-speaking countries being paid less than comparable native workers and this resulted in slower wage growth than would otherwise have been the case. EU10 nationals replaced some Irish workers in manufacturing and hotels and restaurants but this appears to have been due to Irish workers taking advantage of a growing labour market to move into higher-paying jobs in financial and business sectors, health, education and other public services. Support for this interpretation is provided by the statement by David Begg, the General Secretary of the ICTU, that while the inflows from the EU10 had the potential for displacement »at an aggregate level there is no evidence of this« (2008: 1).

9. Trade Union Response to Effects of EU10 Migration

At the time of enlargement the Irish trade union movement was operating within a social partnership framework, partly based on the German model as Hyland points out (2010). The partners were the main employers' groups (the Irish Business and Employers Confederation, IBEC, and the Construction Industry Federation, CIF), the government and the Irish Congress of Trade Unions (the umbrella organisation for around forty trade

unions representing over half a million workers or about one-third of the employed workforce). The core of the partnership process consisted of a trade-off of modest wage increases for a lighter tax burden. Employment law was weak by European standards and its lack of enforcement was demonstrated by the fact that in 2004 there were far more dog wardens (41 full-time and 20 part-time) than labour inspectors (21).

Although they were not consulted by the government about the issue, the trade unions were not generally speaking opposed to immigration provided that the migrants were entitled to the same terms and conditions of employment as Irish workers. There were very few voices within the trade union movement arguing against immigration. In the context of strong immigration following enlargement in 2004 the ICTU restated the equality philosophy of the trade union movement in the opening sentence of a Briefing Paper on migration policy and workers' rights (2005a: 3): »The philosophy of trade unionism is that all people are born equal, are endowed with certain fundamental rights and that their labour cannot be treated as a mere commodity in the market system.« It went on to argue that: »Justice for immigrant workers should be the concern of all fair minded people. Even from the standpoint of enlightened self-interest, exploitation of a vulnerable group undermines pay and conditions of indigenous workers and is unfair and uncompetitive towards decent employers who comply with the law.« (ICTU 2005a: 7)

The ICTU published guidelines in 2005 on what trade unions and organisers must do to protect migrant workers rights (ICTU 2005b). It recommended that there should be special campaigns to recruit migrant workers, that information about workers' rights should be communicated to non-English speaking migrants via multi-lingual literature and websites, that trade unions should be involved in shaping migration policies, that there should be co-operation with trade unions in the countries of origin and that alliances and coalitions should be formed with other organisations sharing trade union views and concerns about workers rights.

The bigger trade unions responded to these guidelines by actively trying to recruit migrant workers but the smaller unions were restricted in their response by lack of resources (Krings 2007). The largest trade union SIPTU (Services, Industrial, Professional and Technical Un-

ion) hired full time Polish and Lithuanian organisers. By 2006 it had recruited 20,000 migrants, who accounted for around 10 per cent of the union's membership. SIPTU joined forces with the Migrant Rights Centre of Ireland which had set up a Mushroom Workers Support Group to campaign for an end to the exploitation of many of the 2,000 workers in the mushroom industry. This campaign culminated in 2007 with SIPTU and employers in the industry lodging a Registered Employment Agreement with the Labour Court. This agreement ensured that the industry would be regulated in the interest of the workforce and their employers (SIPTU 2007). The Irish Nurses and Midwives Organisation (INMO) set up an overseas nurses section to facilitate the integration of overseas nurses into the Irish health service and to promote industrial harmony by ensuring migrant nurses would enjoy the same terms and conditions of employment as Irish nurses. INMO succeeded in recruiting about 4,000 migrant nurses who made up about 10 per cent of its membership in 2007 (Hyland 2010). Mandate, the retail and bar workers' union, made recruiting migrant workers one of its objectives in refocusing itself as an organising and campaigning union. Apart from the largest unions, most unions did not keep records of how successful their recruitment efforts were.

At national level there is no data on the percentage of EU10 nationals belonging to a trade union. However, data from Barrett, Bergin and Duffy (2006, Table A2) for 2003 Q3 show that 40 per cent of Irish workers were members of a trade union compared with only 14 per cent of immigrants. More recent data on union membership show that in 2009 Q2 37 per cent of Irish nationals were members of a trade union compared with 14 per cent of non-Irish nationals (CSO 2010). So while there was a decline of three percentage points in Irish workers' membership of trade unions between 2003 and 2010 there was no change in trade union coverage of immigrant workers. It follows from these aggregate figures that only a minority of EU10 migrants joined a trade union in Ireland. Unfortunately, the CSO does not publish breakdowns of immigrants' membership of trade unions by sector.

There was very little difference between the proportions of Irish nationals and immigrants with permanent and temporary jobs. Just over 96 per cent of Irish nationals had permanent jobs in 2003 compared with just over 94 per cent of immigrants (Barrett, Bergin and Duffy 2006).

The fact that about the same proportion of EU10 nationals as Irish nationals were in temporary jobs, therefore, does not explain their lower membership of trade unions. What may explain their lower union membership is that many migrants work in low-unionised sectors in low-skill jobs in services and in small firms in retailing and construction. In addition, many migrants regard their stay as temporary and consider it not worth their while to join a trade union (Hyland 2010).

EU10 nationals generally appear to have settled well into their new work environment. However, a survey of immigrants at work carried out by O'Connell and McGinnity (2008: xi) suggests that they did encounter more discrimination in the workplace than Irish nationals. O'Connell and McGinnity found that: »In terms of discrimination in the workplace, two conclusions emerge. First, the experiences of immigrants from English speaking countries (most of whom are from the UK) do not differ from those of Irish nationals. Second, immigrants from non-English speaking countries are somewhat more at risk compared to Irish nationals.«

Just over 10 per cent of non-Irish nationals reported experience of discrimination in the workplace compared with 4.6 per cent of Irish nationals. The focus of this discrimination was pay rather than working conditions.

There is no evidence of serious conflicts between Irish workers and EU10 immigrants in the workplace. The trade union leadership was conscious in the Irish Ferries case that there was potential for conflict due to the employer pitching EU10 nationals against Irish workers. They prevented this by focusing their efforts on upholding the same standards for all in order to ensure that Irish and migrant workers would benefit from the same terms and conditions of employment. The same general approach was taken by other trade unions and this eliminated an important potential source of conflict within the workplace.

The Irish Ferries and Gama cases were a watershed for the trade union movement in Ireland. Replacement of Irish workers and undercutting of agreed wage rates were regarded by the trade unions as serious breaches of the terms of social partnership. These, and other cases, convinced the trade union movement that employment standards and their implementation had to be given a legal foundation. David Begg (2007b), the General Sec-

retary of the ICTU, clearly stated what was at issue: »We had to make a working assumption that, if not addressed, it was only a matter of time before we had another Irish Ferries situation, albeit on land. Without a robust legal and enforcement architecture to deal with it our evaluation was that such a dispute would release very damaging social and racial tensions.«

New social partnership negotiations were scheduled in the run-up to the expiry of the previous wage agreement at the end of 2005. The government issued an invitation to the social partners to participate in a new agreement in October 2005. Citing the Irish Ferries and Gama cases, the ICTU deferred accepting this invitation pending clarification from the government that issues relating to employment standards, displacement, inspection and enforcement would be discussed before commencing negotiations on rates of pay under a new national agreement.

In December 2005 the ICTU organised a national day of protest against exploitation, displacement and social dumping under the banner of »Equal Rights for All Workers«, which was primarily directed against Irish Ferries. This day of protest was supported by a wide range of individuals and organisations. The Catholic Bishops' Justice Commission, for example, said that »As a nation with a long experience of emigration, ... Ireland knows only too well how indiscriminate employers can exploit migrant workers and the suffering caused by xenophobia and racism« (ciNews 2005). The Minister for Tourism accused Irish Ferries of engaging in »bully-boy tactics« and said the company had »poisoned the industrial relations atmosphere in the country« (*Sunday Tribune*, 27 November 2005). An estimated 150,000 people marched throughout the country, while members of six UK trade unions participated in a protest at Holyhead in Wales organised at the request of the International Transport Workers Federation (*Irish Independent*, 7 December 2005). There was widespread media coverage with reports generally favourable to the day of protest, although one newspaper argued that such protests would lead nowhere.

The issue of social dumping gained prominence in Ireland because of the way Irish Ferries proposed to exploit migrants from one of the EU10 states who had an entitlement to freedom of movement under the EU treaties. Because of the weakness of domestic Irish employment law it proved impossible for the government or the trade union

movement to legally prevent Irish Ferries doing what it proposed. The freedom of movement of EU10 nationals to enter the Irish labour market therefore opened up an opportunity for the trade union movement to look for employment legislation that would benefit Irish as well as migrant workers.

Before negotiations on a new social partnership agreement began in February 2006 the ICTU secured agreement from the employers and the government that the initial items on the agenda would be how to implement and strengthen labour legislation intended to preserve established labour standards including employment rights, health and safety, non-discrimination and equal rights of Irish nationals and migrants. In order to prevent a »race to the bottom« in employment standards the ICTU proposed that a single new piece of legislation be introduced rather than amending numerous existing acts relating to employment law.

Negotiation of the social partnership agreement in the early part of 2006 was much more protracted than usual because of the difficulty of securing agreement on how employment rights could be protected. Begg (2007a: 183) points out that: »It gradually emerged that the real problem lay with the Foreign Direct Investment companies, and in particular, I would say the American Chamber of Commerce. Ironically these were not the target of our campaign but they saw any change in the legal framework on this issue as a watershed – a fundamental shift away from a pro-business, totally accommodating and, by definition, unregulated labour market. The power of this FDI sector is very great – not just as an influence group within IBEC [the Irish Business and Employers Confederation] but also in terms of their direct political access to and clout with the Government.«

In view of the importance of Foreign Direct Investment for the Irish economy, the government was unwilling to introduce the single piece of legislation sought by the trade unions. Doing so would have been very likely to reopen the issue of whether foreign companies operating in Ireland could continue to refuse negotiating rights to trade unions which wished to organise their workforces. In response to the ICTU proposal, therefore, the employers successfully argued that remedies to the problems identified by the trade unions could be found within the existing industrial relations and legal framework. A com-

promise was reached whereby the issues would be dealt with by amending legislation.

The document which eventually emerged in June 2006, »Towards 2016« (Department of the Taoiseach 2006), set out a ten-year agreement between the social partners and a package of measures designed to increase public confidence in the system for securing compliance with employment rights and labour standards. The most important of these measures were the establishment of a statutory National Employment Rights Authority (NERA), an increase in the number of labour inspectors from thirty-one to ninety by the end of 2007, legislation to strengthen the powers of the Minister for Employment, Trade and Enterprise to investigate and publish the results of inquiries into suspected breaches of employment rights, and the establishment of a Redundancy Panel to address exceptional cases of compulsory collective redundancy replacing an existing workforce with new employees on materially reduced terms and conditions of employment. The purposes of these measures were to tighten the implementation of labour standards, to give a statutory basis to regulations ensuring that there would be no repetition of the Gama or Irish Ferries cases, to prevent an employer contriving an industrial dispute to justify replacing the existing workforce with a new group of workers (as happened in the Gate Gourmet case in the UK), and to prevent abuse of employment standards by employers forcing bogus self-employment on employees in the construction and other sectors to avoid paying for benefits such as pensions and sick pay.

In the opinion of the General Secretary of the ICTU the legislation which the Government committed itself to introduce would have effectively made the exploitation and abuse of workers a criminal offence, and he said that: »I have no hesitation in saying that these measures in their totality, and in the context of the legislation necessary to implement them, represents the single biggest leap forward in social policy initiated in this country. Other important social policy changes were inspired by the EU but this is the biggest thing we have ever done of our own volition.« (Begg 2007a: 185)

Unfortunately, the government did not fully follow through in providing a statutory basis for the National Employment Rights Authority. It transferred the labour inspectorate out of the Department of Enterprise, Trade and Employment to the National Employment Rights Au-

thority, and set up the Authority on an interim basis in February 2007 under social partnership arrangements. It also passed the 2007 Exceptional Collective Redundancies Act which amended existing employment legislation in order to prevent a repetition of the Irish Ferries case.

The National Employment Rights Authority provides free information on employment rights to employees, employers and other interested parties. The target of having ninety inspectors has not yet been reached as NERA had only 69 inspectors in 2010 and further recruitment is embargoed under a moratorium on hiring in the public service.⁶ These inspectors have the power to enter any premises, to demand sight of records, to inspect records, to take copies of records, and to interview and require information from any relevant person. Where there are breaches of employment rights, the inspection service can seek compliance with employment legislation and can refer breaches to the Chief State Solicitor's Office for advice on initiating prosecutions. However, the Employment Compliance Bill 2008 which provided a statutory basis for NERA and other trade union proposals to protect native and migrant workers has not been passed into law. The main employers' organisation IBEC was strongly opposed to the Bill (2009): »The Bill as published will only serve to discourage employment at a time when we should be doing everything possible, as part of a charter for economic recovery, to preserve employment. The Bill goes far beyond the scope of what was necessary for the proper functioning of the National Employment Rights Authority (NERA). It also goes far beyond the terms that the social partners agreed in Towards 2016 to provide public confidence in ensuring that Ireland has an effective system of employment rights compliance. It proposes 23 new criminal offences and places a much heavier burden of compliance on employers than currently exists. In the current climate of job losses, the Bill as published will only harm the Irish economy and increase unnecessary litigation. It will ultimately cost jobs.«

The pressure from employers not to proceed with the Bill coincided with a massive loss of jobs due to the economic crisis, the second campaign to pass the Lisbon Treaty and the introduction of additional budgets to cope with the fiscal deficit. The combination of these influences slowed down the Bill's passage through the Dail (Parliament),

6. Reply to a Dail question by the Minister of State with special responsibility for Public Service Transformation and Labour Affairs, 9 March 2010.

and it lapsed with the end of the Fianna Fail–Green Party coalition government at the beginning of 2011. Given that the new Fine Gael–Labour Party coalition government is dominated by the centre-right Fine Gael, which opposed the Bill, it is unlikely that the Employment Compliance Bill will be passed as originally drafted.

10. Exploitation of Migrants Within Particular Sectors

Although exploitation of migrant workers is difficult to detect in national statistics on employment and earnings there is evidence from trade unions and migrant rights organisations, such as the Migrant Rights Centre Ireland (MRCI), that migrants in low paid employment in particular sectors have been exploited. Migrant workers in sectors which are poorly regulated and have low unionisation rates (agriculture, domestic work, cleaning, and catering and hotels) are far more likely to be discriminated against in terms of earnings and employment rights than workers in other sectors. An MRCI study of exploitation in the restaurant industry reports that 53 per cent of workers earned below the minimum wage, 44 per cent did not get rest breaks, 85 per cent did not receive extra pay for Sunday work and 85 per cent did not receive overtime pay (2008, 2010). The study notes that over one-third of all complaints received by the MRCI come from the restaurant sector, in which the greatest concentration of EU10 nationals is employed (see Figure 12) and points out that in 1,000 inspections of catering establishments and 142 inspections of hotels carried out in 2008 the National Employment Rights Authority found breaches of employment law in 73 per cent of catering businesses and in 78 per cent of hotels. Similar outcomes were found in other sectors. For example, in contract cleaning, which employs a significant number of migrant workers, breaches of employment law were found in 85 per cent of cases examined.

The great majority of the exploited workers in the sectors mentioned appear to be migrants from outside the EU because approximately 80 per cent of MRCI exploitation cases involve migrant workers holding work permits. As EU10 nationals do not require a work permit they are not vulnerable to threats by unscrupulous employers to revoke their work permit. This underlines the importance of the EU principle of freedom of movement of labour in preventing exploitation of migrant workers

who come from within the EU. Although the work permit system cannot fully implement this approach, the MRCI and other organisations argue that the problem of exploitation of work permit holders could be dealt with by linking the permit to an occupation or job category rather than to an employer.

Another factor contributing to the exploitation of migrant workers is the Habitual Residence Condition required to qualify for social assistance and other means tested benefits. Case studies carried out by the MRCI (2006: 14) on the implementation of the Habitual Residence Condition indicate »that the uncertainty of receiving a social assistance payment diminishes workers' bargaining power and their ability to assert their employment rights«.

Agency workers are particularly vulnerable to exploitation because recruitment agencies operating on the fringes of the law »exploit the vulnerability that comes with language barriers and an ignorance of Irish employment rights«, as the President of SIPTU noted in a speech on employment standards (O'Connor 2007). This union has seen an increasing use of agency workers in the construction, hotels and catering, and wholesale and retail sectors. Not a lot is known about trends in employment of temporary agency workers as the Central Statistics Office collects very little information on this category and does not distinguish between migrant and native workers. A survey it carried out in the first quarter of 2005 indicated that there were 27,000 temporary agency workers, or about two per cent of the labour force (Eironline 2008). After being held up for many years by the governments of Denmark, Germany, Ireland and the UK, the passage of the EU Temporary and Agency Workers Directive in 2008 gives agency workers across Europe an entitlement to the same pay and conditions as other employees in the same business doing the same work.

10.1 Closing the Door on Bulgaria and Romania

While the main participants in social partnership acknowledged that Ireland had benefited from EU10 migration, they expressed concerns about the strain which it had placed on infrastructural, educational and other resources and about the speed at which the foreign-born population increased from around three per cent to 10 per cent in the ten year period 1996–2006. A number of

commentators pointed out that it took the UK and the United States at least forty years to double their immigrant populations in the last century. Concerns about the capacity of the country to continue absorbing migrants induced a much more cautious attitude to migration among the social partners in 2007 than had been the case in 2004. This caution resulted in recommendations by the main labour market actors, IBEC (Smyth 2006) and the ICTU (2006), that Bulgarian and Romanian nationals should not be allowed access to the labour market when their countries joined the EU in 2007.

11. Conclusions and Lessons Learnt

The government, the employers' organisations and the trade union movement expected very little migration from the EU10 Member States following enlargement of the EU in 2004, largely because there were few trade, cultural or other links between Ireland and the countries of Central and Eastern Europe. This expectation proved to be very wide of the mark as more than half a million short-term migrants from the EU10 countries came in search of work between 2004 and 2010. Many of them became long-term migrants and took up residence in Ireland. At the height of Ireland's economic boom nearly 170,000 EU10 nationals were employed in Ireland. Although the number employed fell by a third to around 111,000 by the end of 2010, after the housing bubble burst and the country went into recession, the majority of EU10 nationals remain in employment.

Economic factors largely determined the size of the inflows. Economic theory indicates that people tend to migrate from countries with low income levels to countries with high income levels. At the time of enlargement the average GDP per capita in the EU10 countries was less than half of GDP per capita in Ireland. This, in conjunction with Ireland's strong demand for labour at the time of enlargement, explains why Latvians and Lithuanians had the highest propensity to migrate to Ireland, although Polish nationals comprised the majority of the immigrants from the EU10 countries.

The migrants who came were younger than the Irish population, they were mostly male and single, and they had similar levels of education to the native population. The immigrants from the EU10 came to work and they had a significantly higher labour force participation rate than

the native population. An analysis of claims for unemployment and disability benefits when labour demand was strong shows that EU10 nationals did not come to live on the welfare system, as immigrants were half as likely as Irish nationals to be in receipt of welfare benefits. Because EU10 nationals lost their jobs during the recession faster than the native population their claims rate has increased as their unemployment rate is now significantly higher than that of the native population.

EU10 nationals rapidly found jobs in construction, wholesale and retail, other production, hotels and restaurants but not in the public sector. Just before the economy went from boom to bust in 2008 Central and Eastern European immigrants accounted for significant shares of employment in these sectors. Although their share of employment in these sectors has now been reduced due to the recession, they still account for more than 10 per cent of employment in some sectors. In construction their share of employment fell by almost half from nearly 13 per cent in 2007 to seven per cent towards the end of 2010.

For the immigrants themselves the experience of finding employment in Ireland appears to have been largely favourable. EU10 nationals were very successful in finding employment during the boom and many of them have been able to hold onto these jobs in the recession. However, the jobs they secured were in occupations at a lower level than they were qualified for so that after controlling for factors such as education and work experience they had lower earnings than comparable Irish workers.

The Irish economy derived significant benefits from the inflow of EU10 nationals. The massive inflow which occurred up to 2007 ensured that the supply and demand for labour were brought into balance without any increase in unemployment. GNP is estimated to have increased by almost six per cent between 2004 and 2007 due to the immigration of EU10 nationals and GNP per worker increased by 1.7 per cent. Total employment increased by 4.4 per cent and the average wage was 7.8 per cent less than it would have been in the absence of EU10 immigration. The economy, therefore, adjusted to the significant increase in labour supply by depressing earnings growth below what it would otherwise have been.

There is disagreement between labour market economists and trade union analysts who have examined earnings data over whether the slower growth of earnings is due to discrimination against migrants or to employers being unwilling to pay immigrants as much as Irish workers because they lack English language skills or have poorer educational qualifications. In the absence of definitive evidence on the determinants of the immigrant wage gap it would be prudent for trade unions to continue to defend the minimum wage and to continue to work to enrol migrant workers as trade union members.

The government's decision to open the labour market to EU10 nationals was largely influenced by the business community; the trade union movement was not consulted about the matter. Nevertheless, the trade unions did not oppose immigration from the EU10 countries and when the migrant workers arrived the ICTU issued guidelines on what trade unions must do to protect migrant workers rights. They advocated special campaigns to recruit migrant workers, the provision of information about workers' rights in the migrants' languages, the hiring of organisers who could speak these languages, involvement of trade unions in shaping migration policy, cooperation with trade unions in the migrants' countries of origin, and the formation of alliances with organisations representing migrants that shared trade union views and concerns about workers rights. This inclusive approach made an important contribution to eliminating potential sources of conflict between migrants and Irish workers over differences in terms of pay and conditions of employment.

The potential for such conflict was revealed in 2005 when Irish Ferries proposed replacing Irish workers with EU10 nationals and undercutting the wages which had been agreed with the trade union representing the Irish workers. The Gama case involving lower wages for Turkish workers and the terms of the proposed EU Services Directive added fuel to fears of social dumping. Alarmed by these and other developments, the trade unions organised a national day of protest over the Irish Ferries proposals. They also insisted that a new social partnership agreement in 2006 should give priority to the issues of implementing and strengthening labour law to ensure that migrants would have the same rights as Irish workers.

The outcome of the social partnership agreement »Towards 2016« was that legislation was passed in 2007 prohibiting a repetition of the Irish Ferries case and the legally based labour inspectorate was transferred to the National Employment Rights Authority. The trade unions wanted this Authority to be set up on a statutory basis but the Employment Compliance Bill never became law because of employer opposition. Consequently, the Authority exists on an interim basis under social partnership arrangement while its inspectorate has a legal basis. This difference in status inhibits the role which the trade unions envisioned the Authority playing in enforcing equal rights for migrants and Irish workers. If the employment bill had been passed into law the trade union movement believes it would have represented a major leap forward in social policy for Irish and migrant workers. Because of opposition within the centre-right Fine Gael party, it is unlikely that the Bill as originally proposed will be passed into law by the new Fine Gael-Labour Party coalition government which came into office in March 2011.

The most important lessons learnt from the immigration of EU10 nationals to Ireland are:

- Immigration is beneficial to the host country provided migrants enjoy the same employment rights as indigenous workers.
- The principle of freedom of movement of labour within the EU protects migrants from the kind of exploitation which is possible where work permits are controlled by the employer.
- The necessity to grapple with the implications of large-scale immigration provided an opportunity for Ireland to tackle issues within its labour market that benefited all workers.
- The existence of the minimum wage and Registered Employment Agreements for low-skilled workers provided benchmarks which made it difficult for employers to exploit low skilled workers by paying them less than agreed wage rates.
- The exploitation of the Irish Ferries workers highlighted the weaknesses of Ireland's employment laws, their lack of enforcement and the necessity for legislation which would prevent such occurrences in the future.



- The lead given by the ICTU in issuing guidelines on what should be done to protect migrant workers resulted in significant initiatives by the larger trade unions to recruit migrant workers and in some trade unions changing the emphasis from a service model to an organising model.

- SIPTU, the largest trade union in Ireland, worked in co-operation with the Migrant Rights Centre of Ireland and migrants support groups to prevent exploitation of low-paid migrant workers and succeeded in implementing Registered Employment Agreements to protect their rates of pay.

- While organising workers is a primary objective of the trade union movement, more resources are required to organise migrant workers due to language, cultural and other differences.

- The combination of recruitment, regulation and enforcement offers the best prospect for ensuring that migrant workers enjoy the same terms of pay and conditions of employment as Irish workers and that society as a whole benefits from immigration rather than suffering from damaging racial and social tensions.



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