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Free Movement of Labour in the Context of
2004 EU Enlargement
Master's Thesis

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Hereby I declare that I have completed this assignment on my own, using only those tools and materials indicated in the paper and following all the standards for scientific referencing.

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ABSTRACT

The accession of the eight Central and Eastern European (CEE) countries on 1 May 2004 had no historical precedent. Never before had so many countries or persons joined the European Community/European Union (EC/EU). At the same time, never in the EC/EU history were the differences in earnings and unemployment levels between the accession countries and the incumbent EU Member States so large. Moreover, there had been essentially no history of free East-West migration of people before the enlargement, since this was effectively hampered by the decades of separation by the Iron Curtain and further extended by maintained immigration restrictions from the side of the EU countries after the collapse of communism in Eastern Europe. This diploma thesis responds to the specific circumstances accompanying the entry of the eight post-communist states to the EU particularly by attempting to resolve the omnipresent pre-enlargement fears of mass migration of cheap labour from CEE flooding the labour markets of the 'old' EU Member States. The aim of this paper is to disprove these fears and demonstrate that no large scale immigration has taken place following the 2004 EU enlargement and that, in line with most pre-enlargement estimation studies, only a modest number of NMS nationals have decided to temporarily move and seek employment in the territory of the EU-15 states.

Key words: European Union, Central and Eastern European Countries, enlargement, immigration, transitional arrangements, free movement of labour, migration flows, fears

ABSTRAKT

Přistoupení osmi středo a východoevropských zemí k Evropské Unii (EU) 1. května 2004 nemělo v dějinách evropské integrace obdoby. Nikdy předtím se brány Evropského Společenství/Evropské Unie (ES/EU) neotevřely naráz takovému počtu zemí či osob. Současně evropská historie nikdy nezapsala přistoupení skupiny tak chudých zemí, jež by tak markantně zaostávaly co do průměru výdělků svých občanů či mírou zaměstnanosti za průměrem členů původní evropské patnáctky. Desetiletí trvajícím oddělení Východu od Západu Železnou oponou navíc efektivně bránilo vzniku jakýchkoli volných migračních pohybů osob mezi těmito dvěma bloky, jež byly paradoxně dále brzděny imigračními restrikcemi ze stran členských států EU i po pádu komunistických režimů ve východní Evropě. Tato diplomová práce reaguje na specifické okolnosti a podmínky vstupu osmi postkomunistických zemí do EU především snahou o rozptýlení všudypřítomných předvstupových obav z masové migrace levné pracovní síly ze střední a východní Evropy, jež měla zaplavit pracovní trhy 'starých' členských států EU. Cílem práce je vyvrátit tyto obavy a dokázat, že rozšíření EU o země střední a východní Evropy v roce 2004 nerozpoutalo větší vlnu přistěhovalectví, a že, jak to ostatně předpověděla většina odborných předvstupových studií, pouze umírněné množství občanů nových členských zemí vycestovalo za účelem přechodného pobytu a výkonu zaměstnání na území států původní evropské patnáctky.

Klíčová slova: Evropská unie, země střední a východní evropy, rozšíření, přistěhovalectví, přechodná opatření, volný pohyb pracovní síly, migrační toky, obavy

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LIST OF ABBREVIATIONS

CEE	Central and Eastern European
EC	European Community
ECB	European Central Bank
ECSC	European Coal and Steel Community
EEA	European Economic Area
EEC	European Economic Community
EU	European Union
EU-8/A8/NMS-8	The Central and Eastern European Accession States (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, Slovakia)
EC-9	European Community consisting of the constituent six Member States (Italy, Germany, France, Belgium, the Netherlands, Luxembourg) and the three countries that joined the EC in 1973 (Ireland, Denmark and the United Kingdom)
EU-15	European Union comprising the 15 'old' Member States (Italy, Germany, France, Belgium, the Netherlands, Luxembourg, Spain, Greece, Portugal, the United Kingdom, Ireland, Denmark, Finland, Austria, Sweden)
EU-25	Enlarged European Union comprising the 'old' EU-15, 'new' EU-8 countries together with Malta and Cyprus

EU-27	EU after the 2007 enlargement comprising EU-25 countries, Romania and Bulgaria
HSMP	Highly Skilled Migrants Programme
ISP	International Passenger Survey
LFS	Labour Force Survey
NMS	New Member States
SEA	Single European Act
UK	the United Kingdom
WRS	Worker Registration Scheme

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INTRODUCTION

The European continent has always exemplified a crossroad of cultures and migration of people. Since 1960s the immigration has been on rise particularly in Western Europe, and at the turn of millennium the foreign-born or non-citizens constituted substantial shares of population in most of the 'old' EU Member States. Yet the accession of the eight Central and Eastern European countries together with Malta and Cyprus on 1 May 2004¹ had no historical precedent and unleashed a migration issue within the 'old' Member States.

Even though the relative increase in the EU post-enlargement population was smaller than that experienced when Denmark, Ireland and the United Kingdom entered the EU in 1973 and by only 2.8% higher than that of the 1986 enlargement, encompassing Spain and Portugal, never in the EC/EU history had so many countries or persons joined the EU at the same time. Nevertheless, the income differentials as well as the unemployment rates between the accession and the incumbent countries of the EU were much larger than those experienced during the previous enlargement rounds. Moreover, there had been essentially no history of free East-West migration during the decades of separation by the Iron Curtain, and the migration potential had been further hampered by maintained immigration restrictions of the incumbent EU Members that had effectively prevented large scale migration movements from the CEE countries to the EU prior to the enlargement.

These specific circumstances bringing about uncertainties on the scale and possible effects of post-enlargement labour migration explain the mounting concerns among policy makers as well as the general public across the pre-enlarged EU that the complete liberalization of labour markets may have a number of undesirable effects on labour markets and social cohesion.

¹ The accession states were the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, often referred to as A8, EU-8 or NMS-8 countries, and Malta and Cyprus constituting rather specific cases among the 2004 accession group as they already enjoyed relatively free access to the EU labour markets prior to the enlargement.

The arised fears of large scale immigration from the NMS pushing down wages and increasing unemployment levels in the EU-15 states provoked extra-national debates with domino effect in which EU Member States initially committing themselves to the fundamental principle of the EU, to the free movement of labour, started to change their positions as the enlargement date approached. Most of the EU-15 states thus decided to apply transitional arrangements for the free movement of workers that were agreed by the EU in the accession negotiations with the CEE countries. The negotiated '2+3+2' formula allowed the incumbent EU Member States to postpone the free movement of workers up to a maximum of seven years, the prolongation in the last two-year period, however, required the existence of severe disturbances in the labour market of the destination country. The United Kingdom, Ireland and Sweden were the only EU-15 countries that had decided to grant the NMS nationals full access to their labour market.

More than five years have passed since the eight new member states from Central and Eastern Europe joined the EU on 1 May 2004 which provides us with a sufficient lapse of time to carry out valuable analysis of the post-enlargement East-West migration flows. The purpose of this study is thus to look closely at the circumstances of the 2004 EU enlargement that were most likely to determine the volume of the possible migratory movements of the NMS nationals to the constituent EU-15 Member States, document and compare its actual scale with the pre-accession forecasts and qualify the legitimacy of the pre-enlargement fears spread all around the old continent that cheap unskilled labour from the CEE will flood after the accession the 'old' Member States' labour markets, reducing the wages of native workers and pushing them out of their jobs. Last but not least, the main characteristics of the CEE migrant workers to the EU-15 will be detected and compared with the theoretical presumptions drawn in the first part of the paper.

The principal aim of the thesis is to verify following hypothesis: *The fears of the mass immigration of CEE NMS nationals to the incumbent EU Member States are unsubstantiated as only a modest number of Central and Eastern Europeans will be willing to move and seek employment in EU-15 countries, and those who will decide to do so will most likely stay there for a*

limited time period only. The crucial part for either approving or disproving our hypothesis will be the very last sub-chapter of the third part of the paper bringing the reconciliation of the East-West migration flows forecasts. The validity of the hypothesis will be further tested in the fourth practical part of the thesis introducing the post-2004 development of migration flows from CEE countries to the UK and subsequently from the Czech Republic to this large economy that have given up all the restrictions concerning the access of NMS nationals to its labour market with the accession date. We are aware that the introduction of transitional measures might have had an effect on the scale of post-2004 East-West migration flows in terms of its alleviation. From the practical point of view, the thoughts about possible scope of migration in an environment of free movement of labour for all the EU member States, however, would be a mere speculations lacking validity.

The whole paper builds on the economic presumptions of the neoclassical migration theory saying that the migration of workers is caused by differences in earnings and (un)employment levels between the sending and receiving countries and that the reduction of these differences will necessarily result in elimination of labour movements. The young and educated cohorts of the society are believed to be more prone to migration as their lifetime gain from moving is higher and the risks and costs of migration reduced. These assumptions are tested throughout the paper and summarized in the conclusion too.

Methodologically, the multilevel approach based on existing evidence has been adopted. In the first two parts of the paper, bringing the factual base for understanding of the whole issue discussed, the descriptive method is used. From the third part onward, primarily analytical method applying the approach of deduction is employed to approach the component aspects of migratory movements and to attempt to draw assumptions based on theoretical knowledge previously gained. Also the method of comparison is widely used not only to compare the estimated and actual post-2004 East-West migratory flows, but also to confront the accession wave studied with previous enlargements and migration flow experiences in the European context. We do also compare the characteristics of the broader A8 migrants

group in the UK with the more specific group of Czech migrants in the UK. The in-depth case study is the fundament of the fourth part. Finally, the very last sub-chapter of the paper devoted to the Czech nationals living and/or working in the UK employs the method of questionnaire which amends the whole text and further supports the whole analysis and conclusions drawn. Due to the number of respondents and difficulties to address wider range of Czech migrants in the UK, the questionnaire is intended to play only a complementary role in our paper enriching it with a more practical dimension. We are fully aware that its results have to be taken with caution.

The topic choice reflects my own interest in the subject given by a simple fact that I am the citizen of one of the CEE countries that joined the EU on 1 May 2004, and that the decision of the majority of the EU-15 Member States to deny the NMS nationals access to their labour markets has directly influenced not only myself but number of my friends too. The imposition of transitional measures and thus direct violation of one of the basic principles of the EU- the free movement of workers - has been from my point of view unfair, did not reflect the suggestions and opinions of the experts and showed certain weaknesses of the EU as a whole. I thus would like to explore the whole issue in depth.

The paper focuses on the post-2004 migratory movements from the eight CEE NMS, e.i. the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovakia and Slovenia, only. It does not deal with the immigration to EU-15 from Malta and Cyprus as these two countries had not represented such an issue for the 'old' EU Member States and as their nationals enjoyed relatively unrestricted access to the EU-15 labour markets even prior to the accession date. Neither migration flows from Bulgaria and Romania, the two countries that entered the EU on 1 January 2007, are dealt with or considered in our study since they were not part of the first accession wave and since the lapse of time for evaluation might not be sufficient. The study also leaves aside the analysis of the so much discussed effects of migration from the NMS on wages, employment opportunities and other macroeconomic variables in the host countries as well as the investigation of the effects of immigration on

the welfare state since these issues are covered in depth in an increasing number of economic studies.

The studied issue of free movement of labour in the context of 2004 EU enlargement has not been reflected in the Czech research and despite the fact that the Czech Republic belonged to the group of eight CEE countries that joined the EU on 1 May 2004 and its citizens have thus been directly influenced by the imposition of transitional arrangements in regard to the access of NMS nationals to the EU labour markets, no major studies into this area have been made by Czech scholars and experts. In the Czech environment the question of free movement of workers has thus been left at its general level and has been inserted more or less as a compulsory part concerning the fundamental rights of the EU citizens to the books and articles that deal with other aspects of the European integration. The information on the development of this very recent issue can be practically obtained merely from the newspaper articles drawing the evidence from abroad.

On the contrary, the question of free movement of workers in the context of EU enlargement to Eastern and Central Europe has been widely discussed in the foreign literature and number of analytical texts focusing on the different aspects of the extension of EU borders to CEE in terms of free movement of people have grown since the beginning of 1990s when the issue of 'return of post-communist countries to Europe' first appeared. The inexhaustible number of studies and research papers on this subject could be divided into three main categories: 1. articles and books offering the theoretical base into the study of migratory movements (e.g. George J. Borjas, John Corbett, Tim Elrick, John R. Harris and Michael P. Todaro, R. Layard, Douglas S. Massey or Jacob Mincer) that are introduced in the theoretical part of our paper; 2. pre-enlargement estimation studies using various methods and approaches to best forecast possible future migration flows from CEE to the incumbent EU Member States (e.g. Patricia Alvarez-Plata, Thomas K. Bauer, Klaus F. Zimmermann, Tito Boeri, Herbert Brücker, Borris Siliverstovs, Stephen Drinkwater, Christian Dustman, Simone Goedings or Hans-Werner Sinn); and 3. papers reconciling the estimates of the pre-accession studies and analyzing the impact of EU enlargement towards Central and Eastern

Europe in terms of the actual post-2004 inflows of the A8 migrants, their characteristics and finally macroeconomic impacts of immigration from the NMS on the EU-15 economies and labour markets. The names such as Tito Boeri, Holger Bonin, Herbert Brücker, Jana Bruder, Heinz Fassmann, Christiane Hintermann, Nicola Gilpin, Boriss Siliverstovs, Klaus Zimmermann, Julianna Traser, Anzelika Zaiceva and many more have largely contributed to the development of the research in this third category of the intra-EU labour migration.

The sharp contrast between the attention devoted to this issue in the Czech and foreign environment is certainly given by the fact that in the 'old' EU Member States the study of processes of European integration has much longer history, that the large economies of the EU-15 countries had previously dealt with the issue of immigration from the new Members of the Community and finally that the possible post-2004 influx of NMS-8 workers had represented a big concern not for the CEE countries but for the EU-15 states.

Given this the foreign, predominantly Anglo-Saxon, titles dealing with various aspects of the issue of free movement of labour within the enlarged EU have become the main information sources when conceiving this diploma thesis. Above all, the detailed as well as up to date evidence has been found in the numerous analytical texts of foreign journals, reviews, university departments and research centres available via online databases. Since the thesis focused predominantly on the post-2004 and most recent developments the book titles, not being able to react flexibly enough, have been used as additional sources of information only.

One of the key sources of reference materials used in the paper has been the Institute for the Study of Labour (IZA) associated with the University of Bonn. Its numerous research reports and discussion papers from the authors mostly already mentioned above have helped us to better depict both the theoretical and practical level of the issue studied. Among other important information sources were the Institute for Public Policy Research (IPPR), Centre on Migration, Policy and Society (COMPAS) or European Citizen Action Service (ECAS).

To mention a few key studies, the final report of the European Integration Consortium under the supervision of Herbert Brücker *Labour Mobility within the EU in the Context of Enlargement and the Functioning of the Transitional Arrangements* represents the most complex and up-to-date source of analytical as well as statistical information concerning the East-West intra-EU migratory movements built into the institutional background of applied restrictive measures. The report titled *Potential Migration from Central and Eastern Europe into the EU-15 – An Update* co-ordinated by Herbert Brücker and study by Thomas K. Bauer and Klaus F. Zimmermann *Assessment of Possible Migration Pressure and Its Labour Market Impact Following EU Enlargement to Central and Eastern Europe* have served us as a spring board to the evaluation of potential migration flows from CEE to the EU-15 countries based on the empirical evidence of the economic and social determinants of migration and description of the size and structure of pre-enlargement migration flows from CEE countries to the EU Member States. Among other significant research papers that have helped us to raise our analysis were Julianna Traser's *Who Is Afraid of EU Enlargement* and subsequent *Who Is Still Afraid of EU Enlargement*, the study by Tito Boeri and Herbert Brücker *Eastern Enlargement and EU-Labour Markets: Perceptions, Challenges and Opportunities*, or research paper carried out by Jana Bruder *East-West Migration in Europe, 2004-2015*.

Four studies appeared to be crucial for the UK case study outlined in the final part of the paper. The rationale and migration policy context of the decision of the UK government to open up its labour market for new accession CEE states is discussed and further developed into a review of the scale and economic impacts of the subsequent inflows of CEE migrants by Martin Ruhs in his *Greasing the Wheels of the Flexible Labour Market: East European Labour Immigration in the UK*. The early report by Jonathan Portes and Simon French *The Impact of Free Movement of Workers from Central and Eastern Europe on the UK Labour Market: Early Evidence* then drew together significant evidence in order to make an impact assessment for the response of the UK labour market to migrant flows from accession countries. The subsequent report carried out by Nicola Gilpin et al. *The Impact of Free*

Movement of Workers from Central and Eastern Europe on the UK Labour Market provided us with an important analysis and comparisons of the characteristics and labour market performance of migrants from the A8 countries entering after the accession the UK labour market. The report conducted by Naomi Pollard *Floodgates or Turnstiles? Post-EU Enlargement Migration Flows to (and from) the UK* then presents a fresh picture and evidence on the scale and nature of migration from the eight CEE to the UK.

In order to avoid possible misinterpretations, the diploma thesis aimed to use the primary sources of information to the highest possible level. The text is thus complemented with frequent citations of various EC/EU treaties, directives, information notes, regulations, reports or communications available at the website of the European Commission (www.ec.europa.eu). The European Statistical Database (EUROSTAT) then provided us with necessary statistical data, and the fourth practical part devoted to the A8 migration flows to the UK has used the information provided by the UK Home Office (particularly the regularly updated *Accession Monitoring Reports*), Department for Work and Pensions or Office of National Statistics to a large extent.

The paper is divided into four main parts. The first chapter outlines the theoretical base crucial for understanding migration forces and presents and explicates the most relevant theoretical approaches that will be used throughout the paper to best analyze the post-2004 migration flows from the CEE countries to the 'old' Member States. The emphasis is laid on the neoclassical migration theory, on both its macro- and micro-level, that is believed to provide us with the most useful presumptions driving the labour mobility in an enlarged EU. The introduction of the theory of social/migrants networks, which are assumed to influence to a certain level CEE nationals' decision to move and seek employment in other EU country, follows. The whole theoretical background is then built into the push- and pull-factors framework.

In order to establish the institutional background, the second part briefly discusses the development and lay down of the free movement of labour as one of the fundamental rights of the EU. It draws the ideas behind its first

introduction to the European Community law, and takes down the evolution of the concept of free movement of workers over the past decades. Both previous and recent limitations of this right in the form of transitional arrangements are brought forward with an attempt to distinguish and comprehend the unique circumstances behind the 2004 enlargement round encouraging lively debates and fears among political circles as well as general public of mass immigration of Central and Eastern Europeans in the wake of enlargement.

The third and most extensive part in terms of content begins with the analysis of the fundamental socio-economic as well as geographical conditions that are most likely to affect the migrants' decision making. Based on the empirical evidence, the economic determinants of the labour mobility are emphasized the most. Before proceeding to the overview of the literature on the estimates of post-2004 East-West migration flows distinguished according to the methodology and approach used, the past experience with the internal migration flows is mentioned. The examples of migratory movements between East and West Germany following the unification or the immigration of Spanish, Portuguese or Greek nationals to the incumbent then EC Member States cannot be, however, taken as the models for predicting the future East-West migration flows as the conditions differed. The third section of the thesis is then concluded by the reconciliation of the scale of post-2004 migration flows from the NMS into the EU-15 that is confronted with the results of the pre-enlargement estimation studies. The pre-accession fears of Central and Eastern Europeans flooding the West European labour markets will be either approved or disproved here as well as the general characteristics of A8 migrants will be detected.

The final fourth chapter of our study offers an introspection into the population movements from the EU-8 countries to the UK, the largest EU economy that decided to grant full access to the NMS nationals to its labour market from the 1 May 2004. The debate on the position of the UK government in regard to the migration policies towards the accession states opens the section. The pre-enlargement migration forecasts, analysis of the volume of migration from the EU-8 countries to the UK as well as some

information on the characteristics of migrant workers follows. The final section discusses the post-2004 migratory flows from the Czech Republic to the UK in terms of results of the questionnaire that was carried out in the last six months for the purpose of comparing general patterns of migration with the concrete sample of migrants. Despite its limited communicative value, the results of the questionnaire are perceived as appropriate amendment of the previous parts of the paper.

Conclusion then summarizes the findings of the paper and provides incentives for further research.

1. THEORETICAL BACKGROUND

Migratory movements of the population have become a major force throughout the world over the past 50 years and continue to constitute one of the most important development and policy issues of the 21st century as well.² Vast majority of the world's developed countries have turned to diverse, multiethnic societies, and those that have not reached this state yet are moving decisively in that direction. In spite of the emergence of international migration as a basic structural feature of most of the industrialized countries, the theoretical base for understanding the migration forces remains very weak and relies on the nineteenth-century concepts, models, and assumptions.³ Instead of a single, coherent theory, fragmented set of theories that have developed largely in isolation from each other are to be used to help us better understand present trends and patterns in migration.

Things get even more complicated should we consider labour mobility as a crucial element of system transformation and EU integration of the Central and East European (CEE) countries. As Bauer and Zimmermann⁴ note, the existence of the basic principle of free movement of labour within the EU places the migration flows between EU member states into the category of *internal migration*. Sinn and Werding⁵ then highlight that the migration across the EU borders happens solely on the basis of an individual decisions and follows different patterns than international migration. While the immigration is

² See TAYLOR, Edward J. – MARTIN, Philip L.: *Human Capital: Migration and Rural Population Change*. University of California, 1998, p. 2, <http://www.reap.ucdavis.edu/research/Human.pdf>

³ MASSEY, Douglas S. et al.: *Theories of International Migration: A Review and Appraisal*. Population and Development Review, 19, 1993, p. 431-32, <http://www.jstor.org/stable/pdfplus/2938462.pdf>

⁴ BAUER, Thomas K. – ZIMMERMANN, Klaus F.: *Assessment of Possible Migration Pressure and Its Labour Market Impact Following EU Enlargement to Central and Eastern Europe*. Research Report No. 3, July 1999, p. 13, http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_03.pdf

⁵ SINN, Hans-Werner – WERDING, Martin: *Immigration Following EU Eastern Enlargement*. CESifo Forum, 2, 2001, No. 2, not paged, <http://www.cesifogroup.de/portal/page/portal/ifoContent/N/rtts/rttsmitarbeiter/IFOMITARBSINNCV/CVSinnPDF/CVSinnPDFPolicyContrib/FORUM2-01-SINNWERDING.PDF>

usually permanent in the traditional immigration countries,⁶ majority of the EU migrants are the so called *temporary commuters*⁷.

This section presents and explicates the most relevant theoretical approaches that will be further used to best analyze the issue of free movement of labour within the EU, most importantly the post-2004 migration flows from the CEE countries to the 'old' Member States.

1.1. Neoclassical Migration Theory

For the most part, the economic theories of migratory movements were constructed in the context of developing countries and focused on the phenomenon of the emigration from the rural areas to the industrial towns. The neoclassical approach to the analysis of migration flows goes back to the early works of Adam Smith (1776).⁸ His successor and author of the series of 'laws of migration' Ernest G. Ravenstein (1885) then attempted to explain and predict migration pattern not only within but also between the nations and laid the foundations of virtually all serious models of migratory flows used until today. Comparing the census data of the Kingdoms of England, Wales, Scotland and Ireland during the rise of the industrial age in the second half of the nineteenth century, Ravenstein found out that "*the rate at which the population of each kingdom increases does not correspond with the rate of increase among the natives of each*"⁹ thus the migratory flows of people between the kingdoms have to be taken into account. This model and its further extensions¹⁰ rise an assumption that both internal as well as international migration are caused by spatial differences in labour supply and demand. In Ravenstein's words, "*the deficiency of hands in one part of the*

⁶ The United States, Canada, Australia or New Zealand.

⁷ The European commuters differ only in the frequency of their trips home. They mostly work for several years in the host country and then return to their home country.

⁸ *An Inquiry into the Nature and Causes of the Wealth of Nations*.

⁹ RAVENSTEIN, Ernest G.: *The Laws of Migration* cited from CORBETT, John: *Ernest George Ravenstein: The Laws of Migration*, 1885, not paged, <http://www.csiss.org/classics/content/90>

¹⁰ Ranis and Fei (1961); Todaro (1969); Harris and Todaro (1970).

country is supplied from other parts where population is redundant".¹¹ At the core of the Ravenstein's migration model are the concepts of *absorption* and *dispersion*. The county of absorption is characterized as the centre of industry and commerce that lacks the labour force and attracts the people from other parts of the country. The county of dispersion is then the rural one that gives up people over time.¹² The process of absorption is then predicted to go in the following manner: "*The inhabitants of the country immediately surrounding a town of rapid growth, flock into it; the gaps thus left in the rural population are filled up by migrants from more remote districts, until the attractive force of one of our rapidly growing cities makes its influence felt, step by step, to the most remote corner of the kingdom.*"¹³ Ravenstein also discovered that most migrants are willing to make rather shorter moves from their birth place,¹⁴ and surprisingly that the women appear to be more migratory than men.¹⁵ While the females are more likely than males to leave their native county in order to seek employment in other county of the same kingdom, the males are more willing to move longer distance and migrate to one of the sister kingdoms.¹⁶ The Ravenstein's seven original laws of migration are summarized in Box 1.

Box 1: E. G. Ravenstein - Laws of Migration

1. *Most of the migrants proceed only a short distance, and in the direction of the centers of absorption.*
2. *The gaps left by the rural migrants heading towards the absorption centers are filled up by migrants from more remote parts of the country. Migration flows created are to reach the most remote corners of the country.*
3. *The process of dispersion is inverse of that of absorption.*
4. *Each main current of migration produces a compensating counter-current.*
5. *Migrants proceeding long distances generally go by preference to one of the great centers of commerce and industry.*
6. *The natives of towns are less migratory than those of the rural parts of the country.*
7. *Females are more migratory than males.*

Source: RAVENSTEIN, E. G.: *c.d.*, p. 198-199.

¹¹ RAVENSTEIN, Ernest G.: *The Laws of Migration*. Journal of the Statistical Society of London, 48, 1885, No. 2, p. 198, <http://www.jstor.org/stable/2979181>

¹² RAVENSTEIN, E. G.: *c.d.*, cited from CORBETT, J.: *c.d.*, not paged.

¹³ See the second law of migration. RAVENSTEIN: E. G.: *c.d.*, p. 199.

¹⁴ *Ibid*, p. 199.

¹⁵ Ravenstein also points out that females do not migrate from the rural districts into the towns to look for domestic service only, but to find employment in shops and factories too. *Ibid*, p. 196-97.

¹⁶ *Ibid*, p. 197.

The neoclassical economic model yields a clear empirical prediction that the scale of migratory flows is given by the size of gap in wage levels between the sending and receiving countries.¹⁷ The seminal work of W. A. Lewis (1954) does not propose any explicit migration model, it, however, offers some important insights into rural out-migrations as well as for foreign migrant labour supply to developed countries that is primarily demand-driven.¹⁸ The dual-economy analysis provided by Lewis operates with the two sectors: *capitalist* and *non-capitalist* that can be in practice identified with the developed urban economy and developing agriculture or rural economy respectively. As the capitalist sector expands, it attracts labour initially concentrated in the noncapitalist sector, hires it and sells the output for profit.¹⁹ The transfers of labour then imply geographic movement of people. The Lewis' model, however, presupposes unlimited supply of labour that can be withdrawn from the rural area whenever the deficiency in urban area is felt. Negative impacts on the agricultural area and its outputs are not considered. Also, Lewis operates with actual gap in earnings only saying that the "*earnings at the prevailing capitalist-sector wage must exceed the non-capitalist sector earnings of individuals willing to migrate*".²⁰

While the conventional economic models view the process of labor transfer as a one-stage phenomenon, that is, a worker moves from a low productivity rural job directly to a higher productivity urban industrial job, Todaro (1969) highlights in his extended model a question of whether the unskilled rural migrant can indeed find a better-paid employment in the urban area. He describes migration as a two-stage phenomenon²¹ and takes the probability of

¹⁷ MASSEY, D. S. et al.: *c.d.*, p. 455.

¹⁸ TAYLOR, E. J. – MARTIN, P. L.: *c.d.*, p. 4.

¹⁹ See LEWIS, Arthur W.: *Development with Unlimited Supplies of Labour*. Manchester, 1954, p. 5, http://www.globelicsacademy.net/2008/2008_lectures/lewis%20unlimited%20labor%20supply%201954.pdf

²⁰ LEWIS, A. W.: *c.d.* cited from TAYLOR, J. E. – MARTIN, P. L.: *c.d.*, p. 5.

²¹ In the first stage, the unskilled rural worker migrates into an urban area and initially spends some time in the so-called urban traditional sector. The second stage is then reached if the rural migrant eventually gets involved in a more permanent modern sector job. TODARO, Michael P.: *A Model of Labour Migration and Urban Unemployment in Less Developed Countries*. The American Economic Review, 59, 1969, No. 1, p. 139,

<http://www.jstor.org/stable/1811100?seq=1&Search=yes&term=%22Michael+P.+Todaro%22&list=hide&searchUri=%2Faction%2FdoBasicSearch%3Fsearch%3Dsearch%26query%3Dau%3A%22Michael>

finding a job in the area of destination as a decisive variable.²² His model suggests that “*even if the prevailing real wage is significantly higher than expected rural income, [the migrant] must balance the probabilities and risks of being unemployed or sporadically employed in the city for a certain period of time against the favourable urban wage differential*”.²³ When analyzing the rural-urban migration²⁴ as a rational decision in face of significant urban unemployment, Todaro (1969) and Harris and Todaro (1970) stressed in contrast to the Lewis’ model that migration is determined primarily by expected rather than actual differences in earnings.²⁵ In the Harris and Todaro model the wage performs two functions. First, it determines both the level of employment in the industrial sector and second, it determines the allocation of labour between the rural and urban areas. In other words, the rural-urban migration and urban unemployment will continue as long as the wage actually received by workers exceeds agricultural earnings.²⁶ With the conversion of actual incomes the migration from less to more development areas will cease to exist.

To sum up, the central argument in the neoclassical migration theory evolves around wages. While regions with shortage of labour relative to capital can be characterized by high equilibrium wages, regions with a large supply of labour relative to capital have low equilibrium wages. Wage differential generated then causes workers to move from the low-wage region or country to the high-wage region or country. In response to such migration flow, the supply of labour decreases and wages increase in the capital-poor region/country, at the same time, supply of labour goes up and wages go down in the capital-rich region/country. The migration flow from the low-wage regions to the high-wage regions continues until the wage differential

[%2520P.%2520Todaro%22&item=5&ttl=134&returnArticleService=showArticle&resultsServiceName=doBasicResultsFromArticle](#)

²² The other principal variable is the urban-rural real income differential. TODARO, M. P.: *c.d.*, p. 139.

²³ *Ibid*, p. 140.

²⁴ This model as a cautious comparison between rural region and less-developed CEE NMS and urban region and more-developed ‘old’ member states of the EU could be drawn.

²⁵ See TODARO, M. P.: *c.d.*, p. 138; and HARRIS, John R. – TODARO, Michael P.: *Migration, Unemployment and Development: A Two-Sector Analysis*. The American Economic Review, 60, 1970, p. 126, <http://www.jstor.org/pss/1807860>

²⁶ HARRIS, J. R. – TODARO, M. P.: *c.d.*, p. 137.

vanishes²⁷ and until the wage differential between the two regions reflects the costs of movement from the low-wage to the high-wage region.²⁸

The explanatory factors of both internal and international migration offered by neoclassical theorists are then summarized in Box 2.

Box 2: Main Points of the Neoclassical Theory of Migration

1. *Migration of workers is caused by wage differentials between countries.*
2. *The elimination of differences in wage rates will necessitate in elimination of labour movement as well.*
3. *Flows of human capital (highly skilled workers) respond to differences in the rate of return to human capital, which may differ from the overall wage rate, yielding a distinct pattern of migration than that of unskilled workers.*
4. *Labour markets are the primary mechanisms by which the flows of labour are provoked.*
5. *The way for governments to control migration flows is to regulate or influence labour markets in sending and/or receiving countries.*

Source: MASSEY, D. S. et al.: *c.d.*, p. 434.

Since the neoclassical model supposes the possibility of decline in wages or increase in unemployment in the receiving country due to labour migration, it appears to be a very helpful tool in dealing with temporary migration, which an important characteristics of intra EU migration. Both declining wages and increasing unemployment in the country of destination, together with rising wages and employment opportunities in the country of origin, caused by labour emigration, may create important incentives for return migration.

²⁷ ALECKE, Björn et al.: *What a Difference a Constant Makes – How Predictable are International Migration Flows?* In: *Migration Policies and EU Enlargement: The Case of Central and Eastern Europe*. OECD, 2001, p. 64.

²⁸ BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*, p. 13.

1.2. Human Capital Model

On the microeconomic level, the neoclassical theory treats migration as an investment decision of an individual into the human capital. The so called human capital model presupposes the individuals to calculate, depending on their skills and knowledge, possible returns of their human capital in any region, including their home country they consider to move and live in. Migration then occurs, if the returns, net of the discounted costs of movement, in the potential host region outweigh the human capital returns in the migrant's country of origin.²⁹ Moreover, theories based on the human capital model stress the importance of age, as older potential movers have a shorter expected lifetime gain from migration than the younger migrants. Also, more educated individuals may be better positioned to gain valuable information about the host country, thus reducing the costs migration and actual adjustment to new environment. The adjustment costs and migration flows in general may be also affected by inter-regional cultural, linguistic and geographical distances.³⁰

The human capital model was introduced to migration research by Sjaastad (1962)³¹ who stressed that migration cannot be viewed in isolation and thus placed it in an investment context. Sjaastad described migration as an activity that requires resources, as *“an investment increasing the productivity of human resources, an investment which has costs and which also renders returns”*.³² He distinguishes between private and social costs and returns of migration that can be further divided into the monetary and non-monetary costs and return. While the monetary costs including material costs of traveling, differences in the costs of living, or costs of maintenance while moving and looking for a job are important, the non-monetary costs including

²⁹ See BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*, p. 15; MASSEY, D. S. et al.: *c.d.*, p. 434.

³⁰ KAHANEC, Martin – ZIMMERMANN, Klaus F.: *Migration in an Enlarged EU: A Challenging Solution*. Economic Papers 363, March 2009, p. 11,

http://ec.europa.eu/economy_finance/publications/publication14287_en.pdf

³¹ SJAASTAD, Larry A.: *The Costs and Returns of Human Migration*. The Journal of Political Economy, 70, 1962, No. 5, p. 87, <http://www.jstor.org/stable/1829105>

³² *Ibid*, p. 83.

the opportunity costs³³ and psychological costs³⁴ are accentuated even more.³⁵ Sjaastad suggested that migration is feasible only if new skills are acquired by the migrant.³⁶ At this point, the author turns to the age of migrant as to an important variable influencing migration and clearly postulates the correlation between the age and propensity to migrate. Not only do the monetary as well as non-monetary costs of migration go up with the increasing age, but the time period over which the migrant expects to recapture the costs of movement shortens with the increasing age too.³⁷ Thus young cohorts of the population are expected to be more prone to migration than their older counterparts.

The treatment of human skills and capital had previously been examined by Roy (1951) who attempted to analyze distribution of earnings and human skills in the environment of primitive community with perfect occupational mobility. He preceded Sjaastad's conclusions when suggesting that workers will not be willing to move and change their jobs only because their earnings are likely to increase, but, as they are rational actors, they will also consider the costs of such change and differences in net advantages of movement and alternative occupation.³⁸ As the heterogeneity among individuals is emphasized in the human capital model, it should be noted that each and every individual will evaluate the expected costs and returns of migration in a slightly different way.³⁹

The human capital model was further worked up by Borjas (1987) who examined age-earnings profile of immigrants from 41 countries and native American population between 1970 and 1980. He build on the previous

³³ Opportunity costs may include earnings foregone while traveling, searching for and learning new job.

³⁴ Psychological costs are related to separation from family and friends, forging new ties, effort involved in learning new language and culture, difficulty in adapting to a new labour market etc.. See BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*, p. 15; MASSEY, D. S. et al.: *c.d.*, p. 434.

³⁵ SJAASTAD, L. A.: *c.d.*, p. 84.

³⁶ *Ibid*, p. 88.

³⁷ *Ibid*, p. 89.

³⁸ ROY, A. D.: *Some Thoughts on the Distribution of Earnings*. Oxford Economic Papers, 3, 1951, No. 2, p. 145, <http://links.jstor.org/sici?sici=0030-7653%28195106%292%3A3%3A2%3C135%3ASTOTDO%3E2.0.CO%3B2-Q>

³⁹ BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*, p. 16.

studies (Chiswick, 1978; Carliner, 1980; De-Freitas, 1980; Jasso and Rosenzweig, 1985, 1986) that discovered that after a relatively short adaptation period the earnings of immigrants overtake the earnings of the native population with comparable skills. Those studies assumed that the migrant workers represent the most able and most ambitious parts of the population of the sending countries and explained the successful performance of immigrants on the US labour market by their stronger investment incentives.⁴⁰ Borjas himself came to a conclusion that the US immigrants do not need to be drawn from the most able and most ambitious cohorts of the origin society, the crucial precondition of strong positive correlation between the expected earnings in the home and host country must, however, be fulfilled.⁴¹ He found out that while the immigrants from countries with high levels of GNP, low levels of income inequality, and politically competitive systems reached higher levels of earnings relative to the native population, the immigrants from countries with opposite political and economic conditions performed much worse in the USA.⁴²

The assumptions of the human capital model are recapitulated in Box 3.

Box 3: Human Capital Model Assumptions

- 1. The likelihood of migration decreases with age, reflecting the smaller expected lifetime gain from moving for older people.*
- 2. Individuals with higher level of education are more likely to migrate because of their greater ability to collect and process information gathered through higher education, thus reducing the risks and costs of migration.*
- 3. As information about labour market conditions will be better for closer locations, the risks and costs of movements will most probably increase with distance.*
- 4. The aggregate migration flows between countries are a simple sum of individual moves undertaken on the basis of individual cost-benefit calculations.*
- 5. The migratory movement does not occur in the absence of differences in earnings and-or employment rates between countries. Migration occurs until the expected earnings are equalized.*

Source: MASSEY, D. S. et al.: *c.d.*, p. 435.

⁴⁰ See BORJAS, George J.: *Self-Selection and Earnings of Immigrants*. The American Economic Review, 77, 1987, No. 4, p. 531, <http://www.jstor.org/stable/1814529>

⁴¹ *Ibid*, p. 551.

⁴² *Ibid*, p. 552.

One of the most interesting questions in the European context nowadays is whether the East-West migration flows will be affected by the Western European generous welfare systems that might attract immigrants from the NMS. Borjas (1999) studied this issue in a model that assumes differences in terms of generosity of the welfare provisions and returns to human capital across the US states. In line with the hypothesis that interstate differences in welfare benefits generate strong magnetic effects on the immigrant population, the model estimates that the low-skilled immigrants are expected to be more prone to flock in the welfare-generous states as they incur relatively high fixed costs.⁴³ The distinct geographic clustering of welfare recipients between immigrants and native population also suggests that the correlation between welfare participation rates and welfare benefit levels should be larger among immigrants. The analysis also reveals that changes in a state's welfare benefits have much greater effect on the welfare participation rate of immigrants than of natives.⁴⁴

⁴³ BORJAS, George J.: *Immigration and Welfare Magnets*. Journal of Labor Economics. 17, 1999, No. 4, p. 634, <http://www.jstor.org/stable/2660682>

⁴⁴ Ibid, p. 635.

1.3. Social Network Theory

Needles to say, the decision of individual to move is influenced by the costs of such migration which also include, as we have already seen, besides the actual monetary costs also the psychological and social costs of forgone contacts with family and friends. Indeed, family issues and broader social relationships, such as ethnic networks, play a significant role. Mincer (1978) focused exclusively on family context and tried to explain effects of the family ties on the probability of migration. The study revealed that family ties tend to deter migration, which does not only implicates that married persons are less likely to migrate⁴⁵ than singles, and that the mobility of separated or divorced individuals is by far the highest, but also that even the mobility of singles is hampered by close ties to other family members.⁴⁶

The social network approach, nevertheless, stresses the importance of established social networks in the host country, which may significantly lower the costs of migration and thus encourage one's decision to move and seek employment in foreign environment. This dynamic theory perceives migration as either individual or household decision process, it focuses on the rational actor(s) who take into consideration the existence of established social networks, who become subject of particular networks and who use the social networks rationally to maximize their utility while minimizing the costs.⁴⁷ Once established, social networks can not only facilitate one's decision to move, but can lead to the so-called chain migration and thus stimulate and perpetuate the process of migration.

Massey (1990, 1994), the main contributor to the social network theory, came with an argument that potential migrants weigh the costs and benefits of movement, what is, however, more important, the decisions are always made within specific social and economic context that are determined by larger

⁴⁵ The only exception represent young families where the husbands id 25 years old or younger. MINCER, Jacob: *Family Migration Decision*. The Journal of Political Economy, 86, 1978, No. 5, p. 759, <http://www.jstor.org/stable/1828408>

⁴⁶ Ibid, p. 771.

⁴⁷ ELRICK, Tim.: *Migration Decision Making and Social Networks*. EU Marie Curie Grant Project KNOWMIG, February 2005, p. 2, <http://www.migration-networks.org/Dokumente/Elrick%202005%20-%20SotA%20-%20Migration%20Decision%20Making%20and%20Social%20Networks.pdf>

structural relations. The decision to migrate is, nevertheless, constrained by specific local conditions in country of destination that the potential migrant has no power to influence and/or get accurate information about.⁴⁸ The expected returns to migration can thus be further maximized only when the migrant networks are incorporated into the theoretical cost-benefit model. In Massey's words the "*migration networks are set of interpersonal ties that link together migrants, former migrants, and non-migrants in origin and destination areas through the bonds of kinship, friendship and shared community origin*".⁴⁹ Bruder (2004) then views social network as "*a network between people of the same home country based on common culture and origin, a common language, or on their historical background,*"⁵⁰ and Elrick (2005) describes networks as "*an image of aggregated social capital [that] is embedded in the relations between the actors*". The rational individual then uses social capital as a resource to pursue his or her aim of maximizing utility.⁵¹

As Massey (1994) further accentuates, the existence and growth of such networks increases the likelihood of migration as the costs and risks of movement are lowered and expected net returns to migration increased.⁵² The falling costs and risks of movement stemming from the growth of migrant networks can even overshadow specific economic, social, or cultural variables other theories focus on. The social network model thus sets aside assumptions that the size of migratory flow is solely dependent on the wage differentials or employment rates between the sending and receiving countries.⁵³ Only the first migrant who has no social ties to draw upon has to pay the full migration costs.⁵⁴ All the following migrants benefit from the

⁴⁸ MASSEY, Douglas S.: *Social Structure, Household Strategies, and the Cumulative Causation of Migration*. Population Index, 56, 1990, No. 1, p. 7, <http://www.jstor.org/stable/3644186>

⁴⁹ Ibid, p. 7 or MASSEY, Douglas S.: *The Social and Economic Origins of Immigration*. Bulletin of the Inter-American Parliamentary Group on Population and Development, 1994, p. 184, <http://www.thesocialcontract.com/pdf/four-three/massey.pdf>

⁵⁰ BRUDER, Jana: *East-West Migration in Europe, 2004 – 2015*. University of Rostock, Working Paper No. 40, 2003, p. 7,

<http://www.wiwi.uni-rostock.de/fileadmin/Institute/VWL/VWLIstitut/RePEc/pdf/wp40thuenen.pdf>

⁵¹ ELRICK, T.: *c.d.*, p. 2.

⁵² MASSEY, D. S.: *The Social and Economic Origins of Immigration*, p. 184.

⁵³ ELRICK, T.: *c.d.*, p. 4.

⁵⁴ As migration is very costly for the first migrants, they usually are not from the bottom of the socio-economic hierarchy of the origin country, but come from lower-middle ranges. MASSEY, D. S.: *Social Structure, Household Strategies, and the Cumulative Causation of Migration*, p. 8.

experience of those already living in the country of destination. This includes advantages concerning the direct monetary costs of travel, information search, finding a job, having a social environment, or psychological costs of leaving a familiar setting and moving to a strange environment.⁵⁵

Once the number of network connections reaches a certain threshold, migration becomes self-perpetuating because migration process itself creates the social structures needed to sustain it. Every new migrant contributes to the reduction of the costs of future migration for a set of friends or relatives. Some of these people in country of origin with ties to social network in possible country of migration decide to move and thus further expand the set of people with ties abroad, and further reduce the costs of subsequent migration.⁵⁶ This chain of migration could continue until the unrealistic migration of the whole countries. The stability of this model is, however, maintained by the functioning of certain diminishing effects such as rising wages or overall improvement of economic conditions in the sending country that provoke return migration or discourage future migration.⁵⁷

Box 4: Social Network Theory

1. *Once begun, migration tends to expand over time until network connections have diffused so widely in a sending region that all people who wish to migrate can do so without difficulty; then migration becomes to decelerate.*
2. *The size of migratory flows is not strongly correlated to wage differentials or (un)employment rates as these variables are overshadowed by reduction of costs and risks of movement stemming from the expansion of migrants networks.*
3. *As migration becomes institutionalized through the formation and elaboration of migrants networks, it becomes independent of the factors that originally caused it.*
4. *Migrant flows become less selective in socioeconomic terms and more representative of the sending society with the expansion of migrants networks and reduction of costs and risks of migration.*
5. *As the process of network formation lies largely outside the control of governments, the governments may experience difficulty controlling migratory flows.*
6. *Certain immigration policies, such as those promoting family reunification reinforce migrant networks by giving members of kin networks special rights of entry.*

Source: MASSEY, D. S.: *c.d.*, p. 450.

⁵⁵ BRUDER, J.: *c.d.*, p. 7.

⁵⁶ MASSEY, D. S.: *Social Structure, Household Strategies, and the Cumulative Causation of Migration*, p. 8 or MASSEY, D. S.: *The Social and Economic Origins of Immigration*, p. 184.

⁵⁷ BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*, p. 19.

1.4. Push- and Pull- Framework

Since different theories of migration deal or focus on different variables determining whether the individual will leave his/her home country or will remain instead, it is advisable to categorize these variables or incentives and deterrents of migration within the push- and pull-framework.

The pull factors are characterized as positive elements of either the sending or receiving country. They motivate individuals to stay in their home country or to seek employment and settlement in another country. Push factors are on the other side negative incentives pushing people out of their country of origin or preventing them to move into the receiving country. As Bauer and Zimmermann (1999) point out, push migration can in practice arise from various sources such as positive economic conditions in the host country relative to the country of origin measured by unemployment, wages, working conditions, social security benefits, or the structure of the economy variables. It can be even determined by demographic factors such as size and age distribution of the working population.⁵⁸ Bruder (2003) further notes that both push and pull factors are determined by two other aspects as concerns migration movements. On one side, one must consider existing institutional barriers and restraints to migration, on the other side, individual characteristics such as risk aversion or age play an important role in migration decision making as well.⁵⁹

Piracha and Vickerman then include the geographic and cultural proximity and the comparative advantages of the destination country such as higher wages and better working conditions among pull factors attracting people to a receiving country, and divide the negative push factors causing people to move away into three categories. The first category and the most significant push factors constitute the economic factors. In relation to CEE countries, the mass movements of people to Western Europe can possibly be provoked by speedier transition resulting in unemployment, weak social security system and low wages. The second category and equally important driving force of

⁵⁸ BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*, p. 20.

⁵⁹ BRUDER, J.: *c.d.*, p. 7.

East-West migration is said to be associated with the demographic factors. Considerable pressure on the EU economies could be imposed by lower rates of population growth in the EU countries resulting in a significant shortfall in labour supply over the next 20 years. Even though the population growth in most CEE countries is not overall positive either, the higher rates of unemployment could serve as a significant incentive for labour movement. The third category of political push factors can be associated with the slow transition to liberalized markets or the ethnic tensions that were masked during the period of communism.⁶⁰

The most relevant determinants of the post-enlargement East-West migration will be further examined in chapter 3 of this paper.

⁶⁰ PIRACHA, Matloob – VICKERMAN, Roger: *Immigration, Labour Mobility and EU Enlargement*. Department of Economics, University of Kent. Not dated, p. 12, <ftp://ftp.ukc.ac.uk/pub/ejr/RePEc/ukc/ukcedp/0209.pdf>

2. FREE MOVEMENT OF LABOUR WITHIN THE EU

According to Brücker and Siliverstovs (2006) “*international migration is the great absentee in the liberalization of global goods and factor markets*”.⁶¹ While the barriers to trade and capital mobility have been largely removed on the international level, the opening of labour markets lags far behind. What is more, majority of the world’s regional trade areas exclude labour markets from removal of barriers to trade and factor movements.⁶² The European Union presents a notable exception in this aspect. The free movement of labour and other persons is defined as one of the four fundamental freedoms of the Common Market since the Treaty of Rome establishing the European Economic Community (EEC) back in 1957. Full free movement of workers was introduced to all six community constituent member states⁶³ with a joint population of 185 millions in 1968, and has been gradually extended to the EU-15 and three other members of the European Economic Association (EEA)⁶⁴ with a joint population of some 380 million people until the mid 1990s. Another eight CEE countries together with Cyprus and Malta joined the Community on 1 May 2004. Bulgaria and Romania became the EU members in 2007.

The following part provides us with the introspection of the very basic right of the EU concerning the free movement of labour. It draws the ideas behind its first introduction to the European Community law, and takes down the evolution of the concept of free movement of workers over the past decades, including both recent and former limitations of this right.

⁶¹ BRÜCKER, Herbert – SILIVERSTOVVS, Boriss: *Estimating and Forecasting European Migration: Methods, Problems and Results*. ZAF 1/2006, p. 36, http://doku.iab.de/zaf/2006/2006_1_zaf_bruecker_silverstovs.pdf

⁶² Ibid, p. 36.

⁶³ The constituent Member States of the EEC were France, Germany, Italy, Belgium, the Netherlands, and Luxembourg.

⁶⁴ Norway, Iceland, and Liechtenstein.

2.1. Free Movement of Labour as a Basic Right of the EU

While the free movement of labour did not represent an issue worth bargaining for most of the potential member states of the rising European Coal and Steel Community (ECSC) in the summer and fall of 1950, the Italian delegation saw in the promise of permission to export its surplus labour the principal incentive for its participation in Schuman plan.⁶⁵ In the absence of opposition, the Italian diplomats succeeded in their effort to include even very restrictive free movement rights into the 1951 Treaty establishing the ECSC (The Treaty of Paris), thus making the first deliberate step to free movement rights for workers in the future Community. Article 69 of the Paris Treaty stated that *“Member States undertake to remove any restriction based on nationality upon the employment in the coal and steel industries of workers who are nationals of Member States and have recognized qualifications in a coalmining or steelmaking occupation, subject to the limitations imposed by the basic requirements of health and public policy”*.⁶⁶

The Treaty establishing the EEC (The Rome Treaty), signed by the Member States of the ECSC in 1957, included a clear goal of not only eliminating barriers of the free exchange of goods,⁶⁷ but also to promote the free movement of persons, services, and capital.⁶⁸ The free movement of workers was to be achieved by requiring the Member States to abolish immigration restrictions regarding the entry of the European Community workers and to treat them as nationals with regard to employment, remuneration and other conditions of work and employment.⁶⁹ The Treaty expanded the scope of free movement to all workers, nevertheless, with two notable exceptions. First, the right of an EEC Member State nationals to move freely within the EEC territory, to accept an offer of employment in another Member State, to remain there, and to receive equal treatment while there,

⁶⁵ As Maas notes *“millions of Italians had for decades been migration to find work elsewhere in Europe, and the promise of free movement for workers was a key reason for Italian participation in the ECSC”*. MAAS, Willem: *The Evolution of EU Citizenship*. Memo for Princeton workshop on the State of the European Union, Vol. 8, 16 September 2005, p. 2, <http://www.princeton.edu/~smeunier/Maas%20Memo.pdf>

⁶⁶ See Chapter VIII, Article 69 of the *Treaty Establishing The European Coal and Steel Community*.

⁶⁷ *The Treaty of Rome*, Part One, Article 3 (a)

⁶⁸ *The Treaty of Rome*, Part One, Article 3 (c)

⁶⁹ *The Treaty of Rome*, Part Two, Article 48 (2)

were “subject to limitations justified on grounds of public policy, public security or public health”.⁷⁰ Second, the free movement was not guaranteed to those individuals seeking employment in public service.⁷¹

In 1957, the primary concern of the leaders of the EEC Member States was economical rather than political. Therefore, as Singer (1977) highlights in his study, the free movement of workers was originally viewed “as a means of assuring effective allocation of manpower resources in a single common market and of providing workers with a chance to improve their standard of living”.⁷² The Treaty’s goal to guarantee the free movement of labour, however, had a significant impact on future political unification of the member States. Today, the freedom to move and reside in any country within the EU territory constitute one of the Community’s “essential political symbols, and a milestone of the Internal Market”.⁷³

The concept of free movement of workers was introduced to the six constituent EEC Member States in three progressive steps.⁷⁴ In the first stage initiated in 1961,⁷⁵ the Member States were allowed to prioritize their own nationals on the labour market. Nationals of other Member States were entitled to fill the job vacancy without restrictions only after a certain period of time when it proved to be clear that no national was willing accept the job offer.⁷⁶

In 1964, the Commission Regulation⁷⁷ abolished the former priority of the own nationals, thus giving the nationals of all Member States the right of

⁷⁰ *The Treaty of Rome*, Part Two, Article 48 (3)

⁷¹ *The Treaty of Rome*, Part Two, Article 48 (4)

⁷² SINGER, Louis H.: *Free Movement of Workers in the European Economic Community: The Public Policy Exception*. *Stanford Law Review*, 29, 1977, No. 6, p. 1284, <http://www.jstor.org/stable/1228084>

⁷³ CARRERA, Sergio: *What Does Free Movement Mean in Theory and Practice in an Enlarged EU?* *European Law Journal*, 11, 2005, No. 6, p. 699–700, <http://www3.interscience.wiley.com/cgi-bin/fulltext/118710463/PDFSTART>

⁷⁴ *The Free Movement of Workers in the Context of Enlargement*. European Commission Information Note, 6 March 2001, p. 13, http://www.pedz.uni-mannheim.de/daten/edz-k/gde/01/migration_enl.pdf

⁷⁵ Regulation 15/61, O.J. 26.8. 1961

⁷⁶ Frontiers workers were excluded from the legislation until 1964. For more details see *The Free Movement of Workers in the Context of Enlargement*, p. 13.

⁷⁷ Regulation 38/64, O.J. 17.4. 1964

employment under the same circumstances as own nationals. However, since only the jobs advertised in the employment services were concerned, the right to go and look for work independently in other Member State was still non-existent. In this second stage of gradual implementation of free movement of workers, the Member States were allowed to use the so called safeguard clause to suspend free movement of workers in certain area or profession to avoid serious disturbance of the own labour market.

While the Article 48 of the Treaty of Rome was subject to a transition period scheduled to end by 1 January 1970, the favourable economic conditions accelerated the full implementation of free movement for Community workers from 15 October 1968.⁷⁸ The system was completed by the enforcement of the Council Regulation 1612/68,⁷⁹ and the Community entered the final third stage of the gradual introduction of the right of freedom of movement for workers. The less strict safeguard clause providing the Member States with the right of requesting the Commission to hold the operation of the vacancy clearance services in cases of serious threat of disturbance of labour market in particular region or occupation was, however, still kept in place.⁸⁰ The decisive incentive to its abolition had not come until the Commission's White Paper on Completing the Internal Market, which was issued on 14 June 1985. Section subtitled *A New Initiative In Favour of Community Citizens* that was devoted to free movement argued that it was "crucial that the obstacles which still exist within the Community to free movement for the self-employed and employees be removed by 1992".⁸¹

Abolition of any obstacles on the mobility of people was seen as a necessary precondition for the establishment of common (internal) market. The traditional internal border checks of those not holding the nationality of the sovereign state concerned ended with the Schengen agreement signed by the representatives of Germany, France, Belgium, Luxembourg, and the Netherlands on 14 June 1985. In Maas' words, the agreement signed in the

⁷⁸ See MAAS, W.: *c.d.*, p. 4.

⁷⁹ See the *Council Regulation No 1612/68*.

⁸⁰ *The Free Movement of Workers in the Context of Enlargement*, p. 14.

⁸¹ See Part Two, Section III., Paragraph 88. of the *White Paper from the Commission to the European Council on Completing the Internal Market*.

Luxembourg town of Schengen marked “a major step forward on the road toward European Unity, directly benefiting the nationals of the signatory states and moving them a step closer to what is sometimes referred to as European Citizenship”.⁸²

Luxembourg meetings of December 1985 that gave birth to the Single European Act (SEA) were predominantly concerned with the issue of internal market. However, while the previous Treaty of Rome gave priority to the free movement of goods, at this point, the equal importance to free movement of goods and people was expressed,⁸³ and a single deadline of 31 December 1992 was set for establishing an area without borders, in which persons, goods, services and capital shall move freely under conditions identical to those obtaining within a Member State.⁸⁴

The rather economic nature of the principle of free movement of workers anchored in the SEA was rethought through the creation of the concept of EU citizenship in the Maastricht Treaty of 1993.⁸⁵ As Carrera remarks, the Treaty brought a ‘brand new political and social meaning’ to the whole principle of free movement and substantially altered the traditional link between the nationals and the territory of a state.⁸⁶ The free movement of workers,⁸⁷ is currently a part of the more general right of free movement of persons, one of the fundamental and perhaps the most important freedoms guaranteed by Community law, and an essential element of European citizenship that provides all Europeans with the “*right to move and reside freely within the territory of the Member States*”,⁸⁸ and subsequently to pursue an economic activity should they wish to do so. At this point, it is, however, essential to note that not every EU citizen has a full and free access to the list of all basic rights attached to this more a symbolic status,⁸⁹ most notably to the freedom

⁸² MAAS, W.: *c.d.*, p. 8.

⁸³ *Ibid*, p. 8.

⁸⁴ See Section II, Sub-section I, Article 13 of the *Single European Act*.

⁸⁵ For details on the concept of EU citizenship see Part Two, Article 8 of *The Maastricht Treaty*.

⁸⁶ CARRERA, S.: *c.d.*, p. 701.

⁸⁷ Today defined by Article 39 of *The Treaty Establishing the European Community*.

⁸⁸ Part Two, Article 8 a (1) of *The Maastricht Treaty*.

⁸⁹ For EU citizen’s rights see Part Two, Article 8 of *The Maastricht Treaty*; or Chapter V of the *Charter of Fundamental Rights of the European Union*. For Freedom of movement and of residence see Chapter V, Article 45 of the *Charter*.

movement. It is possible to distinguish three main categories of persons to whom the right of free movement across the current Member State borders may apply under different circumstances:

1. The so called 'privileged group': EU citizens from the 'old' 15 Member States and their family members who, if they are able to prove sufficient financial means of subsistence, may fully enjoy the benefits of moving freely and living in an area of freedom, security and justice.
2. Nationals of the NMS or CEE countries, to whom a set of transitional measures limiting the free movement of workers apply since 1 May 2004.
3. The third-country nationals: those not holding the nationality of any Member State.⁹⁰

In order to bring the Union 'even closer to its citizens', the Community institutions had made a considerable effort to consolidate secondary legislation dealing with the special aspects of citizens' everyday life. *Directive 2004/38 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States*⁹¹ confirms the right of every EU citizen to reside on the territory of another Member State for a period of up to three months without the need to comply with any administrative formalities⁹² and makes period of residence of three months and longer subject to registration with the competent authorities of the host member State,⁹³ thus abolishing the system of residence permits. Since the EU citizens' rights to reside and move freely are linked to social conditions,⁹⁴ the European citizenship has still not become an independent and absolute

⁹⁰ CARRERA, S.: *c.d.*, p. 702.

⁹¹ *Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the Right of Citizens of the Union and their Family Members to Move and Reside Freely within the Territory of the Member States.*

⁹² Chapter III, Article 6 of the *Directive 2004/38*.

⁹³ Chapter III, Article 8 of the *Directive 2004/38*.

⁹⁴ Article 7 of the *Directive 2004/38* categorizes the European citizens to those who are economically active, e.g. workers, self-employed and providers of services; and to those who are not, e.g. students or pensioners, who in order to be able to reside in another EU Member State have to be covered by comprehensive sickness insurance in the host Member State, and have sufficient resources for themselves and their family members not to become a "burden on the social assistance system of the host Member State".

status of the Member State nationals, and as Julianna Traser (2006) notes, the admission of the other EU nationals by the host Member State seems to be in practice desirable only if the individual concerned prove to be financially self-sufficient and intend to contribute to production and economic growth of the host country.⁹⁵

2.2. Past Restrictions to the Freedom of Movement for Workers

In spite of gradual incorporation of the right of free movement for workers in the Community law over the past decades and its clear definition by the Treaty establishing the European Community, the Community has continued to adopt restrictive approaches in regards of workers from countries aspiring and consequently acquiring its membership. The treatment of workers from the new members has always depended, according to Garnier,⁹⁶ on the 'old' Member States perceived likelihood of extensive immigration flows from the new accession countries to the Member States.

As concerns the most recent enlargement round prior to the 2004 one, the countries' economies were already integrated with the EU through the EEA and the right of free movement for workers was already addressed by the EEA agreement. No specific regimes were thus implemented and full immediate integration was assured for Austria, Sweden and Finland at the time of accession in 1995. The unification of Germany represented a specific case. The visible economic gap and persistent high level of unemployment in the eastern Länder were overshadowed by the existence of historical links and absence of cultural or linguistic barriers, and immediate freedom of movement on the national as well as Community level took place.

⁹⁵ TRASER, Julianna: *Who's Afraid of EU Enlargement?* Report on the Free Movement of Workers in EU-25, September 2005,

<http://www.migrationboell.de/downloads/migration/EnlargementReport.pdf>

⁹⁶ GARNIER, Philippe: *Foreign Workers from Central and Eastern European Countries in some OECD European Countries: Status and Social Protection*. In: *Migration Policies and EU Enlargement: The Case of Central and Eastern Europe*. OECD 2001, p. 150.

The transitional agreements were applied in the accessions of Greece in 1981, and Spain and Portugal in 1986.⁹⁷ In this so called Southern enlargement, significant worries arose among the actual member States in regards to post-enlargement labour migration and its potential negative impact on the member states' labour markets. Concerns expressed were based on considerations such as geographical proximity, income differentials, high unemployment, emigration traditions and the existence of ethnic or family networks in the country of destination.⁹⁸ Both accession treaties comprised a general safeguard clause regarding 'serious and persistent economic problems in a sector or region'. In relation to Luxembourg, safeguard clause concerning 'serious disruption of the labour market' was also included.⁹⁹

In case of the accession of Greece, a six-year transitional period was agreed.¹⁰⁰ In the Spanish and Portuguese accession arrangement of 1986, the transition period of seven years,¹⁰¹ and ten years for Luxembourg, was applied in regards of free movement of workers.¹⁰² During the stated transitional period, the original Member States were permitted to keep their national provisions or stick to those anchored in existing bilateral agreements in order to regulate the access of the NMS workers to their labour markets. In other words, the work permit was required for all workers from the newly accessed states that wished to move and involve in an employment activity in another Member States. Spanish and Portuguese nationals that had already been working legally in any of the member States prior to the country's accession to the Community, were allowed to continue in their employment, however, the possession of valid work permit was required. Both newcomers and those already working within the territory of Community had the right to

⁹⁷ As not much relevant data is available for the case of Greece, more recent enlargement of Spain and Portugal will be discussed only.

⁹⁸ AVULYTE, Ruta: *Free Movement of Labor after EU Enlargement: Position from EU 15 and Candidate Countries (Poland and Hungary)*. Columbia University, May 2001, p. 3, <http://www.geocities.com/ravulyte/freemovementlabor.doc>

⁹⁹ *The Free Movement of Workers in the Context of Enlargement*, p. 2.

¹⁰⁰ BRÜCKER, Herbert et al.: *Labour Mobility within the EU in the Context of Enlargement and the Functioning of the Transitional Arrangements*. Final Report. European Integration Consortium, Nuremberg 2009, p. 4, www.ec.europa.eu

¹⁰¹ Later on it was reduced to six years as fears of a major migration wave proved to be without foundation. AVULYTE, R.: *c.d.*, p. 2.

¹⁰² The provision of services and self-employment were not subject to transitional measures. *The Free Movement of Workers in the Context of Enlargement*, p. 15.

equal treatment as concerned the working and employment conditions to nationals of the host Member State.¹⁰³ Should they did not fall into the category of seasonal workers, they also enjoyed the right to change jobs and to renew their work permits as they expired.¹⁰⁴

2.3. Accession of the CEE Countries

On 1 May 2004 eight Central and Eastern European countries,¹⁰⁵ together with Cyprus and Malta joined the European Union. Many marked this date as the turning point ending the division of the European continent after the Second World War. According to Van der Putten (2002), this historic event also marked the end of the transition process to democracy and market economy in the post-communist states.¹⁰⁶ The 2004 enlargement to Central and Eastern Europe was unique in many aspects. To mention the most discussed ones, never in the EU history had so many countries and people joined the EU at the same time. As displayed in Table 1, the relative increase in the EU population was smaller after the 2004 enlargement than after what the United Kingdom (UK), Ireland and Denmark joined in 1973, and it represented a relative increase of the EU population of only 2.8 percentage points higher than during the 1986 enlargement to the South. Nevertheless, what had brought the most concerns in the pre-enlargement debates were the much greater income gaps of the new accessing countries relative to the EU than were those of the 'poorest' previously accepted countries of Greece, Spain and Portugal.¹⁰⁷ Furthermore, never before had the new EU member

¹⁰³ *The Free Movement of Workers in the Context of Enlargement*, p. 15.

¹⁰⁴ *Ibid*, p. 15.

¹⁰⁵ The Czech Republic, Poland, Hungary, Slovakia, Slovenia, Estonia, Latvia and Lithuania, often referred to as EU-8, NMS-8 or A8 countries.

¹⁰⁶ VAN DER PUTTEN, Raymond: *The Effects of EU Enlargement on Product and Labour Market*. BNP Paribas Publication, August 2002, p. 2, [http://economicresearch.bnpparibas.com/applis/www/RechEco.nsf/0/B99B88D5E646AE55C1256C00042C274/\\$File/C0207_A1.pdf?OpenElement](http://economicresearch.bnpparibas.com/applis/www/RechEco.nsf/0/B99B88D5E646AE55C1256C00042C274/$File/C0207_A1.pdf?OpenElement)

¹⁰⁷ As the studies of the European Central Bank (ECB) brought forward, while the Southern European countries had reached about two-thirds of the average EU per capita income at the time of accession, some of the CEE countries had the level below one half. HEINZ, Frigyes F. – WARD-WARMEDINGER, Melanie: *Cross-border Labour Mobility within an Enlarged EU*. Occasional Paper Series No. 52, October 2006, p. 9, <http://www.ecb.int/pub/pdf/scpops/ecbocp52.pdf>

states such a limited historical experience of free migration.¹⁰⁸ Also the question of the newly accessed states' geographical proximity was brought forward.

Table 1: Population of Accession Countries Relative to EU Population

Year	Accession Countries	Number of Countries in the EU	Population	
			Absolute (millions)	Relative (% of EU)
1973	Denmark, Ireland, and the UK	9	64.23	30.8
1981	Greece	10	9.70	3.5
1986	Spain and Portugal	12	48.49	16.7
1995	Austria, Finland, and Sweden	15	29.34	8.4
2004	the Czech Republic, Cyprus, Estonia Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia	25	74.10	19.5

Source: DOYLE, H. et al.: *c.d.*, p. 15.

“Fears and skepticism in the West and hopefulness and optimism in the East”,¹⁰⁹ that was the sentence that was most often inflected in regards to the 2004 enlargement. The path bringing the CEE states into the EU was, however, long and full of commitments and setbacks. The countries of the former Soviet block started hoping for ‘the return to Europe’ immediately after the fall of the iron curtain. In 1991 the first association agreements (the so called Europe agreements) were signed¹¹⁰ and the deepening of the relations between the Community and associated countries became the one of the European Commission’s priority. The summary of the European Agreements is given in Table 2. The declaration of the European Council in Copenhagen from June 1993, then encouraged the former socialist countries of CEE in

¹⁰⁸ While the legal obstacles preventing the East-West migration were abolished after the fall of communism, restrictions concerning the immigration to the EU countries were mostly kept in place.

¹⁰⁹ RADEVA, Mariyana: *East-West Migration in the Context of an Enlarging European Union: New Opportunities and New Challenges*. Open Society Institute and Soros Foundations Network, 2004, not paged, <http://www.eumap.org/journal/features/2004/migration/pt!/eastwest/#top>

¹¹⁰ Namely with Poland, Hungary and the Czech Republic. In December 1991 they were extended to include Romania, Bulgaria and other countries as well. FIALA, Petr – PITROVÁ, Markéta: *Evropská Unie*. Brno 2003, p. 152.

granting them the possibility of applying for the EU membership,¹¹¹ and defined the series of political and socio-economic criteria, so called Copenhagen criteria,¹¹² that needed to be met in order to get qualified for the EU membership. The first official applications for the EU membership were handed in by the Polish and Hungarian government in 1994. Bulgaria, Estonia, Latvia, Lithuania, Romania and Slovakia followed the next year, and the Czech Republic and Slovenia applied for their membership in 1996.¹¹³

Table 2: European Agreements (EAs)

Country	Date EA Signed	Official EU Membership Application
Bulgaria	March 1993	14 December 1995
The Czech Rep.	October 1993	17 January 1996
Estonia	June 1995	24 November 1995
Hungary	December 1991	31 March 1994
Lithuania	June 1995	13 October 1995
Latvia	June 1995	8 December 1995
Poland	December 1991	5 April 1994
Romania	February 1993	22 June 1995
Slovakia	October 1993	27 June 1995
Slovenia	June 1996	10 June 1996
Malta	December 1970	16 July 1990
Cyprus	December 1972	3 July 1990

Source: FIALA, P. – PITROVÁ, M.: *c.d.*, p. 153.

In early 1998, accession negotiations started with the first ‘most advanced’ group of candidate countries (the so called Luxembourg group).¹¹⁴ In December 1999, the negotiations were also opened with the remaining six countries in Helsinki (the so called Helsinki Group)¹¹⁵. Decade after the first deliberations on enlargement of the Community into the Central and Eastern

¹¹¹ See Section 7 on Relations with the Countries of Central and Eastern Europe of the *Conclusion of the Presidency*. European Council in Copenhagen, 21-22 June 1993, p. 12,

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/72921.pdf

¹¹² As stated in the Copenhagen declaration, the EU membership requires “that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union”. Ibid, p. 13.

¹¹³ Malta and Cyprus applied for the EU membership already in 1990. For European Agreements see Table 2.

¹¹⁴ The Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus.

¹¹⁵ Bulgaria, Latvia, Lithuania, Slovakia, Romania and Malta.

Europe, the European Council of Copenhagen in 2002 assessed that ten out of twelve candidate states¹¹⁶ were ready to join the EU by 2004. Ten years of preparation on both sides were crowned by the final commitment to enlargement in Athens on 16 April 2003, where the Accession Treaty was signed by the political representatives of the 25 states.

As the accession date of 1 May 2004 came near, widespread concern about the impacts of the extension of the EU membership to an unprecedented ten new states on migration arose. Fears of a mass exodus of nationals of the NMS into the labour markets of the 'old' Member States competing for jobs, taking down the wages, and disrupting social cohesion were whipped up and intensified by sometimes vitriolic press coverage. All these fears and public debates were, however, in a sharp contrast to the consensus reached on the issue by the economic theorists arguing for the free movement of labour. The fundamental argument in favour of migration is that *“foreign labour tends to increase productivity and exerts an upward push on wages ... [and] a move to a better-paid job increases the economic output”*.¹¹⁷ As Sinn and Werding accentuate, from the economic point of view, the intra-EU migration ensures *“an efficient distribution of labour in all countries of an enlarged EU and increases GDP in the Union. The self-regulation of the labour market continuously and optimally adjusts the stock of migrants to the state of economic development in the new member states”*.¹¹⁸ Using the economic arguments of Heinz and Ward-Warmedinger, the migration of workers enables the worker skills to be matched more effectively with job vacancies, and may contribute to facilitation of the general up-skilling of European workforces. Furthermore, the free movement of labour may also offer an important adjustment mechanism within the EMU, where, *“in the absence of country specific monetary and exchange rate policies, labour market mobility would be beneficial in promoting the ability of national labour*

¹¹⁶ Excluding Romania and Bulgaria.

¹¹⁷ TRASER, Julianna: *Who's Still Afraid of EU Enlargement?* Report on Free Movement of Workers, 2006, p. 7, <http://www.ecas.org>

¹¹⁸ SINN, H. W. – WERDING, M.: c.d., not paged.

markets to adjust in the face of economic fluctuations and asymmetric shocks”.¹¹⁹

2.3.1. Transitional Measures for the Free Movement of Workers

Despite the free movement of labour being long embedded in the Community law as one of its central principles and as a crucial element of the completion of the single market, despite the general recognition of policy-makers of the benefits increased cross-border labour mobility within Europe may bring both to individuals as well as to regions, countries, and the EU as a whole, and despite the background of a generally low levels of labour mobility within the EU-15,¹²⁰ the fears of uncontrolled flows of CEE migrants, particularly those low-skilled ones, prevailed in the pre-expansion debates and encouraged the EU Commission to adopt a resolution suggesting the establishment of a transition period on the free movement of workers following the accession of the CEE countries on 1 May 2004. A compromise was reached early in 2002,¹²¹ and transitional measures covering the restrictions in regards to free movement rights of the A8 workers were included as the *Temporary Provisions* in Part Four, Annexes V-XIV of the Accession Treaty of April 2003.¹²²

¹¹⁹ HEINZ, F. F. – WARD-WARMEDINGER, M.: *c.d.*, p. 7-8.

¹²⁰ According to the European Commission, the EU citizens “*have about half the mobility rate of the US citizens*”. The Commission reported, that in the 1990s, 38% of the EU citizens changed residence, 68% moved within the same town or village, 36% moved to another town in the same region, 21% moved to another region in the same member State and only 4% moved to another Member State. See *High Level Task Force on Skills and Mobility*. Final Report. European Commission, 14 December 2001, p. 12, <http://www.ecdl.com.cy/assests/mainmenu/129/docs/EU-SkillsMobilityFinalReport.pdf>. The Commission further found out that in 2000, only 0.1% of the total EU-15 population changed official residence between two member countries. See *Commission’s Action Plan for Skills and Mobility*. Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions. Commission of the European Communities, Brussels, 13 February 2002, p. 29, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0072:FIN:EN:PDF>

¹²¹ DELISLE, Pascal: *The Challenge of Labor Mobility in an Enlarged European Union*. Georgetown University and Sciences of Paris, 2002, p. 3, http://www.portedeurope.org/IMG/pdf/cahier_2_2002.pdf

¹²² The transitional measures are specified for each NMS separately and do not apply for Cyprus and Malta because of the small size of their labour market and relative economic strength. See *The Treaty of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia*. Athens, 16 April 2003,

The free movement restrictions apply to migrant workers only, not to any other category of the EU citizens. They can only apply to obtaining access to labour market, and can limit the eligibility for employment in a certain Member State only. Once the worker acquires the access to labour market of a particular Member State, no discrimination in regards to remuneration, other employment related matters, access to social and tax advantages etc. is allowed on the ground of nationality in accordance with the Community law on equal treatment.¹²³ The transitional arrangements specified in the Accession Treaty allow the 'old' EU Member States to postpone the opening of their labour markets for the accession states for up to seven years.¹²⁴ As noted above, the transitional periods for the free movement of labour have been used also in the accessions of Greece, Spain and Portugal, the present rules, however, differ from those adopted in previous enlargement rounds in the fact that individual EU countries are let free to decide on whether or not they adopt the transitional measures.¹²⁵

During the maximum period of seven years divided into the '2+3+2' scheme, the EU-15 Member States are permitted to maintain their national rules (or bilateral agreements), i.e. the so far applied system of work permits, instead of the full implementation of the community rules on the free movement for workers.¹²⁶ In the first two years following the EU expansion, the 'old' Member States can regulate the access of the citizens of the 'new' Member States to their labour markets by the application of the national rules. At the end of this period, each Member States is free to decide whether to

http://ec.europa.eu/enlargement/archives/enlargement_process/future_prospects/negotiations/eu_10_bulgaria_romania/treaty_2003/index_en.htm

Malta, however, was granted the possibility to invoke a safeguard clause, and thus re-impose the restrictions, in case it experiences serious disturbances on its labour market. *The Transitional Arrangements for the Free Movement of Workers from the New Member States following Enlargement of the European Union on 1 May 2004*. European Commission, DG for Employment, Social Affairs and Equal Opportunities, not dated, p. 2, www.ec.europa.eu/social

¹²³ *Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty: Period 1 May 2004–30 April 2006*. Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions. Commission of the European Communities, 8 February 2006, p. 4, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0048:FIN:EN:PDF>

¹²⁴ In principle, free movement of workers is granted to the nationals of the NMS-8, but the access to the EU-15 labour markets can be restricted during the established transitional period.

¹²⁵ BRÜCKER, H. et al.: *c.d.*, p. 4.

¹²⁶ TRASER, J.: *Who's Still Afraid of EU Enlargement?*, p. 11.

continue to apply the national rules for the period of another three years or implement the Community rules on free labour mobility within the EU. Five years after the accession, the Community rules concerning the free movement of workers should be introduced. The transitional period can be, however, prolonged for another two years should the Member State concerned be able to document 'serious disturbances' in its labour market. The decision on the prolongation of the transitional period is again solely in hands of the national governments. From May 2011 no transitional measures referring to freedom of movement of persons should be imposed.¹²⁷

As concerns the transitional arrangements imposed to the new CEE members, the three principles of *safeguard clause* (in combination with the *standstill clause*), application of *reciprocal measures* and the principle of *community preference* were incorporated.¹²⁸ On the basis of the *safeguard clause*, the Member States may restore the national regime of work permits at any time of the transitional period in case they experience 'serious disturbances' on their labour markets either in particular occupation or region. In accordance to the *standstill clause*, the re-introduction of the national regime, however, cannot impose more strict measures than those applicable prior to 1 May 2004. The principle of *reciprocal measures* provided the accession countries with the right of imposing restrictive migration regimes vis-à-vis the EU-15 countries that did not grant them free access to their labour markets.¹²⁹ Last but not least, the principle of community preference guarantees the citizens from the NMS preferential treatment vis-à-vis the third-country nationals if access to the labour market is granted.

According to the Accession Treaty, the nationals of the NMS, who had already been admitted to the labour market of one of the EU-15 countries and who had been legally involved there in an employment for at least 12 months prior to the enlargement, will continue to have access to the labour market of that particular Member State. Their access to the labour markets of the other

¹²⁷ BOERI, Tito – BRÜCKER, Herbert: *Why are Europeans so Tough on Migrants?* Economic Policy, October 2005, p. 636, <http://www3.interscience.wiley.com/cgi-bin/fulltext/118652034/PDFSTART>

¹²⁸ See TRASER, J.: *Who's Still Afraid of EU Enlargement?*, p. 11.

¹²⁹ Among the NMS, only Hungary, Poland and Slovenia opted for the *reciprocal measures* between 2004-2006. *Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty: Period 1 May 2004–30 April 2006*, p. 4.

EU-15 countries will, however, be liable to transitional restrictions.¹³⁰ Should such individual voluntarily depart from the Member State concerned, he/she loses the right of the labour market access until the end of transitional period.¹³¹ The EU-8 nationals who had been legally working in an EU-15 state for the period of 12 months and longer prior to 1 May 2004, are also granted the right of family reunification. This means that the family members residing with the person in the territory of the Member State at the date of accession will also gain access to the labour market of the country concerned. Should the family join the worker after the date of enlargement, they will have access to the labour market of the country concerned only once they have been resident there for 18 months, or from the third years of accession, whichever is earlier.¹³²

Based on the study of Boeri and Brücker,¹³³ four different types of transitional regimes vis-à-vis the NMS can be identified among the EU-15 countries:

1. Restrictive immigration regime in which the workers from the NMS are treated as non-EEA citizens and are required to apply for a work permit. The work permits can be obtained only under exceptional circumstances when neither national of the country concerned nor other EU-15 national can fill the position (Belgium, Finland, Germany, Greece, France, Luxembourg and Spain).
2. Restrictive immigration regime with a set quota for workers from the NMS (Austria, Italy, the Netherlands and Portugal).
3. Regime admitting general access of the NMS workers to its labour market with limited access to welfare benefits. Moreover, the residence permits can be withdrawn in case of unemployment (Denmark, Ireland and the UK).

¹³⁰ *Free Movement of Workers to and from the New Member States – How Will It Work in Practice?* European Commission, DG for Employment, Social Affairs and Equal Opportunities, 2004, p. 2, www.ec.europa.eu/social

¹³¹ *The Transitional Arrangements for the Free Movement of Workers from the New Member States following Enlargement of the European Union on 1 May 2004*, p. 2.

¹³² *Ibid*, p. 2.

¹³³ BOERI, T. – BRÜCKER, H.: *Why are Europeans so Tough on Migrants?*, p. 638.

4. Regime fully applying the Community rules on the free movement of labour (Sweden).

At present, after what Belgium and Denmark dropped the national measures on their labour market access from 1 May 2009, workers from the EU-8 Member States enjoy the right of free movement in 12 out of the 15 'old' Member States. The remaining three Member States (the United Kingdom, Austria and Germany) have notified the Commission that they will continue to apply national measures on the access to their labour markets.¹³⁴ As a result, the NMS nationals wishing to work in the UK will continue to have the obligation to register with the Workers Registration Scheme¹³⁵ within 30 days of starting their employment. Furthermore, they become eligible for benefits such as Jobseeker's Allowance or income support only after working continuously in the UK for the period of at least one year.¹³⁶

In regards to Austria and Germany, the two countries that were traditionally the main 'receivers' of migration workers from CEE with a share of 15-20% for Austria, and 50% for Germany,¹³⁷ the workers from the NMS will still need to apply for a work permit prior to commencing their employment. While the conditions for obtaining the work permits have been eased in some sectors and professions, both Austria and Germany justify the restrictions by pointing to their unemployment rates and geographical proximity to the NMS.¹³⁸ Both Austria and Germany also maintain their national measures in relation to the cross-border provision of services, but promised to ease access to their labour markets for highly skilled CEE NMS workers.¹³⁹ As the EU Employment Commissioner Vladimir Špidla emphasized in May 2006, by issuing 500,000 work permits for the NMS nationals in the first two years following the

¹³⁴ *2004 Enlargement: Third Phase*. European Commission, not dated, not paged, <http://ec.europa.eu/social/main.jsp?catId=507&langId=en>

¹³⁵ For details on Workers Registration Scheme see chapter 4.

¹³⁶ See *EU Free Movement of Labour Map*. BBC, 17 April 2009, not paged, <http://news.bbc.co.uk/2/hi/europe/3513889.stm>

¹³⁷ TRASER, J.: *Who Is Afraid of EU Enlargement?*, p. 8.

¹³⁸ *EU Free Movement of Labour Map*.

¹³⁹ *Ibid.*

enlargement, “*in practice, Germany has given as many people work as other big countries*”.¹⁴⁰

Table 3: Transitional Arrangements for the Free Movement of Workers from the NMS to the EU-15 Countries

First Phase: 1 May 2004 - 30 April 2006	
EU-15 Country	Transitional Measure
Austria	labour market access restricted; immigration contingents; provision of services restricted
Belgium	labour market access restricted
Denmark	labour market access restricted but granted in case of job offer; work permits limited to one year; minimum of 30 weekly working hours required; application of collective bargaining agreements required
Finland	labour market access restricted
France	labour market access restricted; work permits granted in limited number of occupations and sectors with labour shortages
Germany	labour market access restricted; limited number of work permits for seasonal workers and project-tied workers granted; provision of services restricted in specific sectors (e.g. construction, cleaning, etc.)
Greece	labour market access restricted
Ireland	access to labour market granted, but obligation to register for work and residence permits; work permits issued for limited time; safeguard clause applies
Italy	labour market access restricted; access granted in specific sectors and occupations with labour shortages
Luxembourg	labour market access restricted
Netherlands	labour market access restricted; in specific sectors and occupations privileged access
Portugal	labour market access restricted; regulation of entry by quotas
Spain	labour market access restricted; bilateral agreements on contingents
Sweden	access to labour market granted

¹⁴⁰ *Free Movement of Labour In the EU 27*. Euractiv, 25 November 2009, not paged, <http://www.euractiv.com/en/socialeurope/free-movement-labour-eu-27/article-129648>

the United Kingdom	access to labour market granted, but obligation to register for work and residence permits; work permits issued for limited time; safeguard clause applies
Second Phase: 1 May 2006 - 30 April 2009	
Austria	labour market access restricted; skilled workers admitted in case of favourable labour market conditions since 1 January 2008; provision of services in certain sectors restricted
Belgium	labour market access restricted; higher flexibility in granting work permits in regions and sectors with labour shortages
Denmark	as in first phase; since 1 May 2008 no work permit required for employment covered by a collective agreement
Finland	Community rules for free movement apply; registration required
France	Community rules for free movement apply since 1 July 2008
Germany	as in first phase, although no labour market test for certain engineers from 15 October 2007
Greece	Community rules for free movement apply
Ireland	as in first phase
Italy	Community rules for free movement apply since July 2006
Luxembourg	Community rules for free movement apply since 1 November 2007
Netherlands	Community rules for free movement apply since 1 May 2007
Portugal	Community rules for free movement apply
Spain	Community rules for free movement apply
Sweden	Community rules for free movement apply
the United Kingdom	as in first phase
Third Phase: 1 May 2009 - 30 April 2011	
Austria	restrictions with simplifications
Belgium	Community rules for free movement apply from 1 May 2009
Denmark	Community rules for free movement apply from 1 May 2009
Finland	Community rules for free movement apply from 1 May 2006

France	Community rules for free movement apply from 1 July 2008
Germany	restrictions with simplifications
Greece	Community rules for free movement apply from 1 May 2006
Ireland	as in first and second phase
Italy	Community rules for free movement apply from 27 July 2006
Luxembourg	Community rules for free movement apply from 1 November 2007
Netherlands	Community rules for free movement apply from 1 May 2007
Portugal	Community rules for free movement apply from 1 May 2006
Spain	Community rules for free movement apply from 1 May 2006
Sweden	Community rules for free movement apply from 1 May 2004
the United Kingdom	as in first and second phase
EU-8 Country	
the Czech Republic	no reciprocal measures
Estonia	no reciprocal measures
Latvia	no reciprocal measures
Lithuania	no reciprocal measures
Hungary	no reciprocal measures since 1 January 2009
Poland	no reciprocal measures since 17 January 2007
Slovenia	no reciprocal measures since 25 May 2006
Slovakia	no reciprocal measures

Source: Brücker, H. et al.: *c.d.*, p. 5; *Summary Table of Member States Policies*, www.ec.europa.eu/social

3. EAST-WEST MIGRATION FOLLOWING THE 2004 ENLARGEMENT

3.1. Determinants of the post-2004 East-West Migration

As we have seen in the first theoretical chapter, a wide variety of factors that appear to influence labour migration can be identified by the migration research. These determinants or factors of labour migration can emanate either from the country of origin or country of destination, and depending on whether they promote or restrain the migration of labour, they are characterized as positive *pull* or negative *push* factors. As they interact in complex ways, it is often difficult to quantify and separate them. This section turns to what the literature tells us about the determinants (push and pull factors) of labour migration, with a focus on the factors that are likely to be the most important for the potential East-West labour migration following the 2004 EU enlargement.

The studies of Bonin et al. (2008) and Fouarge and Ester (2007) found out that while the family and other social relationships together with housing and local environment conditions still constitute an important influential factor of migrant's decision making, the employment related factors, such as prospect of higher income, improved working conditions or likeliness of finding a better job are the key migration determinants in Europe, not excluding the NMS.¹⁴¹ Bonin et al. (2008) further document that language and cultural barriers play considerable role in the European context as well.¹⁴² The authors, however, do not find evidence that labour migration is primarily caused by access to

¹⁴¹ Work and income related motivations were found to be especially strong in the NMS. While 60% of the past NMS migrants reported that their decision to move was determined by job related reasons, only 40% of the EU-15 movers mentioned this factor. Moreover, four in five NMS respondents claimed that work and income related factors could encourage them to move in the future. See BONIN, Holger et al.: *Geographic Mobility in the European Union: Optimising Its Economic and Social Benefits*. Research Report No. 19, July 2008, p. 71-72, http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_19.pdf or FOUARGE, Didier – ESTER, Peter: *Determinants of Migration Intentions in Europe. Exodus or Bounded Mobility?* Institute for Labour Studies, Tilburg University, 2007, not paged, <http://www.unavarra.es/migraciones/papers/ABS%2008%2005%20Fou..pdf>

¹⁴² BONIN, H. et al.: *c.d.*, p. 86.

welfare benefits or better public services in a host country.¹⁴³ These findings then correspond with the research of De Giorgi and Pellizzari (2006), which, using the data from the European Community Household Panel, demonstrated that the generosity of the welfare state may act as a migration magnet across the EU countries, the size of these welfare magnets was, however, found to be relatively low in comparison with the wages improved factor.¹⁴⁴ Thus the welfare benefits determinant is believed to play rather minor role in the decisions of CEE workers to migrate.

Table 4: Factors Influencing Decision to Move

Factor	In % of the respective population		
	EU-15	EU-12	EU-27
Work and Income	47.9	84.7	58.7
Social Network	52.8	37.3	48.3
Housing and Local Environment	71.2	57.0	67.1
Public Facilities	17.2	18.2	17.5

Source: BONIN, H. et al.: *c.d.*, p. 71.

According to Blanchflower et al. (2007), the tendency of the individual to move and seek employment in another EU country closely correlates with per capita income, unemployment rates, and life satisfaction in the NMS.¹⁴⁵ In line with this study, dissatisfaction with lives, salaries and working conditions, and doubts about the availability of good jobs and insecurity about the current jobs in the home country proved to be one of the main reasons for Eastern Europeans to move abroad in the Blanchflower and Lawton (2008) paper.¹⁴⁶ Last but not least, the study carried out by Zaiceva and Zimmermann (2008) affirms the salary satisfaction and (un)employment variables to be closely correlated with the propensity to migrate. The authors furthermore show that

¹⁴³ BONIN, H. et al.: *c.d.*, p. 72.

¹⁴⁴ DE GIORGI, Giacomo – PELLIZZARI, Michele: *Welfare Migration in Europe and the Cost of a Harmonised Social Assistance*. Discussion Paper No. 2094, April 2006, p. 19, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=898599##

¹⁴⁵ The authors found out that the means of the life satisfaction correlate with the propensity to migrate even better than the (un)employment rates. BLANCHFLOWER, David G. et al.: *The Impact of the Recent Migration from Eastern Europe on the UK Economy*. Discussion Paper No. 2615, February 2007, p. 5-6, <ftp://repec.iza.org/RePEc/Discussionpaper/dp2615.pdf>

¹⁴⁶ See BLANCHFLOWER, David G. – LAWTON, Helen: *The Impact of the Recent Expansion of the EU on the UK Labour Market*. Discussion Paper No. 3695, September 2008, p. 8, <http://ftp.iza.org/dp3695.pdf>

linguistic and geographical distance as well as the existence of established migrant networks seem to influence the allocation of migrants across destination countries.¹⁴⁷

From the empirical evidence mentioned above and summarized in Table 4, we could thus conclude that the majority of the post-2004 enlargement East-West migration flows is expected to be economic in nature, pushed by the dissatisfactory economic conditions and opportunities in the NMS and attracted by better labour market opportunities in the EU-15 Member States. Against this background we thus sketch above all the fundamental economic factors characterizing the migration conditions in the CEE NMS. Other important determinants of the post-enlargement East-West labour migration flows such as geographical proximity and costs of migration or existence of social networks in the country of destination will be analyzed too. As the political situation is stabilized in the NMS and as the ethnic issues do not represent a sensitive issue in most of the countries studied, these traditionally important migration determinants are not included in our study.

3.1.1. Income Gap and Human Capital Endowments

Income and unemployment differentials are considered to be among the most important macro-economic variables that influence the magnitude and direction of migration from the EU newly accessed countries. Taking the theory into account, the direction of the migration flow should be from countries with low incomes and high unemployment rates to countries with high incomes and low unemployment rates. The propensity of the sending country's citizens to migrate for work is expected to decrease as incomes in both countries converge. Therefore, should the incomes in the NMS come closer to those of the 'old' Member States, the incentives for EU-8 nationals to migrate will be reduced.

¹⁴⁷ ZAICEVA, Anzelika – ZIMMERMANN, Klaus F.: *Scale, Diversity, and Determinants of Labour Migration in Europe*. Discussion Paper No. 3595, July 2008, p. 8-9, <http://ftp.iza.org/dp3595.pdf>

As some note, the 15 incumbent EU Member States formed “a club of wealthy countries with relatively homogenous income levels”.¹⁴⁸ The economic landscape of the enlarged EU has, however, changed. Table 4 shows that the absolute gap in wage levels between the EU-8 and EU-15 countries is remarkable. In the year of accession, the wage levels converted at purchasing power parity (PPP)¹⁴⁹ were for the EU-8 countries at 49% of the EU-15 average. At market exchange rates¹⁵⁰ the degree of wage convergence was even smaller, bringing the EU-8 NMS to 25% of the EU-15 average. Both measures thus suggest a large potential of labour migration flows from CEE countries to the EU-15 Member States.

Table 5: Gross Monthly Wage Levels in % of the EU-15 Wage Level, 2004

EU-8 country	In % of EU-15 wage level	
	At PPP exchange rates	At current exchange rates
the Czech Republic	52	28
Estonia	40	23
Latvia	34	17
Lithuania	35	17
Hungary	52	30
Poland	50	25
Slovenia	71	54
Slovakia	37	18
EU-8	49	25
EU-15	100	100

Source: HEINZ, F. F. – WARD-WARMEDINGER, M.: *c.d.*, p. 16.

As emphasized by Brücket et al. (2009), although the wage gap is relatively large between the EU-8 and EU-15 countries, the inequality in the distribution of earnings in the NMS is similar to the EU-15. In countries such as Slovakia, Hungary or the Czech Republic the very equal distribution of

¹⁴⁸ BRÜCKER, Herbert: *Labor Mobility after the European Union’s Eastern Enlargement: Who Wins, Who Loses?* A Report to the German Marshall Fund of the United States. IAB Nuremberg and IZA Bonn, February 2007, p. 4, http://www.gmfus.org/doc/0307_LaborMobility.pdf

¹⁴⁹ Generally, wage levels converted at PPP may serve as the most appropriate for a consideration of labour migration, as their measure accounts for differences in price levels in the sending and receiving countries. HEINZ, F. F. – WARD-WARMEDINGER, M.: *c.d.*, p. 16.

¹⁵⁰ Wage differentials at market exchange rates are considered to be more important for commuting as the commuters are likely to spend most of their income in their home country. *Ibid*, p. 16.

income is even comparable to that of Scandinavian countries.¹⁵¹ The authors point out that the modest inequality of earnings in the NMS may have two significant consequences for the future migration flows. First, the relatively equal distribution of earnings increases the monetary incentives to migrate for higher skilled individuals. Second, a lower proportion of the population is financially constrained such that the scale of migration is likely to be higher compared to other sending countries with the same average income level.¹⁵²

These findings are also supported when considering the absolute gap in per capita income levels. As shown in Table 5, GDP per capita measured in PPP for the EU-8 countries was estimated at 46% of that of the EU-15 countries in 2001. GDP per capita at current exchange rates amounted to only 22.5% of the average level in the EU-15 in the same year. This income gap between the EU and the accession candidates from CEE is markedly larger than in the past accession rounds and thus represents a new phenomenon compared with other migration episodes in Europe after the Second World War.¹⁵³ Thus, for those EU-8 states having the absolute gap in per capita income levels well above the levels of previous enlargements (Latvia, Lithuania and Poland), large labour migration potential could be suggested. On the other hand, EU-8 countries with income levels relative to the EU-15 comparable to previous enlargement rounds (Slovenia and the Czech Republic), hold smaller pool of potential labour migrants.

¹⁵¹ BRÜCKER, H. et al.: *c.d.*, p. 12.

¹⁵² *Ibid*, p. 12.

¹⁵³ For comparison, the income gap between the EU-15 and the accession countries was similar to that between the average of the EC and its later southern Members in the 1960s and early 1970s. When Greece joined the EC in 1981, its PPP-GDP level was at 65% of the then EC one, and when Spain and Portugal acceded five years later, they were at 66 and 70% of the then EC average GDP level respectively. ALVAREZ-PLATA, Patricia et al.: *Potential Migration from Central and Eastern Europe into the EU-15 – An Update*. Report for the European Commission, DG Employment and Social Affairs, 2003, p. 7.

Table 6: PPP-GDP and GDP of the Accession Candidate Countries, 2001

In % of the EU-15		
EU-8 country	GDP at PPP	GDP at current exchange rates
the Czech Republic	57.2	25.6
Estonia	42.2	18.9
Hungary	51.2	24.2
Latvia	33.1	15.0
Lithuania	37.4	15.1
Poland	39.6	21.2
Slovakia	47.8	17.6
Slovenia	68.9	43.7
EU-8	45.9	22.5
EU-15	100.0	100.0

Source: ALVAREZ-PLATA, P. et al.: *c.d.*, p. 6; based on the Eurostat and OECD 2002 estimates.

The aspect of expected growth rate of real GDP per capita is also relevant to our analysis of the East-West labour migration flows, since it reveals information about the expected development of income levels over time as well as about real convergence in the standard of living between the 'old' and 'new' Member States, and thus directly influences the decision of individuals to stay in the home country or to migrate. In accordance with the recent statistical data, the GDP and wage levels between the 'old' and 'new' EU Members have converged in the course of the EU 2004 enlargement. While the GDP per capita of the EU-8 NMS measured in PPP amounted to 43% of the EU-15 average in 2000, it achieved 52% in 2007.¹⁵⁴ Similarly positive picture emerges in regards to the convergence of the GDP per capita at current exchange rate. The initial gap measured out in 2000 declined by 10% until 2007.¹⁵⁵ Should we have a look at the development of wages, the impact of convergence is even more evident. The hourly gross wages and salaries had increased in the NMS by 8% between 2000 and 2006.¹⁵⁶

It, however, still remains a question of probably a few decades until the CEE and EU-15 economic indicators converge entirely,¹⁵⁷ and until we will be

¹⁵⁴ BRÜCKER, H. et al.: *c.d.*, p.12.

¹⁵⁵ *Ibid*, p.13.

¹⁵⁶ *Ibid*, p. 14.

¹⁵⁷ Boeri and Brücker taking into account the historical experience and differences in initial conditions across the CEE countries suggest that the convergence may occur in the 30 years or longer time span and will not be uniform across the region. BOERI, Tito – BRÜCKER, Herbert: *Eastern*

able to fully evaluate our theoretical presumptions saying that convergence of GDP and income levels mitigates the economic incentives for migration over time. The slow but certain evidence of convergence of the GDP per capita in Purchasing Power Standards (PPS) within the EU-27 can be observed from Table 6.

Table 7: Convergence of GDP per capita in PPS within the EU-27

In % of the EU-27			
	2000	2004	2008
EU-27	100.0	100.0	100.0
EU-25	105.0	104.2	103.4
EU-15	115.3	113.2	110.7
the Czech Republic	68.5	75.1	80.3
Estonia	45.0	57.4	67.4
Latvia	36.7	45.6	57.3
Lithuania	39.3	50.5	61.9
Luxembourg*	243.7	252.7	276.3
Hungary	55.3	63.4	64.4
Poland	48.3	50.6	56.4
Portugal*	78.0	74.6	76.0
Slovenia	79.8	86.4	90.9
Slovakia	50.1	57.0	72.2
EU-8	58.1	60.75	68.85

Source: Eurostat and own calculations.

*For comparison Luxembourg and Portugal, the two countries with the highest and lowest standards of living within the EU-15 respectively, were also included.

The income gap between the NMS and EU-15 countries is said to be largely caused by differences in endowments with physical and human capital. Although data on physical capital stock is scarce and its levels in the CEE countries are significantly below the EU-15 average,¹⁵⁸ it is feasible that the apparent gap in GDP and wages could be traced back to differences in human capital endowments, measured by formal indicators such as school enrolment rates and average years of schooling. In comparison with the traditional emigration countries, the CEE states have the human capital endowment only

Enlargement and EU-Labour Markets: Perceptions, Challenges and Opportunities. World Economics, 2, 2001, No. 1, p. 5, http://www.eabcn.org/research/documents/boeri_brucker.pdf

¹⁵⁸ See BRÜCKER, H. et al.: *c.d.*, p. 16 or BOERI, Tito – BRÜCKER, Herbert et al.: *The Impact of Eastern Enlargement on Employment and Labour Markets in the EU Member States*. Final Report. European Integration Consortium, 2000, not page, http://www.arge28.at/docs/pdf/Deutschland/ALLE_ImpactEastEnlargement-2000_english.pdf

slightly below that of the EU-15, particularly the school enrolment rates catch-up with EU-15 average levels.¹⁵⁹ The observable gap reflects large differences in university education¹⁶⁰ that are, however, expected to disappear over time. As Brücker et al. emphasize, the NMS, nevertheless, possess rich endowments with human capital compared to other countries with a similar income levels,¹⁶¹ which may have two consequences relevant to our study. First, the rich human capital endowment may accelerate the convergence of per capita income levels resulting in people's reduced willingness to seek jobs abroad. Second, rich human capital endowment may result in migration of relatively well-educated individuals.

3.1.2. Unemployment

The supply of and demand for migrant workers are generally perceived to be significant determinants of labour migration. While the high unemployment rate in the sending country can serve as an important push factor, the high level of unemployment in the receiving country can have a strong deterring effect on the work-seeking migrants.

While the transition process resulted in high unemployment rates throughout the CEE region,¹⁶² a decade later the picture is more scattered. In the year of accession, the unemployment rates in some of the EU-8 states (Hungary, Slovenia and the Czech Republic) already resembled those of the 'old' Members. In contrast, the levels of unemployment in Lithuania, Slovakia and particularly in Poland transcended the EU-15 average unemployment levels by about four, ten and twelve percentage points respectively. The higher potential migrant flows from the three countries with average unemployment significantly higher than in the EU-15 can thus be suggested. As presented in Table 7, the average level of unemployment in the NMS was not only above the EU-15 average in 2004, but also above that in Germany and Austria, the two countries most likely being affected by the potential

¹⁵⁹ BRÜCKER, H. et al.: *c.d.*, p. 16-17.

¹⁶⁰ *Ibid*, p. 17.

¹⁶¹ *Ibid*, p. 17.

¹⁶² See BRUDER, J.: *c.d.*, p. 4.

labour influx from the NMS. As concerns the three countries that opened their labour markets to the nationals of the newly accessed states from 1 May 2004, the level of unemployment in Ireland and the UK was among the lowest in the EU-15, and that of Sweden was around the EU average. Germany and Austria due to their geographical proximity and Ireland, the UK and Sweden due to their liberal migration policies can thus be considered from the labour market point of view as the countries most likely attracting the potential labour migrants from the NMS. The apparent convergence of the labour market conditions between the NMS and the EU-15 Member States in 2008 then suggests slow down in the prospective East-West migration flows or even tendency to return migration.¹⁶³

Table 8: Yearly Average Unemployment Rates in the EU

EU-15 country	2000	2004	2008
Belgium	6.9	8.4	7.0
Denmark	4.3	5.5	3.3
Germany	7.5	9.8	7.3
Ireland	4.3	4.6	6.0
Greece	11.2	10.5	7.7
Spain	11.1	10.6	11.3
France	9.0	9.3	7.8
Italy	10.1	8.0	6.7
Luxembourg	2.2	5.0	4.9
Netherlands	2.8	4.6	2.8
Austria	3.6	4.9	3.8
Portugal	4.0	6.7	7.7
Finland	9.8	8.8	6.4
Sweden	5.6	7.7	6.2
the United Kingdom	5.4	4.7	5.6
EU-8 country			
the Czech Republic	8.7	8.3	4.4
Estonia	12.8	9.7	5.5
Latvia	13.7	10.4	7.5
Lithuania	16.4	11.4	5.8
Hungary	6.4	6.1	7.8
Poland	16.1	19.0	7.1
Slovenia	6.7	6.3	4.4

¹⁶³ Please note that the influence of the recent global economic crisis resulting in sharp rise in unemployment in the EU since March 2008 (for more details see HIJMAN, Remko: *Sharp Increase in Unemployment in the EU*. Statistics in Focus 53/2009, www.epp.eurostat.ec.europa.eu) and potentially influencing the East-West labour migration flows is not the subject of this study.

Slovakia	18.8	18.2	9.5
EU-15 average	6.25	7.27	6.3
EU-8 average	12.45	11.17	6.5

Source: Eurostat and own calculations.

Since the economics literature also suggests that the most mobile and thus most inclined towards migration is the young population, we summarize the unemployment rates of the young people (under the age of 25) from the NMS in Table 8. The data show considerably higher rates of unemployment among the young people relative to the country's and region's average ranging from 15.5% in Hungary up to 39.6% in Poland in the year of accession. Also the conclusion of the previous paragraph that potential labour migrant flows may be particularly higher from Slovakia and Poland, and to lesser extend from Lithuania are supported.

Table 9: Unemployment Rates by Age Group (Less than 25 Years)

EU-8 country	2000	2004	2008
the Czech Republic	17.8	21.0	9.9
Estonia	23.9	21.7	12.0
Latvia	21.4	18.1	13.1
Lithuania	30.6	22.7	13.4
Hungary	12.4	15.5	19.9
Poland	35.1	39.6	17.3
Slovenia	16.3	16.1	10.4
Slovakia	36.9	33.1	19.0
EU-8 average	24.3	23.5	14.4

Source: Eurostat and own calculations.

3.1.3. Network Effect and Costs of Migration

The OECD study recognizes that relative income discrepancies between the origin and host countries need not necessarily correspond with actual migration movements, as those are also influenced by immigration policy of the country concerned as well as by other factors impacting the expected economic as well as non-economic costs and benefits of moving.¹⁶⁴ The

¹⁶⁴ See COPPEL, Jonathan – DUMONT, Jean C. and Ignazio VISCO: *Trends in Immigration and Economic Consequences*. Working Papers, No. 284, 2001, p. 13, <http://puck.sourceoecd.org/vl=996147/cl=28/nw=1/rpsv/cgibin/wppdf?file=5lgsjhvj81lt.pdf>

persuasion that the economic and non-economic factors are likewise important is further supported by the results of the questionnaire carried out by Drinkwater (2002), which suggested that the willingness of the Central Europeans to move geographically is not significantly higher than that of the Western Europeans, as the costs of migration including non-financial costs may not seldom exceed gains stemming from potential higher income levels.¹⁶⁵ Both the financial and non-financial costs of migration can be partially muted by the existence of migrant networks in the destination country, which can help the newcomers to overcome the psychological stress associated with moving to another country, language and cultural differences as well as actual costs connected with finding work or accommodation. The possibility of measuring the social network effect was then offered by the International Organization for Migration study (1998) revealing that between 70 and 85% of Czech and Polish respondents are motivated to migrate based on the other people's experience in the host country. In the other countries included in the research, at least one third of the respondents decides whether to migrate or not based on the positive experience transmitted through social networks.¹⁶⁶

The conclusions derived from the data in Table 9, however, suggest that the exigent concentration of CEE nationals in EU 'old' Member States that could lead to network effects exist only in a few cases. A larger share of the immigration from the NMS could be expected in Austria and Germany due to their already existing relatively high populations of CEE nationals. Germany has by far the largest community of CEE citizens among all the EU-15 countries despite the non-availability of data for some of the EU-8 countries. Poland is again expected to be the most likely key source of migrants, since it is the most populated NMS country and since the highest number of its citizens already lived in the EU-15 countries prior to the enlargement. As much smaller share of the CEE citizens resided in Ireland and Sweden prior to

¹⁶⁵ DRINKWATER, Stephen: *Go West? Assessing the Willingness to Move from Central and Eastern European Countries*. Discussion Paper. University of Surrey, May 2003, p. 23-24, http://www.econ.surrey.ac.uk/discussion_papers/2003/DP05-03.pdf

¹⁶⁶ KRIEGER, Hubert et al.: *Migration Trends in an Enlarged Europe*. European Foundation for the Improvement of Living and Working Conditions, 2004, p. 37, <http://www.eurofound.europa.eu/pubdocs/2003/109/en/1/ef03109en.pdf>

the EU enlargement, limited possibility of established social networks and thus limited attraction of the CEE nationals is suggested. As no data are available for the UK, no suggestions could be drawn in regards to expected social networks effect on potential post-2004 migration flows.

Table 10: Stock of CEE Nationals in the EU-15 Member States, 2001

	Czech R.	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia	Slovenia	EU-8
Belgium	618	83	1,318	147	141	8,306	503	209	11,325
the UK	-	-	-	-	-	-	-	-	-
Denmark	225	458	391	742	1,221	5,548	127	51	8,763
Germany	35,122	-	36,274	-	-	179,167	-	-	250,563
Ireland	1,103	463	409	1,797	2,104	2,124	297	45	8,342
Greece	677	54	538	37	121	12,831	332	54	14,644
Spain	1,571	203	956	449	4,291	16,348	1,173	154	25,145
France	1,711	270	2,98	270	549	33,925	1,106	743	41,554
Italy	3,579	247	3,186	401	366	27,22	2,064	3,045	40,108
Luxemb.	97	19	143	8	14	666	74	58	1,079
the Neth.	1,056	121	1,538	173	346	5,942	719	165	1,006
Austria	7,313	54	12,729	152	208	21,841	7,739	6,893	56,929
Portugal	76	164	149	58	128	219	20	26	840
Finland	125	10,839	654	227	204	694	51	10	12,804
Sweden	433	1,554	2,988	694	574	16,667	349	625	23,884

Source: Eurostat and own calculations.

3.1.4. Geographic Proximity

Geographic proximity is another important pull factor for migration. Countries closer to the home country are most likely to be preferable targets for migration,¹⁶⁷ as the costs of migration can be visibly lowered. The data available in Table 9 support the fact that geography still has a major impact on the distribution of migrants from the NMS across the EU. According to our calculations, 62% of the CEE citizens who reported to reside in one of the EU-15 countries in 2001 lived in either Germany or Austria, the two countries neighboring and at the same time having the longest border with the CEE countries. Information on immigration intentions of the nationals of the four largest EU-8 countries (Poland, Hungary, the Czech Republic and Slovakia) confirm that more than one third of the respondents would choose Germany

¹⁶⁷ DOYLE, N. – HUGHES, G. and E. WADENSJÖ: *c.d.*, p. 29.

as their preferable destination and about one quarter stated Austria as their prime destination.¹⁶⁸ The willingness of the people interviewed to move to other EU countries was much lower.

While the role of migration costs, particularly the costs of distance, are traditionally highlighted by the migration theories, the role of geographical distance and its influence on the individual's decision to migrate tend to decline in the European context for two reasons. First, as stated by the European commission and documented by Fassmann and Münz,¹⁶⁹ in case of the CEE countries, most labour migration is thought to be non-permanent, for periods of a few months to several years only, during which people maintain the links with their home country.¹⁷⁰ Second, the role of geographical distance for migration and its costs tends to decline with the emergence of low-cost airlines.¹⁷¹ Thus while the past migration patterns within the EU have been largely determined by geographical proximity, the existence of low-budget air transport broadens migrants' possibilities and increases their likeliness to opt for destinations by other criteria such as labour market conditions, language or climate.¹⁷²

¹⁶⁸ FASSMANN, Heinz – MÜNZ, Rainer: *EU Enlargement and Future East-West Migration*, p. 70-71. In: LACZKO, Frank (ed.): *New Challenges for Migration Policy in Central and Eastern Europe*. Geneva 2002.

¹⁶⁹ According to the Fassmann et al. survey, the Central and East Europeans prefer short- and medium-term labour migration to the permanent one. Two-thirds of interviewed potential migrants declared that they do not intend to leave their home country for good. About 65% of the respondents who said to be willing to migrate said that they would not like to stay abroad for longer than five years. See FASSMANN, H. – MÜNZ, R.: *c.d.*, p. 71-72.

¹⁷⁰ *The European Commission on Factors Influencing Labor Migration*. Population and Development Review, 27, 2001, No. 2, p. 393, <http://www.jstor.org/pss/2695232>

¹⁷¹ For more details see BRÜCKER et al.: *c.d.*, p. 17-18.

¹⁷² *Ibid*, p. 18.

3.2. Past Experience with Migration Flows

Before proceeding to the actual estimates of the possible East-West labour migration flows following the 2004 EU enlargement, it may be instructive to consider the lessons from the previous enlargement rounds that were similarly accompanied by fears of massive uncontrolled migration flows.

The first example often being mentioned in relation to the 2004 enlargement is the case of unification of Germany. The German unification, however, represents a unique case in history of the EU integration. The absence of cultural or linguistic barriers and the existence of historical and family links paved the way for an immediate application of freedom of movement on both national and EC level thus making the migration more likely than from the NMS studied.¹⁷³ The primary motivation for the comparison of the past migration flows following the German unification and the possible post-2004 migration flows from CEE to the EU-15 countries is the high income differential apparent in both cases as well as the equivalent experience of a region with communist past embarking on the path of market economy.¹⁷⁴

As documented by Burda (2006), the influx of migrant workers from East to West Germany was significant in the wake of the unification, in particular in the first two years immediately following the German unification when more than a million people moved from East to West Germany.¹⁷⁵ The migration rate significantly declined in the early 1990s to rise again in 1995 as a result of the increasing unemployment rates and declining economic growth in the region. With the turn of the millennium, the numbers, however, stabilized at an average rate of about 18,000 people migrating annually from the East to the West part of Germany between 2000 and 2004.¹⁷⁶ Transferred to the language of percentage points, around 7.3% of the source population

¹⁷³ *The Free Movement of Workers in the Context of Enlargement*, p. 14.

¹⁷⁴ SINN, Hans-Werner: *EU Enlargement, Migration, and Lessons from German Unification*. German Economic Review, 1, 2000, No. 3, p. 309, <http://www.cesifo-group.de/portal/page/portal/ifoContent/N/rtts/rtts-mitarbeiter/IFOMITARBSINNCV/CVSinnPDF>

¹⁷⁵ BURDA, Michael C.: *What Kind of Shock Was It? Regional Integration and Structural Change in Germany after Unification*. SFB 649 Discussion Paper 2006-087, 13 December 2006, p. 6,

<http://sfb649.wiwi.hu-berlin.de/papers/pdf/SFB649DP2006-087.pdf>

¹⁷⁶ *Ibid*, p. 17.

migrated to West Germany in 10 years following the opening of the border and 2.8% of the East German population moved to the western part during the first six months.

Since the episode of the German unification included number of unique factors that cannot be easily applied to the context of the EU enlargement to CEE,¹⁷⁷ the most relevant reference models for the purpose of our study are the accessions of Greece, Spain and Portugal in 1980s. As noted by the Commission, concerns equally expressed during the 2004 enlargement such as income differentials, high unemployment, geographical proximity or high propensity to migrate were also articulated in relation to expected labour migration from the future Southern members.¹⁷⁸ Furthermore, long tradition of emigration of Spanish and Portuguese nationals towards Western Europe raised expectations of 'cheap' labour flooding the 'old' Member States' labour markets.¹⁷⁹ As a result, similarly to the CEE candidate states, restrictions on labour mobility were imposed for up to seven years. Comparison between the Southern and 2004 accession countries is given in Table 10.

Nevertheless, the evidence of labour migration flows following the accession of Greece, Spain and Portugal suggest that the increase in labour market mobility in the wake of the so called Southern enlargement was limited. Dustmann et al. (2003) found out, despite the problematic availability of relevant data on changes in stock of migrants from Greece, Spain and Portugal, that between 1987 and 1997 around 10,000 Greek citizens migrated to the other EU states each year thus making the total increase of 102,000 of the Greeks in the remaining EC countries in 10 years. In regards to Spain, the stock of its migrants even decreased during the transition period. While about 495,000 Spanish nationals resided in the EC at the time of Spanish accession, five years later, the number of Spanish citizens living in the other EC countries was by 21,000 lower. This descending tendency continued until 1997, the last year for which figures are available, when only 470,000 Spanish citizens were reported to reside in another EU Member State. The stock of Portuguese

¹⁷⁷ For further details see DELISLE, P.: *c.d.*, p.38.

¹⁷⁸ *The Free Movement of Workers in the Context of Enlargement*, p. 15.

¹⁷⁹ DELISLE, P.: *c.d.*, p.39.

citizens residing in the EC/EU developed from 825,000 in 1986, through 855,000 in 1991 to 910,000 in 1997 with the annual average of around 7,700 migrants.¹⁸⁰ To sum up, the emigration from Greece, Spain and Portugal equaled to about 79,000 migrants by the end of their regulated transition period, which was much less than the predicted 1.5 to 1.6 million.¹⁸¹

Findings of this study illustrate that the fears of floods of migrants from the countries that joined the EC in 1981 and 1986 respectively did not materialize and that one should be careful when making predictions about the future migration flows based on differences in economic variables. Furthermore, Dustman et al. (2003) speculate that most probably the labour migration flows would not have been higher even in the absence of the transition periods for the free movement of workers.¹⁸²

Despite the fact that the accession of the three Southern countries is often taken as the most comparable to the 2004 EU enlargement, the important differences have to be taken into account in order not to misinterpret the Iberian experience. First of all, while the emigration had been effectively prevented during the times of communism in CEE, both Spanish and Portuguese dictatorships allowed their citizens to move abroad in the 1960s. As Sinn (2000) points out, around 5.5% of the Spanish and Portuguese nationals fled from their home countries and sought protection in the EC between 1960 and 1974. At the time the two Southern countries applied for their membership in 1977, much of the migration potential may already had been exhausted and once Spain and Portugal entered the Community, many migrants actually took the opportunity to return.¹⁸³ On the contrary, the migration pressure has not yet been eased in the CEE countries, thus the large scale East-West migration following the 2004 enlargement can not be ousted.

¹⁸⁰ DUSTMANN, Christian et al.: *The Impact of EU Enlargement on Migration Flows*. Online Report No. 25, 2003, p. 44, <http://www.homeoffice.gov.uk/rds/pdfs2/rdsolr2503.pdf>

¹⁸¹ See HEINZ, F. F. – WARD-WARMEDINGER, M.: *c.d.*, p. 9.

¹⁸² DUSTMAN, C. et al.: *The Impact of EU Enlargement on Migration Flows*, p. 46.

¹⁸³ SINN, Hans-Werner: *EU Enlargement and the Future of the Welfare State*. Working Paper No. 307, June 2000, p. 5-6, http://www.cesifo-group.de/pls/guestci/download/CESifo%20Working%20Papers%202000/CESifo%20Working%20Papers%20June%202000/cesifo_wp307.pdf

Second, as we have already mentioned, the income gap was much smaller in case of the accession of the Southern countries than in case of the 2004 enlargement and neither Greece nor Spain or Portugal share a long border with another Member State. The small difference in real wages thus never provided a major incentive to travel long distances and the Pyrenees rather served as a major obstacle to cross-border movements as well.¹⁸⁴ In regard to the 1960s South-North migration it is also important to note that the labour markets of the main receiving countries (Germany, Belgium and France) were characterized by full employment and shortages of manual workers.¹⁸⁵ Today, the unemployment rates in both NMS and 'old' Member States are about at the same levels.

Table 11: Comparison between the Southern and 2004 Enlargement (Population, GDP and PPP GDP per capita)

Southern accession countries		2004 accession countries		
	1981	1986	2000	
Population as a percentage of EC-9	20.57	20.87	19.90	Population as a percentage of EU-15
Total GDP as a percentage of EC-9	10.19	9.69	4.17	Total GDP as a percentage of EU-15
PPP GDP per capita as a percentage of EC-9 average	64.89	61.45	45.43	PPP GDP per capita as a percentage of EU-15 average

Source: DUSTAMN, C. et al.: *The Impact of EU Enlargement on Migration Flows*, p. 41.

¹⁸⁴ GOEDINGS, Simone: *EU Enlargement to the East and Labour Migration to the West*. Research Paper No. 36, 1999, p. 16, <http://www.iisg.nl/publications/respap36.pdf>

¹⁸⁵ ALVAREZ-PLATA, P. et al.: *c.d.*, p. 11.

3.3. Estimates of the post-2004 Enlargement East-West Migration Flows

Since 1990, number of studies has tried to forecast potential migration flows associated with the future enlargement of the EU to Central and Eastern Europe. Taking into an account the unprecedented differences in economic variables between the CEE countries and the incumbent EU Members, the uncertainty on the possible future migration flows has always been large. Starting with the seminal contribution of Layard et al. (1992), numerous studies have attempted to reduce this uncertainty. It is, however, extremely difficult to compare the outcomes of these studies, as they vary in the methodology used as well as in the range of variables included into the model. Furthermore, since it was unsecure until 2002 which countries will form the most advanced accession group and will enter the Community first, the literature does not always consider the sample of countries discussed in our paper, and is most likely to focus on the whole group of 12 accession countries. In spite of this heterogeneity, the majority of the empirical literature has, nevertheless, come to the conclusion that between 3 and 5% of the population of the CEE countries will move westwards in the long run, which would represent an annual influx of between 200,000 and 300,000 persons and constitute about 1% of the current EU-15 population. In order to provide an overview of the existing studies on the East-West migration potential, three approaches can be distinguished: representative surveys, extrapolations of the South-North migration to the East-West migration flows, and estimates based on econometric studies.

3.3.1. Representative Surveys

Number of studies on estimation of the potential migration flows from the CEE countries to the EU 'old' Member States base their forecasts on population surveys of migration intentions of the NMS nationals.¹⁸⁶ The results

¹⁸⁶ Representative surveys are used to predict the potential post-2004 enlargement East-West migration flows for example by FASSMANN, Heinz – HINTERMANN, Christiane: *Migrationspotential*

of such surveys, however, vary widely. Depending on the questionnaires used and the interpretation of the answers, the predictions of individuals intending to migrate range from 2 to 30% of the sending country population.¹⁸⁷ This variability and difficulty to draw any quantitative conclusions can be explained by three basic problems the opinion polls face. First, representative surveys of the population examine the supply side only. In other words, they provide information on the propensity of individuals to migrate but ignore the crucial factors on the demand side such as the capacity of the labour markets in the receiving country to absorb the migrant workers. Second, it is difficult to assess whether the respondents who indicated in the survey their intention to migrate really have serious intention to move and materialize it in practice.¹⁸⁸ Third, the opinion surveys lack the ability to properly capture the temporary migration, the most common phenomenon in the European context.¹⁸⁹ On the other side, they can provide valuable information in regards to human capital characteristics of potential migrants, their intentions concerning the preferable destination country, length of their stay or motivations.

In comparison with the other surveys that focus only on a limited number of countries, Krieger et al. (2003) based their study on the Eurobarometer Labour Mobility Survey covering all the accession countries and divided the countries studied into six groups.¹⁹⁰ The authors predict the possible increase in migration stock in the 'old' EU member States within the five years and use various estimated migration rates in the country of origin as a percentage of

Ostmitteleuropa: Struktur und Motivation Potentieller Migranten aus Polen, der Slowakei, Tschechien und Ungarn. Vienna 1997; WALLACE, Claire: *Migration Potential in Central and Eastern Europe.* IOM Technical Cooperation Centre for Europe and Central Asia, 1998, http://iom.ramdisk.net/iom/images/uploads/IOM%20TCC%20Rep_1071067863.pdf; KRIEGER, Hubert et al.: *Migration Trends in an Enlarged Europe.* European Foundation for the Improvement of Living and Working Conditions, 2004, <http://www.eurofound.europa.eu/pubdocs/2003/109/en/1/ef03109en.pdf>

¹⁸⁷ BRÜCKER, H. – SILIVERSTOVVS, B.: *c.d.*, p. 36.

¹⁸⁸ The rather weak correlation between the individuals' migration intentions and their actual movement can be illustrated on the example of the German Socio-Economic Panel survey, which found out in 1991 that more than 10% of the East German population intended to move to Western Germany. Five years later, it was revealed that only 5% of those who previously expressed their intention to move had actually migrated. See BRÜCKER, H. – SILIVERSTOVVS, B.: *c.d.*, p. 36-37.

¹⁸⁹ For methodological problems affecting the representative surveys see ALVAREZ-PLATA, P. et al.: *c.d.*, p. 10, BRÜCKER, H. et al.: *c.d.*, p. 34 or BRÜCKER, H. – SILIVERSTOVVS, B.: *c.d.*, p. 36.

¹⁹⁰ Krieger et al. used the following country groupings: Bulgaria and Romania; Cyprus, Malta and Slovenia; Hungary, the Czech Republic and Slovakia; and Estonia, Latvia and Lithuania. KRIEGER, H. et al.: *c.d.*, p. 11.

the population who are 15 years and older as a key dependent variable. They focus solely on the intention of the accession and candidate countries' nationals to migrate into the EU and measure the individuals' intention to migrate into the EU within the context of other alternatives of regional mobility. The results of this study reveal that the fears of a sizable labour migrants influx accompanying the 2004 enlargement should not materialize and that a similar volume experienced following the Southern enlargement in the 1980s is most likely to be expected.¹⁹¹ The study predicts an increase of about 1.1 million Eastern Europeans in the 'old' Member States between 2001 and 2006, which corresponds with a wide migration potential towards the EU-15 of between 1.8 and 3.7% and a narrow potential of around 1.2% of the total NMS population.¹⁹² While the general inclination to migrate was reported to be the highest in Poland (3.7%), Hungary, the Czech Republic and Slovenia proved to have the general inclination to migrate lower by about 1.5%.¹⁹³ The study by Krieger et al., however, does not forecast the intended target country or the intended duration of stay of the potential migrants, nor does it provide any indicators on return migration. Furthermore, all predictions are based on the assumption of free movement of persons, which is currently limited by the Accession Treaty. It is also important to note that the countries studied do not fully correspond with the EU-8 sample that is subject to our research.

The findings of the Krieger et al. study correspond closely with the results of the comparative study of the migration potential of the CEE countries carried out by the International Organization for Migration in 1998.¹⁹⁴ The conclusions of the IOM study also confirmed that the migration potential is in the CEE states much lower than the imminent numbers raising panic in the West.¹⁹⁵ The study revealed that the most likely potential for the East-West migration lies between 1 and 2% of the population of the sending countries and that the most expected pattern of migration for countries such as the

¹⁹¹ KRIEGER, H. et al.: *c.d.*, p. 18.

¹⁹² *Ibid*, p. 18.

¹⁹³ *Ibid*, p. 15.

¹⁹⁴ The study covered 11 CEE countries: Poland, Hungary, the Czech Republic, Slovenia, Slovakia, Ukraine, Belarus, Romania, Bulgaria, Croatia and the then Federal Republic of Yugoslavia. WALLACE, C.: *c.d.*, p. 13.

¹⁹⁵ WALLACE, C.: *c.d.*, p. 12.

Czech Republic, Slovakia, Hungary and Poland is the short-term migration of workers in order to improve households' earnings.¹⁹⁶ As the respondents stated better living conditions and higher wages as the two most important factors influencing their decision to move, the study noted that the migration potential from CEE is most probably going to decline in relation to the improvement of living standards in the NMS.¹⁹⁷ The responses of the individuals interviewed in regards to the targeted country showed that Germany and Austria are among the most popular destinations of potential CEE labour migrants.¹⁹⁸ Concerning the most likely migrant supply country, respondents in Slovakia and the Czech Republic surprisingly expressed the highest willingness to migrate, followed by Poland. The least willing to move proved to be citizens of Slovenia.¹⁹⁹

Another careful estimation of the actual migration potential stemming from CEE is offered by the systematic comparative survey carried out by Fassmann and Hintermann (1997) in the four Visegrad countries (Poland, Hungary, Slovakia and the Czech Republic).²⁰⁰ The authors distinguish between the *general migration potential*, that is those who express general willingness to migrate, *probable migration potential*, that is those who had obtained some information about the country of destination, and *real migration potential*, that is those who had already attempted to get an official entry and work permits to the targeted country. A wide variation between the three groups was recorded with general migration potential being as high as 30% of the sending countries' total population, probable migration potential going down to 6-18%, and the real migration potential being as low as 1-2%. The study also finds that mostly young, well-educated males are most likely to migrate and that the host country is most likely to be either Germany or Austria, which are the results consistent with other studies. The fact that the study does not distinguish between temporary and permanent labour migration, however, seems to be its most problematic limitation.

¹⁹⁶ WALLACE, C.: *c.d.*, p. 32.

¹⁹⁷ *Ibid*, p. 32.

¹⁹⁸ *Ibid*, p. 25.

¹⁹⁹ *Ibid*, p. 21-22.

²⁰⁰ FASSMANN, H. – HINTERMANN, C.: *c.d.*, not paged.

3.3.2. Extrapolations of the South-North Migration

Another method of estimating the migration potential from the CEE is through the extrapolation of the number of South-North migrants in the 1960s and 1970s or the migration flows from Mexico to the United States in the 1970s and 1980s to the current East-West migration.²⁰¹ The extrapolation of the South-North to the East-West migration builds on the hypothesis that the economic and institutional conditions of the 'guestworker' movements in the 1960s and 1970s resemble the current migration conditions,²⁰² and predicts that around 3% of the population of the NMS will migrate to the EU-15 within 15 years.²⁰³

However, as it has already been partly revealed, there are also important differences between the current enlargement and the previous episodes, which again pose fair limitations on the validity of the extrapolation studies. First, the current gap between the EU-8 and EU-15 in the GDP per capita at current exchange rates is significantly higher than that between the Southern and Northern European countries in 1960s. Second, the migration institutional and legal framework during the 'guestworker' recruitment period differed from the legal framework for the free movement of labour applied to the NMS. Third, the labour market conditions in the receiving countries are less favourable today than they were in 1960s. And fourth, the transport and communication costs were much higher in the 1960s compared to today.²⁰⁴

The pioneer study attempting to quantify the future East-West migration flows in Europe by Layard et al. (1992) used the migration flows from the Southern European countries to the other EC states and North America in the 1950s and 1960s as well as the migration of Mexicans to the United States in the 1970s and 1980s as a point of reference. According to the authors, these past migration movements provide a minimum estimate of the number of

²⁰¹ LAYARD, R. et al.: *East-West Migration: The Alternatives*. Helsinki, 1992; BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*.

²⁰² BRÜCKER, H. et al.: *c.d.*, p.35. As we have mentioned above, the income gap between the Southern and Northern European countries in the 1960s was similar to the income gap between the CEE countries and the EU-15 at the time of accession.

²⁰³ LAYARD, R.: *c.d.*, p. 24. The result is very similar to the estimates of the *actual migration potential* based on the population surveys of migration intentions.

²⁰⁴ BRÜCKER, H. et al.: *c.d.*, p.35.

people in CEE who would intend to migrate to the 'old' EU Member States. They come to the conclusion that around 3% of the 1995 CEE population will move to Western Europe within the next 15 years.²⁰⁵ This would correspond to the influx of about 3 million migrants or about 0.81% of the total 1995 EU population. In other words, the EU could expect that around 200,000 CEE nationals or 0.005% of the 1995 EU population.²⁰⁶ Taking into an account the yearly immigration to Germany of about 1% of its total population in the 1982-1992 decade, this number seems to be negligible.²⁰⁷

Bauer and Zimmermann (1999) based their estimation of the East-West post-EU enlargement migration flows on the experience of the accession of Greece, Spain and Portugal. In the second step, they used the emigration rate of the three countries as the dependent variable, and relative unemployment rate and relative GDP per capita as the explanatory variable. The authors predict that in the long-run, around 2-3% of the CEE population will migrate to EU-15 and that the key migrant supply country among the EU-8 group will most probably be Poland. The lowest emigration rates are then to be expected from Slovenia.²⁰⁸ The results of the study also revealed that with the exception of the Czech Republic and Slovenia, the simulated emigration rates are significantly higher in a scenario of free labour mobility.²⁰⁹ Bauer and Zimmermann also came to a conclusion that the East-West migration will most likely affect Germany and Austria due to existing migration networks. The East-West migration flows will, however, be primarily temporary.²¹⁰

3.3.3. Econometric Models

The majority of the forecasts of the East-West migration flows following the EU enlargement are based on the econometric estimates deriving from the traditional Harris and Todaro model (1970). These estimates use variables

²⁰⁵ LAYARD, R. et al.: *c.d.*, p. 24.

²⁰⁶ These figures refer to the *gross* inflows, implying that the *net* migration will be substantially lower. See *Ibid*, p. 25.

²⁰⁷ BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*, p. 33.

²⁰⁸ *Ibid*, p. 45.

²⁰⁹ *Ibid*, p. 45.

²¹⁰ BAUER, T. K. – ZIMMERMANN, K. F.: *Assessment of Possible Migration Pressure*, p. 47.

such as differences in per capita incomes and unemployment rates in the respective locations in order to explain the future migration flows. Institutional variables, particularly legal immigration barriers, are also often included in the models to capture distinct institutional conditions for migration. While most of the macro migration studies employ similar set of explanatory variables, the estimates of the parameters, and thus of migration potentials vary considerably.²¹¹ The results of the major studies are shown in Table 11.

Apart from the different data source, one can identify two main aspects that distinguish the approaches of individual econometric studies. The first difference concerns the choice of the dependent variable. The majority of the studies sticks to the standard approach and employs migration flow as the dependent variable. Such studies then expect the migration to continue until the income levels of the respective countries converge to a level, where the costs of migration exceed its benefits. When the stock of migration is taken as the dependent variable, it is on the other hand assumed that the net migration will come to an end even if large differences in wages persist.²¹² The second important difference distinguishing the econometric studies refers to the estimation method. Although there is no doubt that the country-specific factors such as culture, language, history or geographical location affect the people's propensity to migrate, only a small number of studies actually considers the heterogeneity among countries. The quantitative results of the studies applying the pooled OLS estimators,²¹³ which do not take the heterogeneity of the countries into account, and the studies that employ the fixed effects model²¹⁴ assuming that the intercept differs across countries, while the slope parameters are homogenous, differ considerably.²¹⁵

²¹¹ BRÜCKER, H. – SILVERSTOVŠ, B.: *c.d.*, p. 37.

²¹² The Southern enlargement serves as an example here. As we have already discussed before, the introduction of free movement of people has not provoked any dramatic increase in the migration stocks despite the existing sharp income differences between the European South and North. As we have also mentioned, this phenomenon has been explained by the fact that the migration stocks had achieved its equilibrium level at the time of the introduction of the free movement.

²¹³ For example SINN, Hans-Werner: *EU Enlargement and the Future of the Welfare State*.

²¹⁴ ALVAREZ-PLATA et al.: *c.d.*; BOERI, Tito – BRÜCKER, Herbert et al.: *The Impact of Eastern Enlargement on Employment and Labour Markets in the EU Member States*; BRÜCKER, Herbert: *The Impact of Eastern Enlargement on EU-Labour Markets*. German Institute for Economic Research, Berlin 2001, <http://www.cepii.fr/anglaisgraph/communications/pdf/2001/ffa15160101/brucker.pdf>; FERTIG, Michael: *The Economic Impact of EU-Enlargement: Assessing the Migration Potential*.

Since the studies vary not only in the different data source and methodological foundations, but also in the sending and receiving countries included, it might be difficult to compare the findings. Based on the fact that around 60% of the NMS migrants resided in Germany prior to the enlargement and therefore that the largest post-enlargement migration flows were expected to affect this western neighbor of some of the NMS, high proportion of the studies turns to the estimates of the immigrants influx for Germany. The estimates for the whole EU-15 as a destination that interest us at this point the most are, however, also available.

Based on a flow model of migration and holding the assumption of structural invariance across time and space as well as different assumptions regarding the development of the economic variables, Fertig (2000) predicts a moderate increase of immigration to Germany, especially for the first round accession candidates, refuting the large concerns expressed in the media. Fertig's estimates of potential migration flows from the CEE countries to Germany are at between 32,000 and 73,000 people per annum between 1996 and 2015.²¹⁶ Such predictions resemble the experience of the EU Southern enlargement in the 1980s. The econometric study by Fertig considers the fixed effects model and uses the theoretical framework which states that a long-run equilibrium relation between the migration flows and the explanatory variables exist.

Building on the approach of Fertig (2000), the detailed study of the European Integration Consortium²¹⁷ confirms the results of other research that the fears that the enlarged EU will be swamped by immigrants from the CEE countries are most likely ill-founded. The study suggests only a limited overall impact of the 2004 enlargement to CEE on the EU-15 labour markets and predicts that the labour migration will be concentrated only in a few Member States. The authors considered the fixed effects estimator and for the projection of the migration potential employed the two-stage procedure. In

Empirical Economics, 2001, No. 26, p. 707-20,

<http://www.springerlink.com/content/mdwnue7fdu067gg0/fulltext.pdf>

²¹⁵ For more details on the model specifications see BRÜCKER, H. – SILIVERSTOV, B.: *c.d.*, p. 38-41.

²¹⁶ FERTIG, M.: *c.d.*, p. 718-19.

²¹⁷ BOERI, T. – BRÜCKER, H. et al.: *c.d.*.

other words, they first estimated the migration potential for Germany and thereafter extrapolated the estimates gained to the EU-15 level under assumption that all EU Member States will open their labour markets at the same time and that the regional distribution of migrants remains constant over time. Boeri, Brücker et al. (2000) came to a conclusion that the number of the CEE residents in Germany will increase by about 220,000 immediately after the enlargement and that the peak is expected to be reached 30 years later with a share of 3.5% of the NMS citizens of the total German population.²¹⁸ The extrapolations for the EU-15 then show an initial immigration of about 335,000 people from the CEE countries into the EU-15 upon the accession. In the long run, the share of the NMS citizens in the EU-15 is predicted to rise from 0.2% in 1998 to 1.1% in 2030.²¹⁹ Among the 2004 accession countries, the source country of emigration is expected to be Poland. The highest recipients are then predicted to be Germany and Austria.

The study carried out by Brücker (2001) one year later confirms the previous findings in regards to the size of the migration flows and their uneven distribution across the EU. Apart from the traditional econometric factors such as the differences in per capita incomes and (un)employment rates both in host countries and the countries of origin, he considered variables concerning the institutional restrictions to migration, presence of ethnic networks in the receiving country, possibility to use a common language or indicators for the standard of living. Interestingly enough, Brücker's findings suggest that "*the propensity to migrate decreases with the number of those who have already emigrated from each accession candidate*".²²⁰ The network effect thus seems to influence the distribution of migrants across the EU, however, does not seem to encourage expansion of migration flows. He furthermore stresses that the migration potential from the CEE countries to EU-15 is most likely to be hindered by high transaction costs and by limited absorption capacity of 'old' Member States' labour markets.²²¹

²¹⁸ BOERI, T. – BRÜCKER, H. et al.: *c.d.*, not paged.

²¹⁹ Ibid, not paged.

²²⁰ BRÜCKER, H.: *The Impact of Eastern Enlargement on EU Labour Markets*, p. 13.

²²¹ Ibid, p. 15.

Similarly to the European Integration Consortium study the two-stage stock model using the fixed effects estimator was employed in the follow-up update of Alvarez-Plata et al. (2003). Both models assume that a long-run equilibrium relationship between the stock of migrants and the explanatory variables exists and confirm the predictions from econometric theory. In comparison with the European Integration Consortium study, Alvarez-Plata et al. estimated only a slightly lower migration potential for Germany. Alvarez-Plata et al. estimated the net increase in the number of the CEE residents in Germany at 180,000 people immediately after the introduction of the free movement.²²² The long-run migration potential for Germany was then estimated at 2.3 million NMS nationals and the peak of the CEE population in Germany was predicted to be reached about 25 years after the introduction of free movement.²²³ The extrapolation of the results from the German sample to the EU-15 then yields an initial net increase of the NMS citizens of about 294,000 people. The long-run migration potential from the CEE states to the EU-15 is then predicted to be between 3.2 and 4.5 million persons.²²⁴ While the authors abstain from basing simulations of the regional distribution of the CEE migrants,²²⁵ they, however, demonstrated via the simulation of the transitional periods that postponing the introduction of free movement will have only a marginal impact on the scale of migration and that the restrictive use of the transitional periods will therefore fail to mitigate possible pressures from migration on the labour market.²²⁶

Conclusions that visibly stir away from the rather modest estimations of the post-enlargement East-West migration flows are presented in the study carried out by Hans-Werner Sinn (2000).²²⁷ Sinn applying the pooled OLS estimator forecasted that no less than 6% of the Polish population and on average nearly 11% of the East Europeans²²⁸ can be expected to leave their

²²² The authors assumed that the free movement of workers will be introduced in all EU Member States in 2004. ALVAREZ-PLATA, P. et al.: *c.d.*, p. 44.

²²³ *Ibid*, p. 45.

²²⁴ *Ibid*, p. 46.

²²⁵ For more details see *Ibid*, p. 45.

²²⁶ ALVAREZ-PLATA, P. et al.: *c.d.*, p. 46.

²²⁷ SINN, H.-W.: *EU Enlargement and the Future of Welfare State*.

²²⁸ Including Romania and Bulgaria that, nevertheless, significantly level up the estimated percentage of Eastern Europeans migrating to the West.

countries and migrate to the Western Europe.²²⁹ These extremely high and incomparable estimates of the long-run migration are believed to reflect an estimation bias rather than the actual migration pressures.²³⁰

Rather lower estimates are then offered by the Dustmann et al. (2003) study, attempting to forecast yearly net migration flows from the CEE accession countries to Germany and the UK during the period of 2000-2010. Since neither Germany nor the UK share a common migration history with the accession states, historical net migration to Germany and to the UK is used to estimate the East-West migration flows.²³¹ The assumption that migration decisions of individuals from the CEE countries in the decade studied will respond to the same factors and in the same way as the decisions of the individuals from the origin regions for the German and UK immigration between 1975 and 2000 are employed. The approach used identifies the overall population size of the CEE accession countries and their relative per capita income as the principal driving forces of future migration movements to Germany and the UK. The authors consider several scenarios in order to provide assessment of different potential developments for both Germany and the UK. The results vary widely. While an annual net inflow of between 5,000 and 13,000 CEE migrants is predicted for the UK, much higher migration potential of between 20,000 and 200,000 CEE individuals is forecasted for Germany.²³² One should be careful when relying on such estimates as the historical migration countries to the UK are geographically more distant, but culturally, historically and linguistically much closer than the EU NMS. Past migration flows also have not been restricted by institutional arrangements of particular regulations as is the case of the newly accessing countries. Based on the data on migration intentions, the authors perceive the UK as not very popular migration destination among the CEE nationals and do not take into

²²⁹ SINN, H.-W.: *EU Enlargement and the Future of Welfare State*, p. 5.

²³⁰ ALVAREZ-PLATA, P. et al.: *c.d.*, p. 45.

²³¹ For the details on the historical migration countries and data used see DUSTMAN, C. et al.: *The Impact of EU Enlargement on Migration Flows*, p. 47-48.

²³² The small net migration rates predicted for the UK are given by the relatively small historical net immigration to the UK from the traditional origin countries such as India, Pakistan and the USA relative to their population size. Contrary, traditional source countries of German immigrants have lower populations. Migration as a percentage of the origin countries' populations is thus larger, resulting in higher migration rates. See DUSTMAN, C. et al.: *The Impact of EU Enlargement on Migration Flows*, p. 57.

account possible diversion of migration flows due to the existence of transitional measures in regards to free movement of labour.²³³

The volume of the literature on the estimation of the East-West migration flows within the context of the EU enlargement is large. The last findings we will, nevertheless, outline are those of Anzelika Zaiceva (2006). The results of her flow model applied to the EU-8 countries as well as to Romania and Bulgaria are broadly consistent with the majority of the studies mentioned above and predict that between 230,000 and 340,000 residents from the NMS will move to the 'old' EU Members upon accession. The immediate inflow of the CEE countries' citizens will thus correspond to 0.1% of the EU-15 population. The long-run immigration of about 3.5 – 5 million NMS citizens, or about 1 – 1.4% of the EU-15 population, is expected to 'hit' Western Europe.²³⁴ If we do not take into account Romania and Bulgaria, the two countries that were not included in the 2004 accession round, Zaiceva also predicted Poland to be the immigrant source country and Germany and Austria to be the main receiving countries.²³⁵ In line with the economic theory, it was also estimated that the migration flows will decline as the convergence of per capita incomes proceeds.

²³³ DUSTMAN, C. et al.: *The Impact of EU Enlargement on Migration Flows*, p. 57.

²³⁴ ZAICEVA, Anzelika: *Reconciling the Estimates of Potential Migration into the Enlarged European Union*. Discussion Paper No. 2519, December 2006, p. 16, http://www.iza.org/index.html?lang=en&mainframe=http%3A//www.iza.org/en/webcontent/publications/papers/viewAbstract%3Fdp_id%3D2519&topSelect=publications&subSelect=papers

²³⁵ Ibid, p. 16.

Table 12: Estimates of East-West Migration following the EU Enlargement

Study	Model specification	Migration potential estimated
Krieger et al. (2003)	Representative survey based on the Eurobarometer Labour Mobility Survey covering 12 accession countries	Migration potential of 1.2-3.7% of the CEE population, or about 1.1 million of CEE people migrating to EU-15 between 2001 and 2006
IOM (1998)	Representative survey covering 11 CEE countries	Migration potential of 1-2% of the CEE countries
Fassmann and Hintermann (1997)	Representative survey covering four Visegrad countries	Real migration potential of 1-2% of the population of sending countries studied
Layard et al. (1992)	Extrapolation analysis based on previous South-North migration in Europe in 1960s and 1970s	Migration potential of 3% of the 1995 CEE population or influx of 3 million people or about 0.81% of the 1995 EU population
Bauer and Zimmermann (1999)	Extrapolation in combination with the econometric forecast covering 7 CEE accession countries	Migration potential of 2-3% of the population of the countries studied
Fertig (2000)	Econometric estimation based on flow model	Annual East-West migration from CEE to Germany of between 32,000 and 73,000 people
Boeri, Brücker et al. (2000) Brücker (2001)	Econometric forecast based on stock model	Initial migration of 335,000 NMS citizens to EU-15; long-run share of the NMS citizens of the EU-15 population will rise from 0.2 in 1998 to 1.1% in 2030
Alvarez-Plata et al. (2003)	Econometric forecast based on stock model	Initial net inflow of about 294,000 NMS national to EU-15; long-run migration potential from CEE to EU-15 between 3.2 and 4.5 million people
Sinn (2001)	Econometric forecast based on stock model and pooled OLS estimator	Long-run migration potential of up to 11% of CEE population
Dustman et al. (2003)	Econometric forecast based on flow model	Initial net inflow of 5-13,000 CEE citizens to the UK; Initial net inflow of 20-200,000 CEE citizens to Germany
Zaiceva (2006)	Econometric forecast based on flow model	Initial net inflow of 230-340,000 NMS citizens to EU-15 or 0.1% of the EU-15 population; long-run migration of 3.5-5 million NMS citizens or 1-1.4% of the EU-15 population

Source: Own presentation based on the quoted studies.

3.4. Reconciling the East-West Migration Flows in an Enlarged EU

As it was noted in the previous chapter, a wide range of studies have grown since the fall of the iron curtain and first debates about the possibility of integrating the post-communist CEE countries into the European Community in order to predict the possible future East-West migration flows. Since the migration movements were seriously hampered during the era of undemocratic regimes and then, after the collapse of communism, curtailed by strict immigration policies of the EU Member States, the literature on the estimates of future migration flows had to rely preponderantly on data and experience from previous migration episodes. Furthermore, the migration forecasts presupposed that all the EU-15 Member States will open their labour markets at the same time and thus did not take into account the selective application of transitional arrangements that might have influenced not only the scale but also the distribution of migrants across the EU-15. The majority of the studies has, however, agreed on the long-run migration potential of between 3 and 5% of the total population of the CEE countries, which would in practice mean an influx of about 200,000 to 300,000 migrants per annum.

The objection of this chapter is to bring forward the scale of migration flows from the NMS into the EU-15 that actually occurred after the 2004 enlargement, confront the numbers with the rather modest results of pre-enlargement estimation studies and either to refute or approve the pre-enlargement fears²³⁶ of Central and Eastern Europeans flooding the West European labour markets. Before proceeding to the analysis of the post-enlargement East-West migration flows, it is, however, essential to point out to the serious data limitations. Since the national statistics authorities of many EU states fail to report migration stocks and flows, the official migration statistics therefore

²³⁶ See for example JONES, George: *Britain Fears Influx from Eastern Europe*. Daily Telegraph, 11 February 2004, <http://www.telegraph.co.uk/news/uknews/1454044/Britain-fears-influx-from-eastern-Europe.html>; MORRIS, Steven: *EU Enlargement: Facts and Fears*. The Guardian, 23 February 2004, <http://www.guardian.co.uk/world/2004/feb/23/eu.poland>; *EU Enlargement Fear*. Shanghai Star, 1 September 2003, <http://app1.chinadaily.com.cn/star/2003/0109/cn9-1.html>;

have to be complemented by data from the European Labour Force Survey²³⁷. The targeted countries are the EU-8 (NMS-8) countries that entered the EU on 1 May 2004.

Despite the serious limitations of the estimation studies, the post-enlargement migration movements from the eight CEE NMS to the EU-15 largely correspond with the mainstream of the pre-enlargement forecasts. The early report published by the European Commission at the end of the first transitional period demonstrated only a limited inflow of the NMS workers in the EU-15 Member States since the enlargement that has not crowded out national workers.²³⁸ The report further highlighted that as the percentage of non-EU nationals is significantly higher than that of the EU-8 nationals in the EU-15 Member States, the immigration from the third countries remains a much more important phenomenon than the intra-EU mobility.²³⁹ The most up-to-date data²⁴⁰ summarized in Table 13 reveal that there was an increase in immigration from NMS in most of the EU-15 countries, for which the data is available. The evidence suggests that the number of NMS-8 citizens in the EU-15 countries has increased from about 900,000 in the year before the EU enlargement (2003) to 1.9 million or from 0.24 to 0.5% of the EU-15 population by the end of 2007. This corresponds to an average annual increase of 250,000 people since the 2004-enlargement.²⁴¹

²³⁷ The EU-wide household survey collecting data about the labour force participation and other socio-economic factors, which was first implemented in 1960 by the six original EC Member States. Today, the survey hosted by Eurostat covers all 27 EU Member States and is a key research instrument providing unique data about economic and social developments in Europe.

²³⁸ See *Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty: Period 1 May 2004–30 April 2006*, p. 6.

²³⁹ Ibid, p. 9. For the actual information on the immigration trends to the EU from the non-EU countries see HERM, Anne: *Recent Migration Trends: Citizens of EU-27 Member States Become Ever More Mobile While EU Remains Attractive to Non-EU Citizens*. Statistics in Focus 98/2008, http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-08-098/EN/KS-SF-08-098-EN.PDF

²⁴⁰ *The Impact of Free Movement of Workers in the Context of EU Enlargement. Report on the First Phase (1 January 2007 – 31 December 2008) of the Transitional Arrangements Set out in the 2005 Accession Treaty and as Requested According to the Transitional Arrangement Set out in the 2003 Accession Treaty*. Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions. Commission of the European Communities, November 18, 2008,

<http://ec.europa.eu/social/main.jsp?catId=508&langId=en>; or BRÜCKER, H. et al.: *c.d.*.

²⁴¹ As the 2004-enlargement has triggered, according to Brücker, an annual net migration from the NMS into the EU-15 of around 250,000 persons in the first two years following the enlargement, we can consider the net migration inflow from the NMS into the EU-15 as being constant over the first

Table 13: Development of the Number of EU-8 Nationals in the EU-15, 2003-2007

In persons					
Host country	2003	2004	2005	2006	2007
Austria	60,255	68,933	77,264	83,978	89,940
Belgium	16,151	19,524	25,638	32,199	42,918
Denmark	9,807	11,635	14,282	16,527	22,146
Finland	15,825	16,459	18,266	20,801	23,957
France	33,858	43,138	36,237	44,181	36,971
Germany	480,690	438,828	481,672	525,078	554,372
Greece	16,413	15,194	19,513	18,357	20,257
Ireland ¹	n.a.	43,500	94,000	147,900	178,504
Italy	54,665	66,159	77,889	91,318	117,042
Luxembourg	1,574	2,278	3,488	4,217	5,101
the Netherlands	13,048	17,814	23,155	28,344	36,317
Portugal ²	n.a.	n.a.	n.a.	n.a.	n.a.
Spain	46,710	61,830	77,772	100,832	131,118
Sweden	21,147	23,257	26,877	33,757	42,312
the United Kingdom	122,465	120,999	219,797	357,468	609,415
EU-15	892,608	949,548	1,195,850	1,504,957	1,910,370

¹ Statistical data not available for the year 2004.

² Statistical data not available.

Source: BRÜCKER, H. et al.: *c.d.*, p. 24.

The migration patterns have, however, turned out differently than predicted. The early evidence by Boeri and Brücker (2005) suggested that the selective application of the transitional arrangements for the free movement of labour resulted in diversion of the migration flows from the traditional destinations of NMS migrants that tightly closed their borders to workers from the newly accessed states (Austria and Germany) to countries applying more liberal policies in this regards (the United Kingdom and Ireland).²⁴² An important change in the regional structure of migration since enlargement is confirmed by data in Table 13. While more than 60% of the foreign citizens from EU-8 residing in EU-15 in 2003 were registered in Austria and Germany, this share has fallen almost by half to a mere 34% by 2007. Between the years of 2003 and 2007, the number of NMS-8 citizens increased only modestly in the two traditional NMS destination countries, by some 30,000 persons in Austria and by some 74,000 persons in Germany. Table 14 then

three years following the enlargement. BRÜCKER, H.: *Labour Mobility after the European Union's Eastern Enlargement: Who Wins, Who Loses?*, p. 3.

²⁴² BOERI, T. - BRÜCKER, H.: *Why Are Europeans so Tough on Migrants?*, p. 667-8.

shows that the share of the NMS citizens on the total population increased only by 0.34% in Austria and by a mere 0.09% in Germany, constituting a share of 1.1% of the population of Austria and 0.7% of the population of Germany.

Table 14: EU-8 Nationals in the EU-15 as a Percentage of the Host Population, 2003-2007

Host country	Share of total population in %				
	2003	2004	2005	2006	2007
Austria	0.74	0.84	0.94	1.01	1.08
Belgium	0.16	0.19	0.24	0.31	0.40
Denmark	0.18	0.22	0.26	0.30	0.41
Finland	0.30	0.31	0.35	0.39	0.45
France	0.05	0.07	0.06	0.07	0.06
Germany	0.58	0.53	0.58	0.64	0.67
Greece	0.15	0.14	0.18	0.16	0.18
Ireland ¹	-	1.07	2.26	3.47	4.09
Italy	0.09	0.11	0.13	0.15	0.20
Luxembourg	0.35	0.50	0.76	0.90	1.06
the Netherlands	0.08	0.11	0.14	0.17	0.22
Portugal ²	-	-	-	-	-
Spain	0.11	0.14	0.18	0.23	0.29
Sweden	0.24	0.26	0.30	0.37	0.46
the United Kingdom	0.21	0.20	0.36	0.59	1.00
EU-15	0.24	0.25	0.32	0.40	0.50

¹ Statistical data not available for the year 2004.

² Statistical data not available.

Source: BRÜCKER, H. et al.: *c.d.*, p. 25.

The available statistical data approve the diversion of migration flows and replacement of Austria and Germany as the main NMS-8 migrants' host countries by the UK and Ireland that decided to open their labour markets to the NMS-8 workers immediately from the time of accession. While Ireland and the UK absorbed only 11% of the foreign residents from the NMS-8 one year prior to the enlargement,²⁴³ their share increased to 41% in 2007. As Brücker et al. (2009) note, these two countries absorbed almost 70% of all the NMS-8 migrants since 2003,²⁴⁴ all that despite the fact that the UK was considered to be an unpopular destination among the CEE nationals prior to the

²⁴³ BRÜCKER, H. et al.: *c.d.*, p. 25.

²⁴⁴ *Ibid.*, p. 23.

enlargement.²⁴⁵ Compared to the traditional CEE destination countries, the stock of NMS-8 nationals increased by almost half million in the UK between 2003 and 2007. The evidence for Ireland shows an increase of about 135,000 persons from the NMS-8 in the three years time following the enlargement. Table 14 demonstrates by far the largest increase of 3% of the NMS-8 nationals share in the total population in Ireland between 2004 and 2007, which six times exceeds the EU-15 average. In the UK the share of the NMS-8 nationals in the population rose by 0.8% between 2003 and 2007 making the total share of the immigrants from the NMS-8 in the population twice higher than the EU-15 average.

Interestingly enough, the substantial diversion of migration flows towards the EU-15 countries that decided to open their labour markets for the new CEE Members largely or completely does not hold true for the Scandinavian countries. Although Sweden lifted all its labour market restrictions by May 2004 and Denmark did largely so, the net migration flows into these two Northern EU countries have been almost negligible.²⁴⁶ It can thus be suggested that the high proportion of NMS-8 migrants heading after the EU enlargement towards Ireland and the UK has other explanation than just the selective application of transitional measures for the free movement of workers. Other factors, such as the increasing knowledge of English especially among the young NMS population,²⁴⁷ favourable labour market conditions and flexible labour markets institutions,²⁴⁸ or declining costs of distance, might have played an important role in shaping the direction of post-enlargement East-West migration flows as well. The share of EU-8 nationals in the population of other EU-15 countries does not exceed the EU-15 average of 0.5%.

Furthermore, the available evidence for the years 2006 and 2007 encourages the conclusions that the labour market restrictions have not had significant impact on the distribution of intra-EU mobility. As the removal of

²⁴⁵ See DUSTMAN, C. et al.: *The Impact of EU Enlargement on Migration Flows*, p. 57.

²⁴⁶ For comparison see Table 13 and 14 on page 89 and 90 respectively.

²⁴⁷ See ZAICEVA, A. – ZIMMERMANN, K. F.: *c.d.*, p. 6.

²⁴⁸ BRÜCKER, H.: *Labour Mobility after the European Union's Eastern Enlargement: Who Wins, Who Loses?*, p. 7.

restrictions on labour market access in number of the EU-15 countries (Finland, Greece, Italy, Portugal, Spain, the Netherlands) have not triggered any visible increase in immigration from the EU-8 states to these so called 'second-mover countries',²⁴⁹ the Commission's suggestion that the East-West migration flows are driven primarily by factors related to the general labour demand, network effects or language.²⁵⁰ Moreover, the evidence from the British Workers Registration Scheme stating that up to 40% of the NMS-8 workers registered in 2004 had already been in the country prior to the enlargement,²⁵¹ suggests that lifting the restrictions on labour market access resulted rather in reduction of undeclared work by the EU-8 nationals than in their massive influx.²⁵²

A look at the sending countries in Table 15 reveals a very varied picture with NMS-8 ranging from high- to low-mobility countries. In line with the majority of the forecast literature, the migration data available confirmed Poland and Lithuania to be the two NMS countries with the highest mobility rate of 3.4% and 3.8% respectively. They are followed by Slovakia with 2.4% of its population having moved to another EU-15 country between 2003 and 2007. On the other side, the Czech Republic (1%), Hungary (1.3%) and Slovenia (1.8%) proved to have rather low intra-EU mobility rates, which again corresponds with the estimates of the pre-enlargement studies. Such evidence also goes in hand with the presumption of rather economic nature of the migration flows and confirms the assumptions of the neoclassical migration model outlined in the first chapter of the paper. Taking the theoretical assumptions into account, it can be thus suggested that the higher migration rates of Lithuania, Poland and Slovakia were driven primarily by the economic differentials in unemployment and per capita income levels that were documented in chapter 3.1.. It is, however, also important to note that while

²⁴⁹ Countries that opened their labour markets to the NMS nationals later than the UK, Ireland or Sweden. BRÜCKER, H.: *Labour Mobility after the European Union's Eastern Enlargement: Who Wins, Who Loses?*, p. 10.

²⁵⁰ See *The Impact of Free Movement of Workers in the Context of EU Enlargement. Report on the First Phase (1 January 2007 – 31 December 2008) of the Transitional Arrangements Set out in the 2005 Accession Treaty and as Requested According to the Transitional Arrangement Set out in the 2003 Accession Treaty*, p. 9.

²⁵¹ *Ibid*, p. 9.

²⁵² See ZAICEVA, A. – ZIMMERMANN, K. F.: *c.d.*, p. 6-7.

Poland has been the main sending country for the majority of the EU-15 countries, Estonia has been, for example, the main migrant source country for Finland. This therefore suggests that geographical proximity, language, country size and existence of established social networks in the host country play an important role in the migrants' decision making too.²⁵³

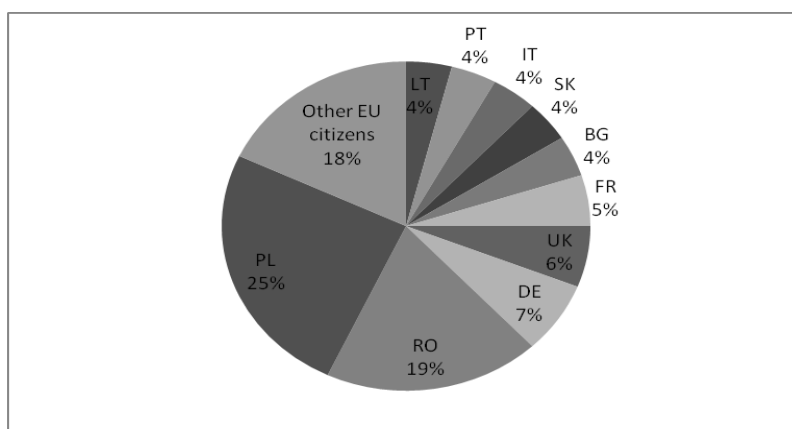
Table 15: EU-8 Immigrants in the EU-15 according to the Nationality, 2003-2007

In persons						% of the sending country population
Sending country	2003	2004	2005	2006	2007	
the Czech Republic	71,119	62,894	71,185	90,952	104,442	1%
Estonia	26,699	26,746	30,567	32,885	36,735	0.3%
Hungary	94,274	91,961	102,158	105,939	132,582	1.3%
Latvia	24,632	24,194	32,920	42,119	42,547	1.9%
Lithuania	53,572	52,613	85,364	114,185	128,361	3.8%
Poland	576,939	606,442	757,252	992,924	1,297,647	3.4%
Slovakia	43,948	52,343	81,705	91,560	132,207	2.4%
Slovenia	35,672	32,355	34,698	34,395	35,848	1.8%
EU-8	926,854	949,548	1,195,850	1,504,957	1,910,370	2%

Source: BRÜCKER, H. et al.: *c.d.*, p. 32 and own calculations.

Should we have a look at the comparison of mobility among selected EU nations displayed in Figure 1, the percentage of Polish people residing in other EU Member States highly outnumbers other EU countries' nationals with forming one quarter of all the intra-EU movers.

Figure 1: Proportion of Intra-EU Movers according to Nationality, 2007



Source: *The Impact of Free Movement of Workers in the Context of EU Enlargement*, p. 6.

²⁵³ See ZAICEVA, A. – ZIMMERMANN, K. F.: *c.d.*, p. 5.

As reported by the Commission, a high proportion of the migrant workers from the NMS appear to move to another EU country on a temporary basis only and do not intend to stay in the host country permanently.²⁵⁴ These findings are further supported by data from the UK illustrating that about half of the EU-8 nationals who have come to the UK to work since 2004, had already left the country by December 2007.²⁵⁵ According to Pollard et al. (2008), the migration flows from the NMS-8 to the two main receiving EU-15 countries, the UK and Ireland, have appeared to peak in 2006. Visible decline of registered EU-8 workers in the UK in 2007 then makes a further surge of workers influx from the NMS improbable.²⁵⁶ The current economic development is likely to further halt the immigration from the NMS and encourage return migration instead since the decline in labour demand resulting from the economic slow down will most probably worsen the labour market conditions in the receiving countries.²⁵⁷ Should we not take into account the impact of the recent economic crisis, the look at the development of economic indicators in the sending countries and their comparison with the migration trends again approve the assumptions of the economic theory of convergence of economic factors positively impacting the slow down of migration. As documented above, the post-2006 falling migration flows clearly correlate with the improvement of (un)employment rates in the EU-8 countries,²⁵⁸ slow but certain convergence of GDP²⁵⁹ and growing wages.²⁶⁰

²⁵⁴ *The Impact of Free Movement of Workers in the Context of EU Enlargement. Report on the First Phase (1 January 2007 – 31 December 2008) of the Transitional Arrangements Set out in the 2005 Accession Treaty and as Requested According to the Transitional Arrangement Set out in the 2003 Accession Treaty*, p. 8.

²⁵⁵ POLLARD, Naomi et al.: *Floodgates or Turnstiles? Post-EU Enlargement Migration Flows to (and from) the UK*. Report, April 2008, p. 19, <http://www.ippr.org/publicationsandreports/publication.asp?id=603>

²⁵⁶ See *Ibid*, p. 18, Figure 3.

²⁵⁷ The recent economic slow down has already led to a substantial reduction of new entries in some of the EU-15 countries. See *Free Movement of Workers is Good for Europe's Economy*. Press Release, Brussels, 18 November 2008,

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1729>. The reached ceiling in terms of migration flows has also been recognized by Vladimír Špidla, the EU commissioner for employment, social affairs and equal opportunities, who indicated recent economic downturn as an important factor making the economic conditions in the receiving countries less favourable for NMS migrant workers thus encouraging them to return to their origin countries. See *European Workers Less Mobile as Recession Looms*. Euractiv, 19 November 2008, <http://www.euractiv.com/en/social/europe/european-workers-mobile-recession-looms/article-177313>

²⁵⁸ See Table 8 on page 65.

In the words of Vladimír Špidla, the “*reductions of income differences between member states will slow down movement, as workers see less economic benefits in leaving their home economy*”.²⁶¹

As concerns the characteristics of the NMS migrants to the EU-15 countries, the results are highly consistent with the human capital migration theory outlined at the beginning of the paper. The majority of the NMS post-2004 emigrants proved to be substantially younger than the overall work force in the receiving countries with mostly medium-level qualifications. The available data, nevertheless, show that the majority of the NMS migrants have gone into occupations that are far below their qualification levels such as manufacturing, construction, hotels, restaurants, business related services or private households.²⁶² This development has, however, been positive for the receiving countries' economies as the NMS workforce has relieved labour shortages in certain areas and thus contributed to the host countries' economies in a complementary way.²⁶³ Interestingly enough, the women appeared to be slightly overrepresented among recent movers from the NMS, which contradicts the pre-enlargement results of the population surveys suggesting higher willingness to move for single male segments of the sending countries' populations.²⁶⁴

²⁵⁹ See Table 7 on page 63.

²⁶⁰ For more details see e.g. TRASER, J.: *Who Is Still Afraid of EU Enlargement?*, p.14; BRÜCKER, H. et al.: *c.d.*, p. 87 or BARRELL, Ray et al.: *EU Enlargement and Migration: Assessing the Macroeconomic Impacts*. NIESR Discussion Paper No. 292, March 2007, http://ec.europa.eu/enlargement/pdf/5th_enlargement/facts_figures/eu_enlargement_and_migration.pdf

²⁶¹ See *European Workers Less Mobile as Recession Looms*.

²⁶² See *The Impact of Free Movement of Workers in the Context of EU Enlargement. Report on the First Phase (1 January 2007 – 31 December 2008) of the Transitional Arrangements Set out in the 2005 Accession Treaty and as Requested According to the Transitional Arrangement Set out in the 2003 Accession Treaty*, p. 10.

²⁶³ See *Report on the Functioning of the Transitional Arrangements Set out in the 2003 Accession Treaty: Period 1 May 2004 – 30 April 2006*, p. 12-13.

²⁶⁴ See ZAICEVA, A. – ZIMMERMANN, K. F.: *c.d.*, p. 9.

4. UK AND THE MIGRATION FLOWS FROM THE NMS-8

On 1 May 2004, eight CEE countries joined the EU.²⁶⁵ The UK, along with Ireland and Sweden, were the only EU-15 countries that initially granted full free movement of workers to the accession nationals. Documented by a faster growth of the UK population since the turn of the millennium, driven most recently by immigration from the NMS-8,²⁶⁶ it has been argued that the 2004 EU enlargement has produced the largest wave of immigration in the UK history.²⁶⁷ Taking into consideration the fact that the EU enlargement has enabled citizens of relatively poor accession countries to move more or less without restrictions to three prosperous EU Member States, it is important to look closely at the migration flows that have actually taken place between these countries since the accession date. Not only the scale but also the composition of migration flows and characteristics of the migrants themselves are important. This chapter therefore focuses on the population movements from the EU-8 countries to the largest of these economies that opened their labour markets to the new entrants from the very beginning, the UK.

The next section focuses on the position of the UK government in regard to the migration policies towards the accession states. The pre-enlargement migration forecasts, analysis of the volume of migration from the EU-8 countries to the UK as well as some information on the characteristics of migrant workers using the WRS data follows. The final section discusses the post-2004 migratory flows from the Czech Republic to the UK in terms of results of the questionnaire that was carried out in the last six months for the purpose of comparing general patterns of migration with the concrete sample of migrants.

²⁶⁵ As we know Cyprus and Malta also joined the EU on this date. Nevertheless, since the nationals of these two countries already had relatively free access to the EU labour market, particularly to the UK one, which has large Cypriot and Maltese communities, the migration flows from Cyprus and Malta to the EU-15 countries are not a subject of our paper.

²⁶⁶ BLANCHFLOWER, David G. et al.: *The Impact of the Recent Migration from Eastern Europe on the UK Economy*. Discussion Paper No. 2615, February 2007, <http://repec.iza.org/RePEc/Discussionpaper/dp2615.pdf>

²⁶⁷ SALT, John – REES, Phil: *Globalisation, Population Mobility and Impact of Migration on Population*. ESRC Seminar Series Mapping the Public Policy Landscape, July 2006, p. 2, http://www.esrc.ac.uk/esrcinfocentre/images/esrc_seminar_global_tcm6-16062.pdf

4.1. UK Migration Policy in regard to the Accession States

Labour immigration and immigration in general has always belonged to one of the most discussed and contested public policy issues in the UK. Since coming to power in the late 1990s, the government of Tony Blair has considered the promotion of 'flexible labour market with minimum standards' a core element of its overall policies for providing employment opportunities for all, aiming especially at avoiding the employment fluctuations resulting from the three severe recessions that affected the UK economy in the second half of the 20th century.²⁶⁸ As part of this strategy the 'firm but fair' approach of *Managed Migration* has been advocated by the UK government since the publication of a major White Paper on immigration and asylum in the late 1990s.²⁶⁹ The basic idea behind the government's *Managed Migration* policies was that the UK economy can in fact significantly benefit from the immigration, if, however, managed properly. The British Home Secretary expressed this turning point in the country's approach to immigration in the following words: "*Migration is an inevitable reality of the modern world and it brings significant benefits. But to ensure that we sustain the positive contribution of migration to our social well-being and economic prosperity, we need to manage it properly and build firmer foundations on which integration with diversity can be achieved.*"²⁷⁰

In an effort to manage migration, the UK government has introduced a large number of pieces of immigration legislation and regulation. At the same time, it has been, however, relatively liberal in regard to issuing work permits for the non-EEA nationals who sought employment in skilled occupations.²⁷¹

²⁶⁸ See *Full Employment in Every Region*. HM Treasury and Department for Work and Pensions, December 2003, p. 5-6, http://www.hm-treasury.gov.uk/d/employment_372.pdf

²⁶⁹ ANDERSON, Bridget et al.: *Fair Enough? Central and East European Migrants in Low-wage Employment in the UK*. Joseph Rowntree Foundation, 2006, p. 4, <http://www.jrf.org.uk/sites/files/jrf/1617-migrants-low-wage-employment.pdf>

²⁷⁰ See *Secure Borders, Safe Haven: Integration with Diversity in Modern Britain*. Home Office, February 2002, <http://www.archive2.official-documents.co.uk/document/cm53/5387/cm5387.pdf>

²⁷¹ Not limited by quota, the number of work permits issued to skilled immigrants increased from about 30,000 in the mid 1990s to an annual average of more than 80,000 between 2001 and 2004. RUHS, Martin: *Greasing the Wheels of the Flexible Labour Market: East European Labour Immigration in the UK*. Working Paper No. 38, 2006, p. 6, <http://www.compas.ox.ac.uk/fileadmin/files/pdfs/WP0638-Ruhs.pdf>

In addition to the main work permit scheme for skilled migrants, the Government also introduced the Highly Skilled Migrants Programme (HSMP) in 2002, aimed at attracting highly skilled migrants to the UK by offering them the opportunity to move to the UK without having a prior job offer.²⁷² Migrants living and working in the UK on the main work permit scheme or the HSMP for a period of at least five years were given the right to apply for permanent residence.²⁷³ In May 2003, much more restrictive Sector-based Scheme (SBS) was introduced in order to facilitate strictly limited and temporary employment of non-EEA workers in selected low-skilled occupations in hospitality or food processing industries.²⁷⁴ Prior to the EU 2004 enlargement, three other main programmes for admitting low-skilled migrant workers were in an effect in the UK:

1. The Seasonal Agricultural Worker Scheme (SAWS), which admitted a limited number²⁷⁵ of non-EU students for temporary employment in either agriculture or food processing;
2. the Au-pair Scheme, which was officialy recognized as a cultural exchange programme rather than a programme for labour immigration, enabling citizens of certain countries to help in private households for a maximum of 25 hours per week;
3. the Domestic Worker Scheme aiming at domestic workers travelling to the UK with their employers.²⁷⁶

In December 2002, the UK government announced that it would open its labour market for the EU-8 workers immediately after the accession. As Portes and French (2005) point out, both political and economic reasons were behind this decision. From the economic point of view, the UK labour market performed well above the EU average with having an unemployment rate at its

²⁷² ANDERSON, B. et al.: *c.d.*, p. 3.

²⁷³ See RUHS, M.: *c.d.*, p. 6.

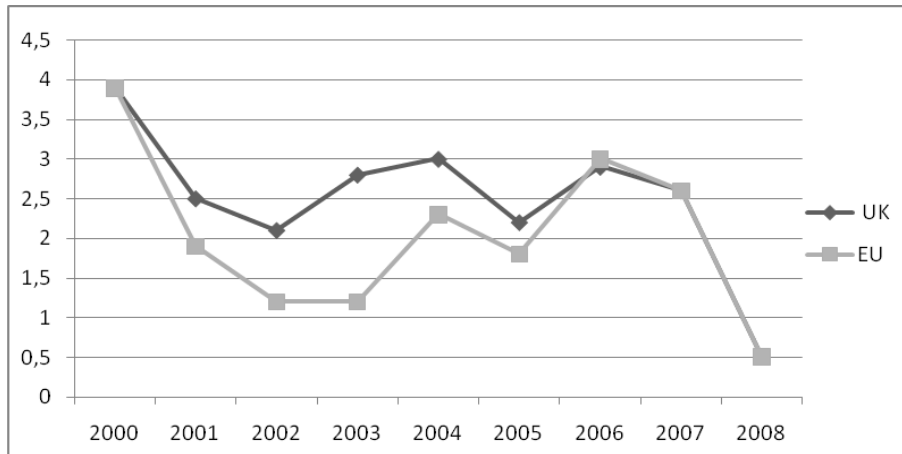
²⁷⁴ The quota was 20,000 in 2003/04. ANDERSON, B. et al.: *c.d.*, p. 3.

²⁷⁵ The quota was 25,000 in 2004.

²⁷⁶ RUHS, M.: *c.d.*, p. 6-7.

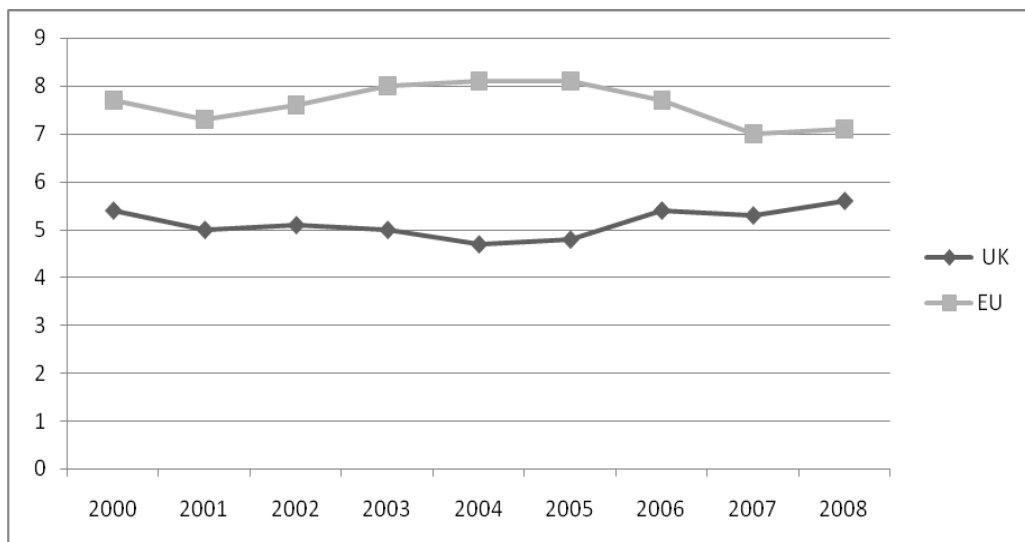
lowest level for a generation.²⁷⁷ Also the real GDP growth was greater in the UK between 2003 and 2006 than the EU-15 average. The comparison of the unemployment and real GDP growth rates in the UK and EU-15 is given in Figure 2 and 3.

Figure 2: Real GDP Growth Rates in the UK and EU-15, 2000-2008



Source: Eurostat.

Figure 3: Unemployment Levels in the UK and EU-15, 2000-2008



Source: Eurostat.

²⁷⁷ See *Full Employment in Every Region*, p. 5 and PORTES, Jonathan – FRENCH, Simon: *The Impact of Free Movement of Workers from Central and Eastern Europe on the UK Labour Market: Early Evidence*. Working Paper No. 18, 2005, p. 9, <http://www.dwp.gov.uk/asd/asd5/WP18.pdf>

Another indicator of labour demand given by the number of unfilled vacancies was very positive in the UK too. As the Home Office (2007) noted, the vacancies in the sectors where migrants are most concentrated such as hotels and restaurants were at the time of accession at historically high levels.²⁷⁸ Moreover, the UK government has maintained the view supported by the academic research that the migration of workers yields substantial benefits to the economy. Additionally, the UK had always been a strong supporter of the accession of the CEE countries. Having the NMS warmly welcoming the UK position, the immediate introduction of free movement for workers from the NMS thus also implied political benefits for the UK.²⁷⁹ Along with Ireland and Sweden, Britain formed a minority group among the EU Member States that decided to grant workers from the NMS-8 countries free access to their labour markets immediately upon the enlargement. This step was clearly a part of the UK government's strategy of managed migration driven by idea that the vacancies in skilled and particularly low-waged occupations will be filled through the encouraged immigration from the new EU Member States.²⁸⁰

The original announcement by the UK government attracted hardly any attention. Leading up to the 2004 enlargement, the decision on liberalization of the labour market, however, became the subject of political controversy. Fears of a mass influx of workers from the accession states into the labour markets of the 'old' EU Member States competing for jobs, deflating wages and disrupting social cohesion were whipped up and intensified by some politicians and media.²⁸¹ When the Swedish Prime Minister, Göran Persson, suddenly voiced fears of 'welfare tourism' in November 2003,²⁸² and threatened with the proposal of transitional arrangements concerning the free movement of workers from the NMS,²⁸³ the British Labour Government came under pressure from the Conservative Party and the tabloid press and started

²⁷⁸ See *The Economic and Fiscal Impact of Immigration*. Home Office and DWP, October 2007, p. 16, <http://www.homeoffice.gov.uk/documents/economic-impact-of-immigration2835.pdf?view=Binary>

²⁷⁹ See PORTES, J. – FRENCH, S.: *c.d.*, p. 3-4.

²⁸⁰ See RUHS, M.: *c.d.*, p. 8.

²⁸¹ For more details see POLLARD, N. et al.: *c.d.*, p. 13.

²⁸² According to Doyle et al. the 'welfare tourism' hypothesis lacked credibility from the very beginning, since the migrant workers from the NMS tend to be young, well educated and single. This on the contrary implies that the economic gains from immigration are likely to outweigh any possible economic losses. See DOYLE, N. et al.: *c.d.*, p. 8.

²⁸³ *Ibid*, p. 21.

to rethink its migration policy.²⁸⁴ The British Prime Minister, Tony Blair, said that “*he would have to consider whether the British benefits system would attract an unmanageable number of immigrants from the New Member States,*”²⁸⁵ and on 5 February 2004 he stated that the Government “*will take whatever measures are necessary to make sure that the pull factor which might draw people [to the UK] is closed off.*”²⁸⁶ In order to calm public worries around anticipated migration flows from the NMS-8, the Government of Tony Blair, while not altering the policy, inserted a last-minute clause obliging the accession nationals to register with the Worker Registration Scheme (WRS) should they wish to come to live and work in the UK.²⁸⁷

The Worker Registration Scheme was implemented in February 2004. As Anderson et al. (2006) emphasize, it was not intended to limit the access of the NMS-8 nationals to the UK labour market, but to regulate their access to certain welfare benefits and services. The compulsory registration with the WRS was also intended to encourage the migrant workers from the EU-8 countries to participate in the formal economy²⁸⁸ and to provide data to facilitate monitoring of inflows and the formulation of evidence-based policy.²⁸⁹

Under the Worker Registration Scheme, the EU-8 nationals have to, unlike migrants from the EU-15 countries, Malta or Cyprus, register with the Home Office as soon as they start their employment in the UK at a current cost of £90.²⁹⁰ If they fail to do so within one month of acquiring the job, they are considered to be working in the UK illegally. The NMS-8 workers do not need

²⁸⁴ The pressure group Migration Watch expressed its concerns that up to 40,000 immigrant workers from CEE could be expected to annually flood into the UK labour market after the enlargement. For the pre-enlargement controversies concerning the UK position on the immigration from the NMS see BOWCOTT, Owen: *Is This the Daily Mail Effect? Why Blair Will Look Again at the ‘Risk’ of Influx from Europe*. The Guardian, 5 February 2004,

<http://www.guardian.co.uk/politics/2004/feb/05/immigration.eu>. For the switch in the UK migration policy see also WHITE, Michael – TRAVIS, Alan: *Benefits Clampdown for New EU Citizens*. The Guardian, 24 February 2004,

<http://www.guardian.co.uk/politics/2004/feb/24/eu.immigrationandpublicservices1>

²⁸⁵ See DOYLE, N. et al.: *c.d.*, p. 21.

²⁸⁶ See BOWCOTT, O.: *c.d.*.

²⁸⁷ POLLARD, N. et al.: *c.d.*, p. 13.

²⁸⁸ As Ruhs notes, 1 May 2004 also meant an amnesty for many EU-8 workers that had been residing in the UK prior to the accession date illegally. RUHS, M.: *c.d.*, p. 8.

²⁸⁹ ANDERSON, B. et al.: *c.d.*, p.104.

²⁹⁰ As of 1 May 2004, the cost of the registration with the Home Office under the WRS was £50. It was, nevertheless, raised to £70 and later to £90.

to register only if they a) are self-employed; b) have been working legally in the UK for 12 months without a break in employment; c) are providing services in the UK on behalf of an employer who is not established in the UK; d) have dual citizenship of the UK, another country within the EEA, or Switzerland; or e) are the family members of a Swiss or EEA citizen, and that person is working, studying, retired or self-sufficient in the UK.²⁹¹

The registration with the WRS is not liable to any quota or other restrictions, and for those migrant workers, who can clearly prove that they are accession country citizens, the registration is automatic. To obtain a registration card the applicants have to fill up the application form²⁹² and send it together with their passport or ID card, photographs and letter from their employer confirming the employment to the Work Permits UK.

The migrant workers are obliged to obtain a registration certificate for each job they have and re-register if they change the employer. Each application to the WRS thus represents one job, not one applicant. In practice, the EU-8 national living and working in the UK will have one registration card, but potentially several registration certificates depending on how many jobs (s)he performs. It is thus important to highlight that the number of registered NMS-8 workers with the WRS does not represent the measurement of the net migration flows to the UK, but rather a cumulative figure for the number of workers registered to work in the UK. Furthermore, the figures are not current. An individual who has registered with the WRS and who leaves the employment or even the country is not required to de-register.²⁹³ Once the worker has been registered for 12 months with no more than 30 days interruption, the registration with the WRS is no longer required, and the

²⁹¹ See 'Who Must Register?' part of the *Worker Registration Scheme*, <http://www.ukba.homeoffice.gov.uk/workingintheuk/eea/wrs/>

²⁹² The current version of the application form can be found online at <http://www.ind.homeoffice.gov.uk/sitecontent/applicationforms/wrs/formwrs.doc>

²⁹³ *Accession Monitoring Report: May 2004 – March 2009. A8 Countries*. A Joint Online Report between the UK Border Agency, DWP, HM Revenue and Customs and Communities and Local Government, 2009, p. 2, http://www.bia.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/accession_monitoring_report/report-19/may04-mar09?view=Binary

worker enjoys the same full rights of free movement and access to benefits as any other EEA national.²⁹⁴

4.2. The Scale of post-2004 Migration from the NMS-8 to the UK

As displayed in Table 13 on page 89, there were an estimated 890,000 nationals from the eight studied accession states residing in the EU-15 countries in 2003, which accounted for about 0.2% of the EU-15 population and just over 1% of the total population of the A8 countries. 145,000 people or 16.2% of those 890,000 were estimated to be residing in the UK, of whom about 50% were of Polish origin and approximately two-fifths were of pension age, reflecting the post-war refugee migration.²⁹⁵ In contrast to very limited and sporadically documented migration from other A8 countries to the UK prior to the EU enlargement,²⁹⁶ there exists an evidence of quite a significant level of Polish migration to the UK established immediately after the Second World War. As Drinkwater et al. (2006) take it down, an active Polish diaspora has developed over the last six decades in the UK that has been very likely to encourage the post-enlargement migratory flows in the Poland-UK direction by providing an established migration network. Poles in particular took advantage of the Europe Agreement between the EU and candidate states ratified in 1994, which enabled the nationals of the candidate countries to set up business in the existing EU Member States.²⁹⁷ It is, nevertheless, estimated that the level of undocumented pre-2004 migration of Poles to the UK was substantial, indicating that the number of Polish nationals, and to lesser extent

²⁹⁴ For more detailed information on the registration process see the Home Office, UK Border Agency website on the Worker Registration Scheme,

<http://ukba.homeoffice.gov.uk/workingintheuk/eea/wrs/>

²⁹⁵ 2001 UK Census data cited from PORTES, J. – FRENCH, S.: *c.d.*, p. 13

²⁹⁶ According to the 1991 UK Census, there were about 13,000 Hungarians and 9,000 Czechs and Slovaks residing in the UK. 1991 UK Census cited from DRINKWATER, Stephen et al.: *Poles Apart? EU Enlargement and the Labour Market Outcomes of Immigrants in the UK*. Discussion Paper No. 2410, October 2006, p. 5, <ftp://repec.iza.org/RePEc/Discussionpaper/dp2410.pdf>

²⁹⁷ Ibid, p. 4-5.

nationals of other accession states, officially recorded by the UK authorities was likely to be significantly underestimated.²⁹⁸

As already discussed in the third chapter, it had been predicted that the UK would receive relatively small proportion of the East-West migration flows following the 2004 enlargement. The estimation commissioned by the UK Home Office concluded that the UK can most likely expect net inflow of the A8 migrants of between 5,000 and 13,000 per annum.²⁹⁹ The update to the European Commission's 2000 report forecasted slightly higher net inflows to the UK, peaking at 17,000 NMS-8 migrants residing in the UK two years after the enlargement, before slowing down. The report further concluded that the stocks of A8 migrants will rise from about 60,000 in 2004 to about 180,000 in 2030.³⁰⁰

As recently reported by the Select Committee on Economic Affairs, the available statistical data on the scale of post-2004 migration into the UK is rather weak.³⁰¹ It is thus very difficult to get an exact number of NMS-8 migrants that have come to the UK since accession. At present, four relevant data sources on the inflows of the NMS-8 individuals into the UK can be identified, from which one can estimate the scale of post-enlargement immigration.

Probably the most reliable source on the estimates of the stock of accession countries' migrants is the *Labour Force Survey* (LFS) conducted by the UK Office for National Statistics. The LFS is a representative cross-sectional survey of about 53,000 households quarterly recording information on country of birth and year of arrival to the UK of the respondents interviewed. Given that the LFS samples only a relatively small proportion of the population,³⁰² the survey almost certainly undercounts the actual number of non-UK born workers. Moreover, it excludes people living in the communal

²⁹⁸ See POLLARD, N. et al.: *c.d.*, p. 16.

²⁹⁹ See DUSTMAN, C. et al.: *The Impact of EU Enlargement on Migration Flows*, p. 57.

³⁰⁰ See POLLARD, N. et al.: *c.d.*, p. 16.

³⁰¹ *The Economic Impact of Immigration*. Report. Select Committee on Economic Affairs, House of Lords, 2008, p. 10,

<http://www.publications.parliament.uk/pa/ld200708/ldselect/ldeconaf/82/82.pdf>

³⁰² The LFS covers only about 0.1% of the UK population.

housing or those with irregular housing arrangements. It also keeps a record of long-term migrants only.³⁰³ This aspect is particularly important given that many A8 migrants are expected to be short-term or seasonal workers. As the LFS fails to record the outflows of the migrants, it provides us with the gross inflows of the migrant population only.³⁰⁴

The latest available LFS data suggest that there were about 703,000 A8 migrants residing in the UK in March 2009, which represents a gross increase of about 536,000 A8 nationals living in the UK from the year of accession. The estimates summarized in Table 16 reveal the largest inflow of the A8 migrants between 2006 and 2007, which is, nevertheless, followed by a steady decrease.³⁰⁵

The second main data source on the estimates of the number and characteristics of the UK in and out migrants, the *International Passenger Survey* (IPS), is a survey of a random sample of passengers entering or leaving the UK by all 'major routes'. Although a quarter of million face-to-face interviews are carried out each year with passengers entering and leaving the UK through the main airports, seaports and the Channel Tunnel, the number of migrants identified by the survey is very small and relies on self-reported status in regard to the purpose of visit.³⁰⁶ Moreover, as the IPS keeps a track of only a long-term international migrants, the short-term incomers to the UK are excluded from the survey as well as are those entering the country via regional airports.³⁰⁷ While the numbers given by the IPS are considerably lower than those from the LFS, it is apparent that the stock of A8 migrants to

³⁰³ According to the UN-recommended definition, a migrant is a person who changes his or her country of usual residence for a period of at least 12 months, so that the country of destination effectively becomes his or her new country of usual residence. See *UN Glossary*, <http://data.un.org/Glossary.aspx>

³⁰⁴ For more information on LFS see *Migration Statistics 2008*. ONS Annual Report, http://www.statistics.gov.uk/downloads/theme_population/Migration-statistics-2008-Annual-Report.pdf

³⁰⁵ *Labour Force Survey: Population by Country of Birth and Nationality*, <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=15147>

³⁰⁶ In average, 1 in every 500 passengers entering or leaving the UK is interviewed. The 3-5 minutes long questionnaire contains questions about passengers' country of residence, reason of their visit or details on their expenditure and fares. For more details on the IPS see *International Passenger Survey*, http://www.statistics.gov.uk/ssd/surveys/international_passenger_survey.asp

³⁰⁷ As Blanchflower et al. note, there has been an evident increase in the number of passengers, particularly of Polish origin, entering the UK via airports not routinely covered by the IPS. See BLANCHFLOWER, D. et al.: *c.d.*, p. 7.

the UK had risen steadily from the time of accession to 2007, followed by a sharp decrease in 2008. The data from the IPS suggest that there had been a gross inflow of some 422,000 A8 nationals intending to stay in the UK for at least one year between 2004 and 2008, which is 100,000 less than reported by the LFS at the same time period. As can be seen from Table 16 both surveys, however, agree that the UK has experienced the most rapid increase in the immigration of the A8 nationals in 2006 and 2007.

The number of *National Insurance Numbers* (NiNos) issued to foreign nationals provides another indication of how many migrants have arrived in the UK since 2004. The UK Department of Work and Pensions issued 1,140,560 NiNos to A8 migrants between April 2004 and December 2008 for employment, benefit and tax credit purposes.³⁰⁸ It is, however, likely that these figures also under-represent the number of A8 nationals working in the US since it is estimated that up to 13% of the A8 workers do not have the NiNo.³⁰⁹ Based on this information, 1,289,000 A8 migrant workers would have registered for NiNo during this time period.

Another measure of gross arrivals, likely to give a better indication of the scale of A8 migrants, comes from the *Worker Registration Scheme* (WRS) discussed above. The WRS serves as a basic instrument for the Home Office drawing conclusions on the influx of foreign workers to the UK labour market and provides key findings on the post-enlargement period, which are regularly published in the *Accession Monitoring Report*. According to the latest report,³¹⁰ the total of 966,000 applications was made to register with the WRS between April 2004 and December 2008.

In line with the LFS and IPS surveys, both NiNo allocations and WRS registrations indicate that the number of A8 arrivals in the UK peaked at the turn of 2006 and 2007. For comparison, the figures from all four relevant data sources on A8 immigration to the UK are displayed in Table 16.

³⁰⁸ See *National Insurance Number Allocations to Adult Overseas Nationals Entering the UK: for 2008-09*, http://research.dwp.gov.uk/asd/asd1/tabtools/nino_allocations_aug09.pdf

³⁰⁹ POLLARD, N. et al.: *c.d.*, p. 19.

³¹⁰ The last *Accession Monitoring Report* for the period of May 2004 – March 2009 is available at http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/accession_monitoring_report/report-19/may04-mar09?view=Binary

There has, however, been a lively debate about the extent to which the WRS registration data reflect the actual number of A8 nationals coming to work in the UK following the EU enlargement. As already noted, the registration data clearly underestimate the number of A8 nationals living and working in the UK since a fair amount of A8 migrant workers are self-employed and thus constitute an exemption from registration, and since not all of those who are required to register always do so. According to the LFS, the proportion of the self-employed A8 migrant workers is as high as 14%,³¹¹ and other surveys have estimated that between a quarter and a third of the total A8 nationals working in the UK are not registered on the scheme at all.³¹² As emphasized by Anderson et al. (2006) the A8 migrant workers may have been discouraged from registering with the WRS by several reasons ranging from simply not being informed about the registration requirement, through the incineration of the registration, to the low levels of prosecution of the employees and employers for violating the immigration laws.³¹³ Furthermore, those who do not intend to stay in the UK for a longer period of time or those who are not concerned with claiming benefits in the future, are not motivated to apply for registration with the WRS. Last but not least, it has been estimated that up to 40% of the initial applicants had been residing in the UK prior to 1 May 2004.

From the variations of the estimates of total post-2004 influx of the A8 migrant workers into the UK outlined above, uncertainty about the exact scale of A8 migrants evolves. In our estimates the WRS data are taken as the most reliable source of the scale of post-EU enlargement migration from the A8 countries to the UK as it is most likely to capture the short-term immigration. When estimating the actual gross inflow of the labour migrants to the UK following the 2004 enlargement, we do consider four main aspects: 1. about 145,000 A8 nationals resided in the UK prior to the EU enlargement; 2. around

³¹¹ Cited in POLLARD, N. et al.: *c.d.*, p. 18.

³¹² The survey carried out by Pollard et al. (2008) for example revealed that around 42% of Poles who had worked in the UK since 2004 and now returned to Poland were not registered with the WRS. See *Ibid*, p. 18. The evidence gathered by Anderson et al. (2006) confirms the findings by reporting that about a third of the respondents interviewed did not need to register. See ANDERSON, B. et al.: *c.d.*, p. 106.

³¹³ *Ibid*, p. 105-6.

40% of those initially registered with the WRS had come to the UK before 1 May 2004; 3. approximately 33% of all A8 workers residing in the UK is not registered with the WRS; 4. the exemptions from registration can be counterbalanced by the multiple re-registrations with the WRS. Taking these points into account, we estimate that the total gross number of A8 arrivals to the UK between May 2004 and December 2008 stands just over one million (1,071,000). Our estimate highly corresponds with the most recent estimate of Pollard et al. (2008).³¹⁴ When coming to the net post-2004 inflows of the A8 migrants to the UK, the poorly recorded outflows of the A8 migrants during the period studied have to be considered. Applying the deductions of the Pollard et al. study (2008) suggesting that about half of A8 migrants who have arrived since May 2004 had left the UK by the end of December 2007,³¹⁵ we conclude that the UK has experienced the net influx of over a half million A8 labour migrants between May 2004 and December 2008. Our calculation goes in hand with the study conducted by the European Integration Consortium (2009) suggesting that the net inflow of about 525,000 NMS-8 migrants was most probably experienced in the UK between May 2004 and December 2007.³¹⁶

Table 16: Comparison of A8 Nationals Inflows to the UK from the Main Data Sources, April 2008-December 2008

	2004	2005	2006	2007	2008	Total	Survey
Number of A8 migrants	167,000	274,000	430,000	589,000	689,000	689,000	LFS
Gross inflow	-	107,000	156,000	159,000	100,000	522,000	
Net inflow	-	-	-	-	-	-	
Number of A8 migrants	-	-	-	-	-	-	IPS
Gross inflow	53,000	76,000	92,000	112,000	89,000	422,000	
Net inflow	50,000	61,000	71,000	87,000	20,000	289,000	
Number of A8 migrants	-	-	-	-	-	-	WRS
Gross inflow	134,560	212,330	234,730	217,970	166,490	966,065	
Net inflow	-	-	-	-	-	-	
Number of A8 migrants	-	-	-	-	-	-	NiNo
Gross inflow	61,620	236,360	277,080	334,600	230,900	1,140,560	
Net inflow	-	-	-	-	-	-	

³¹⁴ The authors estimated that the total of 1,018,400 migrant workers from A8 countries arrived in the UK between May 2004 and December 2007. See POLLARD, N. et al.: *c.d.*, p. 19.

³¹⁵ *Ibid*, p. 19.

³¹⁶ UPWARD, Richard: *Country Study: UK*. In: *Labour Mobility within the EU in the Context of Enlargement and the Functioning of the Transitional Arrangements: Country Studies*. European Integration Consortium, Nuremberg 2009, p. 6, <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=497>

Number of A8 migrants	-	-	-	-	-	-	Own
Gross inflow	-	-	-	-	-	1,071,000	
Net inflow	-	-	-	-	-	535,000	

Sources: Own calculations based on quarterly LFS, IPS, WRS taken from the *Accession Monitoring Report, May 2004 – March 2009*, and quarterly NiNo allocations.

About ten times higher net inflows of the A8 nationals to the UK following the EU enlargement then indicated by the pre-enlargement predictions could be, according to Pollard et al. (2008), explained by following reasons:

1. The forecasted figures did not take into account the transitional measures imposed on the workers from the NMS by vast majority of the EU-15 states, and thus the possibility of diversion of the migration flows from the traditionally popular destinations among the A8 nationals such as Germany that, however, restricted the access to their labor markets to those few EU-15 countries that opened their labour markets for the A8 nationals from the 1 May 2004.
2. The predictions were based on permanent migration flows, thus not being able to deal with the fact that a high proportion of the A8 workers have moved to the UK for a limited time period only.
3. Up to 40% of the A8 nationals who registered with the WRS after the enlargement had already been working in the UK prior to the accession.
4. Well-performing UK economy with low levels of unemployment and high labour demand have acted as a strong pull factor.³¹⁷

The available data on the inflows summarized in Table 16 suggest that the arrival rate of the A8 migrants peaked in 2006 and 2007 and has been slowing down since then. Coupled with the evidence that a significant proportion of these migrants are leaving the country or are intending to stay for a short period, the largest wave of migration from the NMS-8 to the UK seems to have passed and the UK is now focusing more on the immigration from outside the

³¹⁷ POLLARD, N. et al.: *c.d.*, p. 16.

EU.³¹⁸ The official figures released by the Home Office confirmed that the numbers of the A8 migrants coming to work in the UK were at their lowest levels in the last quarter of 2008 since the EU 2004 enlargement and continue to fall in 2009.³¹⁹ This downward trend was mainly explained by the accelerated return of Polish migrants to their home country during 2007 and 2008.³²⁰

The temporary nature of the post-2004 immigration of the A8 nationals to the UK is widely supported by the fact that over a half (51%) of the A8 workers who registered for employment from May 2004 to March 2009 took up temporary jobs particularly in agriculture and in administration, business and management.³²¹ Among the A8 migrants who registered for employment between April 2008 and March 2009, 62% indicated on their application form that they intended to stay in the UK for less than three months. In contrast, only 4% of the registered expressed their intention to stay in the UK for at least one year but not longer than two years, and 7% indicated that they plan to live and work in the UK for more than two years (see Table 17).³²² Similar findings provided the Office for National Statistics in its 2008 Annual Report when indicating that almost half of all A8 long-term migrants arriving in the UK in 2008 intended to stay for up to two years only. The proportion of A8 migrants who intended to stay in the UK for four or more years decreased, according to the ONS, from 23% in 2007 to 12% in 2008.³²³

³¹⁸ See *East European Worker Influx Slows*. BBC, 24 February 2009, http://news.bbc.co.uk/2/hi/uk_news/politics/7906277.stm

³¹⁹ See *Latest News and Updates: Immigration and Asylum Statistics Released*. Home Office, UK Border Agency, 27 August 2009, <http://www.ukba.homeoffice.gov.uk/sitecontent/newsarticles/2009/august/immigration-asylum-stats-release>

³²⁰ See POLLARD, N. et al.: *c.d.*, p. 20; or Home Office Accession Monitoring Report registering a drop in approved Polish applicants for work from 36,000 in final quarter of 2007 to 16,000 in the same period in 2008. *Accession Monitoring Report: May 2004 – December 2008. A8 Countries*. A Joint Online Report between the UK Border Agency, DWP, HM Revenue and Customs and Communities and Local Government, 2009, p. 1, http://www.bia.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/accession_monitoring_report/report18/may04-dec08?view=Binary

³²¹ See *Accession Monitoring Report: May 2004 – March 2009*, p.16.

³²² *Ibid.*, p. 16.

³²³ See *Migration Statistics 2008*, p. 26.

Table 17: Intended Length of Stay of A8 Registered Workers, April 2008 - March 2009

Intended length of stay	Numbers	Percentages
Less than 3 months	81,800	62
3 to 5 months	2,695	2
6 to 11 months	4,515	3
1 to 2 years	4,830	4
More than 2 years	9,245	7
Do not know	29,885	22
Total	132,975	100

Source: *Accession Monitoring Report: May 2004 – March 2009*, p.16.

The falling rates of immigration from the A8 countries making the East-West post-enlargement migration temporary phenomenon can be well explained by the classic Harris and Todaro model of the wages convergence (1970). As suggested in the previous chapter and further supported by Upward (2009), the development in the sending countries, such as increase in wages, will strengthen this trend.³²⁴ Poland serves as a great example here. While the UK experienced significant inflow of the Poles in the wake of enlargement, the immigration flows of Polish nationals started to slow down from 2007. According to Lidové Noviny this downward trend has been connected with the electoral victory of Donald Tusk's liberal party in the autumn elections, sharp decrease of the unemployment rate, economic growth and rise of wages, which all together started to attract Poles back home.³²⁵

Furthermore, the recent weakening of the UK economy in terms of rising unemployment and inflation, and falling exchange rate resulting from the global financial crisis is likely to affect the UK in- and out- migration rates. More specifically, the downturn in the UK economy will tend to discourage additional migration to the UK.³²⁶ For the development of economic indicators both in the UK and in A8 countries see Table 18.

³²⁴ See UPWARD, R.: *c.d.*, p. 22.

³²⁵ See PALATA, Luboš: *Ostrovny opouští stále více Poláků*. LN, 18 April 2008, <http://www.icm.uh.cz/str/icm-koktejl/cesi-se-vraceji-domu-prace-v-cizine-se-uz-nevyplati>

³²⁶ See UPWARD, R.: *c.d.*, p. 22.

Table 18: Development of Economic Indicators, the UK and A8, 2003-2009

Unemployment rate (%)							
Country	2003	2004	2005	2006	2007	2008	2009
the Czech Rep.	7.8	8.3	7.9	7.2	5.3	4.4	6.8
Estonia	10.0	9.7	7.9	5.9	4.7	5.5	14.0
Latvia	10.5	10.4	8.9	6.8	6.0	7.5	17.6
Lithuania	12.5	11.4	8.3	5.6	4.3	5.8	14.0
Hungary	5.9	6.1	7.2	7.5	7.4	7.8	10.0
Poland	19.7	19.0	17.8	13.9	9.6	7.1	8.2
Slovenia	6.7	6.3	6.5	6.0	4.9	4.4	6.0
Slovakia	17.6	18.2	16.3	13.4	11.1	9.5	11.9
A8	11.3	11.2	10.1	8.3	6.7	6.5	11.1
the UK	5.0	4.7	4.8	5.4	5.3	5.6	-
GDP per capita in PPS (EU-27=100)							
Country	2003	2004	2005	2006	2007	2008	2009
the Czech Rep.	73.4	75.1	75.9	77.0	80.1	80.3	-
Estonia	54.5	57.4	61.6	65.1	68.8	67.4	-
Latvia	43.3	45.6	48.6	51.6	55.7	57.3	-
Lithuania	49.1	50.5	52.9	55.3	59.3	61.9	-
Hungary	62.8	63.4	63.2	63.2	62.6	64.4	-
Poland	48.9	50.6	51.4	51.9	54.4	56.4	-
Slovenia	83.4	86.4	87.5	87.6	88.6	90.9	-
Slovakia	55.4	57.0	60.2	63.4	67.7	72.2	-
A8	58.85	60.75	62.7	64.4	67.2	68.9	-
the UK	121.7	123.7	121.9	120.3	116.7	116.2	-

Source: Eurostat and own calculations.

4.3. Characteristics of the A8 Migrants

4.3.1. Nationality

Confirming the pre-enlargement forecasts, the figures in Table 19 document that by far the largest majority of all the post-2004 A8 migrants to the UK has been of Polish origin.

Table 19: Nationality of WRS Approved Applicants, May 2004 - December 2008

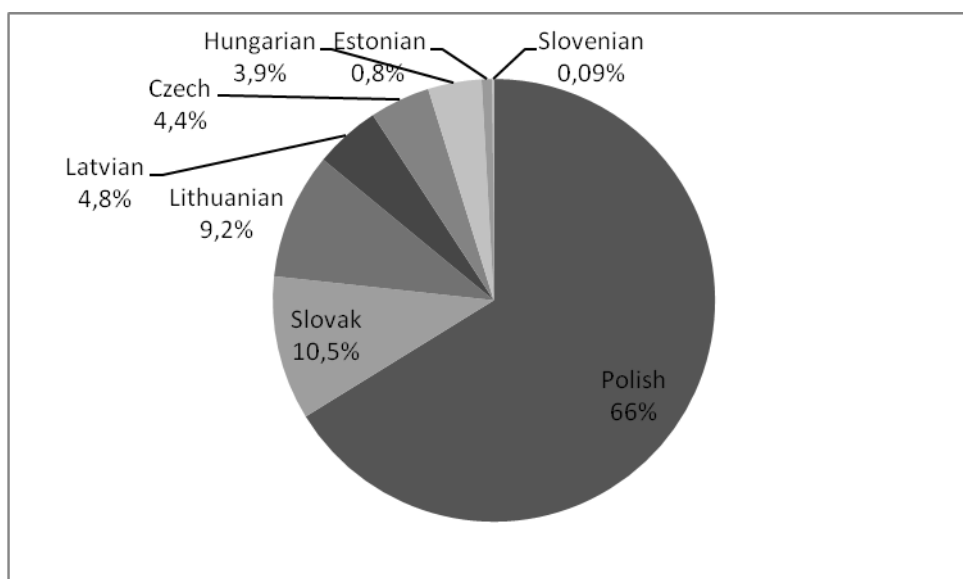
Year	2004	2005	2006	2007	2008	Total	As a % of all A8 applicants
the Czech Rep.	8,255	10,575	8,345	7,510	6,520	41,205	4.44
Estonia	1,860	2,560	1,475	965	945	7,805	0.84
Hungary	3,620	6,355	7,060	8,880	10,865	36,780	3.96
Latvia	8,670	12,960	9,490	6,285	6,960	44,365	4.78
Lithuania	19,275	22,990	17,065	14,265	11,535	85,130	9.17
Poland	71,025	127,325	162,495	150,255	103,015	614,115	66.20
Slovakia	13,020	22,035	21,755	22,450	18,310	97,570	10.52
Slovenia	160	175	180	190	195	900	0.09
A8	125,885	204,97	227,875	210,8	158,34	927,87	100

Source: *Accession Monitoring Report: May 2004 - March 2009*, p. 8 and own calculations.

Two thirds or 66% of all approved applications to the WRS between 1 May 2004 and 31 December 2008 were from Poles, followed by Slovaks (10.5%) and Lithuanians (9.2%). In contrast, only a moderate number of people have come to work in the UK from Latvia (4.8%), the Czech Republic (4.4%) and Hungary (3.9%). The lowest proportion of all the A8 registered workers during this period then came from Estonia (0.8%) and expectidly from Slovenia (0.09%).³²⁷ For the share of individual A8 nationals registered see Figure 4.

³²⁷ For total numbers of individual A8 countries' nationals registered between May 2004 and December 2008 see *Accession Monitoring Report: May 2004 – March 2009*, p. 9.

Figure 4: Nationality of A8 Registered Workers, May 2004 – December 2008



Source: *Accession Monitoring Report May 2004 – March 2009*, p. 8-9.

Even though Polish nationals are making the largest proportion of all the A8 registrations, the greatest propensity to move and seek employment in the UK relative to the population size of the country of origin can be identified in Lithuania and Latvia. The comparison of the registered A8 migrants with the WRS over time also reveals that the proportions of the each A8 countries' nationals coming to the UK have remained broadly constant since 2004, with the only notable exception of Lithuania, whose migrant population in the UK has declined since the end of 2005. Explanation may be found in the significant drop in the unemployment rate apparent from Table 18 together with rising per capita incomes.

The not surprising largest share of Polish nationals among the A8 migrants registering for employment in the UK following the accession approves the previously outlined assumptions. First of all, the migrant network effect has been likely to play a significant role in the decisions of Poles to migrate to the UK as a large Polish community counting around 60,000 people aged 16 and over had been living in the UK prior to the EU enlargement.³²⁸ As emphasized

³²⁸ While Poland was the 12th most common non-UK country of birth of the UK residents in 2004, by 2007, it has become the third most common non-UK country of birth in the UK. See ELLIS, Amy: *UK*

by Gilpin et al. (2006), Poland is also the largest of the CEE countries that joined the EU in May 2004 with a population of almost 40 million, and at the same time its labour market is one of the weakest in the EU.³²⁹ The hypothesis of the neoclassical as well as human capital theory of greater propensity to migrate for the population originating in the countries with lowest GDP per head and highest unemployment rates can be applied here. Furthermore, number of other cultural as well as social factors such as knowledge of host country's language (see Table 20) might have played an important role as well.

Table 20: Languages Spoken by A8 Nationals apart from Mother Tongue,¹ 2002

In % of the respondents						
Country	English	German	Russian	French	Spanish	Italian
the Czech Rep.	24	27	21	3	1	1
Estonia	29	13	53	1	0	1
Hungary	14	13	2	2	0	1
Latvia	23	14	59	1	0	0
Lithuania	20	13	83	2	0	0
Poland	21	16	28	3	1	1
Slovakia	13	20	30	2	1	0
Slovenia	46	38	2	4	1	14
A8	23.75	19.25	34.75	2.25	0.5	2.25

¹ Respondents were asked: 'Which languages can you speak well enough to take part in a conversation, apart from your mother tongue?'

Source: *Candidate Countries Eurobarometer 2001*, p. 35-36.

The post-enlargement immigration of Poles to the UK also refers to another important aspect of the East-West migration flows following the EU enlargement, the diversion of migration flows likely resulting from the imposition of transitional measures in regard to free movement of labour in most of the EU-15 countries. As displayed in Table 21, while more than a third of Polish respondents considering the emigration indicated prior to the enlargement that they are most likely to move to Germany, the Polish Statistical Office (CSO) estimated increase of 127% of Polish migrants to the

Resident Population by Country of Birth. ONS, Spring 2009, p. 22, 26,

http://www.statistics.gov.uk/articles/population_trends/PT135POPCOBARTOCLE.pdf

³²⁹ GILPIN, Nicola et al.: *The Impact of Free Movement of Workers from Central and Eastern Europe on the UK Labour Market*. Working Paper No. 29, 2006, p. 14-16,

<http://www.dwp.gov.uk/asd/asd5/wp18.pdf>

UK between 2004 and 2005, causing the UK to overtake Germany as the most popular destination country.³³⁰

Table 21: Target Countries for Possible A8 Migrants,¹ 1998.

In % of the respondents						
Target country	Germany	Austria	the UK	France	Scandinavia	Other EU
Country of origin						
the Czech Rep.	38	26	24	17	17	4
Hungary	25	13	3	2	2	1
Poland	36	4	6	5	5	4
Slovakia	17	8	4	2	1	3
Slovenia	1	4	2	1	1	1

¹Based on the question: 'To which country are you most likely to go to work or to emigrate in?'

Source: DUSTMAN, C. et al.: *The Impact of EU*

Enlargement on Migration Flows, p. 36.

Since vast majority of A8 migrants seemed to have rather re-evaluate their decision in terms of destination country than desist from migration after what the transitional measures were introduced in the most preferable countries bordering with the CEE NMS (Germany, Austria), the diversion of post-enlargement migration flows also suggests that the relevance of distance has not played significant role in the A8 migrants' decision making. The wiping off the distance differences within the European context has certainly been caused by considerable rise of low-fare flights between the UK and CEE countries.

4.3.2. Age and Gender

The early post-accession evidence already confirmed the assumptions of the human capital model developed by Sjaastadt (1962) of higher inclination toward migration of young and single cohorts of the population.³³¹ The long-

³³⁰ KEPINSKA, EWA: *Recent Trends in International Migration: The 2007 SOPEMI Report for Poland*. Centre of Migration Research, Warsaw University, December 2007, p. 11, www.uw.edu.pl

³³¹ See for example the *Accession Monitoring Report: May 2004 – December 2005*. A Joint Online Report by the Home Office, DWP, the HM Revenue and Customs and Office of the Deputy Prime Minister, 28 February 2006, p. 9,

http://www.bia.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/accession_monitoring_report/repor6/may04dec05.pdf?view=Binary

term monitoring approves the findings. As indicated in Table 22, the overwhelming majority (81.2%) of those A8 migrants who applied for work registration between May 2004 and December 2008 were aged 18-34. The 35-44 age group represented a share of 10.7% of all the registered A8 migrants, and only 7.6% of applicants were 45 years old or older.³³²

Table 22: Age of A8 Migrants Registered with WRS, May 2004 - December 2008

Year	2004	2005	2006	2007	2008	Total	As a % off all A8 applicants
Age group							
< 18	320	655	740	950	1,115	3,780	0.4
18-24	54,355	89,820	99,735	88,810	65,985	398,705	43
25-34	49,835	78,295	88,120	80,100	58,145	354,495	38.2
35-44	12,655	21,760	23,190	23,450	18,060	99,115	10.7
45-54	7,425	12,575	13,875	14,740	12,275	60,890	6.6
55-64	1,020	1,565	1,885	2,430	2,525	9,425	1
65<	20	20	25	50	45	160	0.02
All	125,885	204,97	227,875	210,8	158,34	927,87	100

Source: *Accession Monitoring Report: May 2004 - March 2009*, p. 10 and own calculations.

As noted by Gilpin et al. (2006), the high number of young A8 nationals arriving to the UK following the enlargement has significantly transformed the age profile of the stock of people born in those countries now living in the UK. While 40% of all the recorded A8 migrants living in the UK prior to the accession were aged 65 and over, reflecting the post-war immigration of refugees from CEE countries,³³³ almost 95% of A8 migrants currently residing in the UK are younger than 64.³³⁴

In regard to the gender profile of the A8 post-accession migrants to the UK, negligible gender imbalance has been registered with almost identical ratio or very moderate prevalence of males coming to seek employment in the UK.³³⁵ No conclusion concerning the propensity to migrate in terms of sex can thus be derived. Similarly as with the age, the post-enlargement wave of migration has, however, altered the gender profile of the stock of migrant workers from the NMS-8 living in the UK. The older profile of migrants born in

³³² *Accession Monitoring Report: May 2004 – March 2009*, p. 10.

³³³ GILPIN, N. et al.: *c.d.*, p. 17.

³³⁴ Based on own calculations.

³³⁵ See *Accession Monitoring Report: May 2004 – March 2009*, p. 10.

the CEE residing in the UK prior to the accession meant that significantly more women were represented among this migrant group due to higher life expectancy.³³⁶ As a consequence of almost identical inflow of male and female A8 migrant workers, the gender profile of given group is becoming more balanced.

4.3.3. Employment

According to Portes and French study (2005), the employment rate of the A8 migrants residing in the UK prior to the accession (60%) was significantly below that of the UK-born and other migrant groups.³³⁷ This was given not only by high proportion of pensioners among the A8 migrants, who have been residing in the UK for a long time, but also by the fact that some A8 nationals present in the UK prior to the enlargement might had been there illegally or might had been there legally, but not entiteled to work or entiteled to work under certain restrictions only (e.g. students).³³⁸

Table 23: Employment Patterns of the UK-born and A8 Migrants

	UK-born	A8	EU-14	Period
Employment rate ¹	76.0%	61.6%	73.2%	Jul-Sept 2003
	76.0%	75.3%	73.2%	Jul-Sept 2004
	76.2%	81.0%	74.5%	Jul-Sept 2005
	75.8%	81.5%	77.0%	Jul-Sept 2006
	75.8%	83.1%	75.4%	Jul-Sept 2007
	75.6%	84.2%	75.8%	Jul-Sept 2008
Unemployment rate	4%	5%	-	2007
Gross weekly earnings ²	£356	£420	£392	2003
	£438	£290	£510	2008

¹ Of those of working age (16-59 for women, 16-64 for men)

² For full-time employees.

Source: Office of National Statistics.

Some key features of the A8 migrants in terms of their employment patterns displayed in Table 23 reveal that there has been a substantial

³³⁶ POLLARD, N. et al.: *c.d.*, p. 25.

³³⁷ For comparisons see Table 4.2. in PORTES, J. – FRENCH, S.: *c.d.*, p. 15.

³³⁸ See *Ibid*, p. 15.

increase in the employment rate of A8 migrants and that the NMS-8 migrants are now even more likely to be employed than the UK nationals, and that they have almost the same risk of unemployment.³³⁹ Should we leave aside the fact that the employment rate of the A8 nationals residing in the UK from May 2004 onward has been certainly improved by the access to the formal labour market for those A8 migrants previously working in the UK illegally or unreported, the significant increase in the employment rate of the group studied illustrates that the vast majority of the A8 nationals have come to the UK for reason of employment. This only confirms the pre-enlargement surveys on migrants' motivations debated in the third chapter of this paper further supported by the data from the ONS Annual Report (2008) stating that 90% of the A8 citizens who arrived in the UK in 2005 cited work-related reasons as their main reason for migration.³⁴⁰

Such a high proportion of the A8 nationals arriving in the UK to work, moreover, dissolves the pre-enlargement concerns of the so called 'welfare tourism'. Yet the evidence suggests that only a small proportion of post-enlargement migrants from the NMS-8 have claimed benefits, and if they have done so, these have principally been tax credits and child benefits claimed by migrant workers. Of the 819,000 NiNos issued to A8 nationals between May 2004 and December 2007, 97.6% were issued for employment purposes, 1.6% were allocated for the tax credit purposes and only 0.8% NiNos were issued for the purpose of claiming benefits.³⁴¹

As for the occupational structure of post-2004 A8 migrants, Figure 5 shows that the top five sectors of the registered A8 workers between May 2004 and March 2009 were administration, business and management (40%), hospitality and catering (19%), agriculture (10%), manufacturing (7%) and food, fish, meat processing (5%).³⁴²

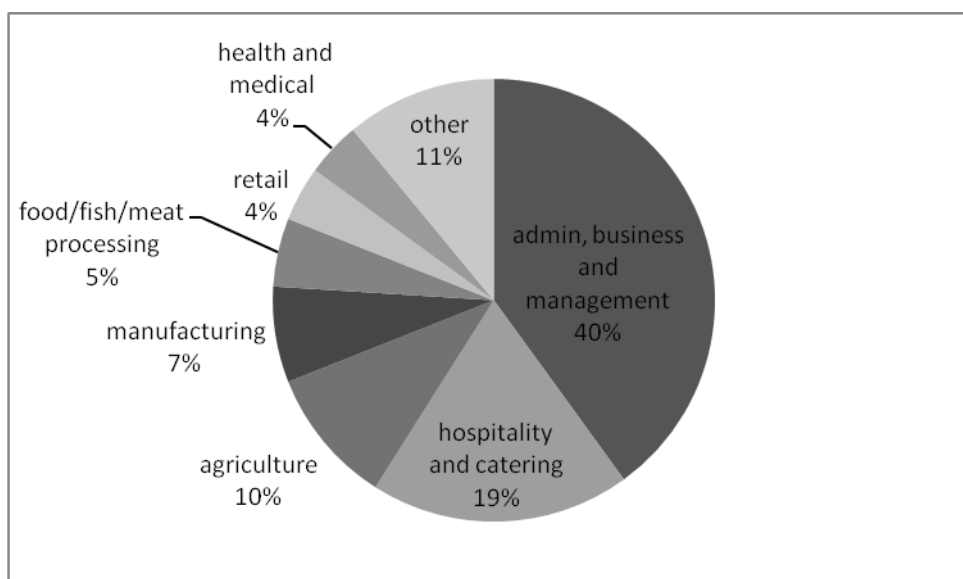
³³⁹ The employment rate of A8 nationals currently residing in the UK is also higher than that of the EU-14 born and other nationals. See *UK Born and Non-UK Born Employment*, <http://www.statistics.gov.uk/pdffdir/mw0209.pdf>

³⁴⁰ In 2007 this proportion, however, decreased to 79% in 2007 and to 64% in 2008. See *Migration Statistics 2008*, p. 22-23.

³⁴¹ Cited from POLLARD, N. et al.: *c.d.*, p. 31-32.

³⁴² For more information see *Accession Monitoring Report: May 2004 – March 2009*, p. 12.

Table 5: Sectoral Structure of A8 Workers, May 2004 – March 2009



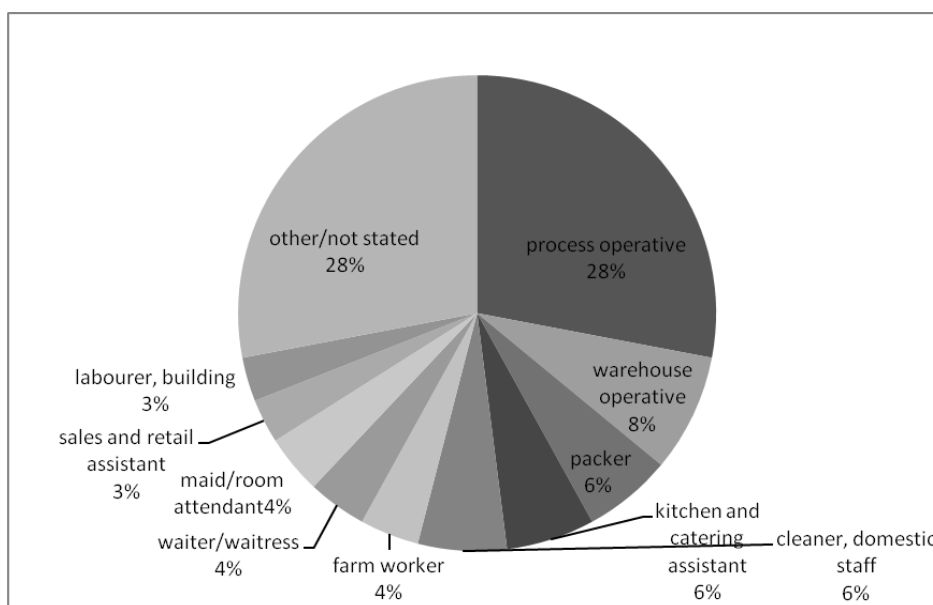
Source: *Accession Monitoring Report May 2004 – March 2009*, p. 13.

The evidence on earnings gathered by the ONS and displayed in Table 23 suggests that A8 migrant workers arriving to the UK after the accession are concentrated in the low-skilled occupations. Interestingly enough, the average gross weekly earnings of A8 migrants fell by some £130 between 2003 and 2008 and stood at two-thirds of that of the UK-born four years after the enlargement. This fact is confirmed by the WRS data recording that the most common occupations for A8 workers registered between May 2004 and March 2009 included process operatives (28%), warehouse operatives (8%), packers, kitchen and catering assistants and cleaners and domestic staff (6% in each). The occupational structure of the A8 migrant workers is displayed in Figure 6. The top 20 occupations among A8 workers have remained largely consistent over the period.³⁴³ Traser (2005) further adds that the A8 migrants are likely to take up the ‘hard-to-fill’ jobs.³⁴⁴

³⁴³ See *Accession Monitoring Report: May 2004 – March 2009*, p. 14.

³⁴⁴ For more details see TRASER, J.: *Who Is Afraid of the EU Enlargement?*, p. 11.

Figure 6: Occupational Structure of A8 Workers, May 2004 – March 2009



Source: *Accession Monitoring Report May 2004 – March 2009*, p. 14.

While disproportionately employed in low-skilled occupations, Dustman et al. (2009) enumerate in their study that 35.5% of the A8 migrants who have arrived in the UK following the enlargement left full time education at the age of 21 or later. In comparison, only 17% of UK nationals completed their full-time education later than at the age of 21 (see Table 24).³⁴⁵ This partly reflects the age structure of the A8 migrants with high proportion of young workers relative to the UK-born workers. Several studies are, however, strongly suggestive of the fact that the A8 migrants in the UK are under-employed relative to their education and that the returns to their education are very low.³⁴⁶ Should we have a look at the occupational structure of similarly educated A8 migrants and UK-born in Table 24, clear picture of disparity in terms of education level and occupation performed appears between the UK and A8 nationals. While a remarkable 55% of A8 migrants who left full-time education after the age of 21 are employed as operatives or in elementary

³⁴⁵ See DUSTMANN, Christian et al.: *The Fiscal Effects of A8 Migration to the UK*. VOX, 8 August 2009, not paged, <http://www.voxeu.org/index.php?q=node/3853>

³⁴⁶ See for example UPWARD, R.: c.d., p. 16-19; DUSTMAN, Christian et al.: *A Study of Migrant Workers and the National Minimum Wage and Enforcement Issues that Arise*. Department of Economics and Centre for Research and Analysis of Migration, University College London, 2007, p. 18-24, <http://www.econ.ucl.ac.uk/cream/pages/LPC.pdf>; DRINKWATER, S. et al.: c.d., p. 18.

occupations, only 18% of similarly educated UK nationals do perform such jobs. In contrast, while 29% of the UK-born fill managerial and professional occupations, only 8% of A8 workers do so. In regard to return to education, one may suggest that while choice of occupation, language skills or perhaps discrimination may play a negative role, the main influential factor is the length of stay.³⁴⁷ In other words, as the return to human capital increases with the length of stay, the post-accession A8 migrants, who are documented to be predominantly short-term migrants, cannot expect any returns to their education.

Table 24: Skill Structure of the UK-born and A8 Workers, 2008

	UK-born	A8
Left full-time education at 21 or later (%)	17.1	35.5
Occupational group:	In % of employed aged 16 and over	
Managers and senior officials	16	4
Professional occupations	13	4
Associate professional and technical	15	5
Administrative and secretarial	12	6
Skilled trades occupations	11	16
Personal service occupations	8	6
Sales and customer service occupations	8	4
Process, plant and machine operatives	7	20
Elementary occupations	11	35

Source: DUSTMAN, C. et al.: *The Fiscal Effects of A8 Migration to the UK*; Office of National Statistics.

4.3.4. Geographical Distribution

While the LFS measure finds that over 50% of all A8 nationals residing in the UK prior to the accession lived in London and at least two-thirds of them were concentrated in the capital and the South East, the post-enlurement A8 migrants have moved to regions that are not traditionally associated with migrant flows.³⁴⁸ This phenomenon reflects the fact that A8 migrants have

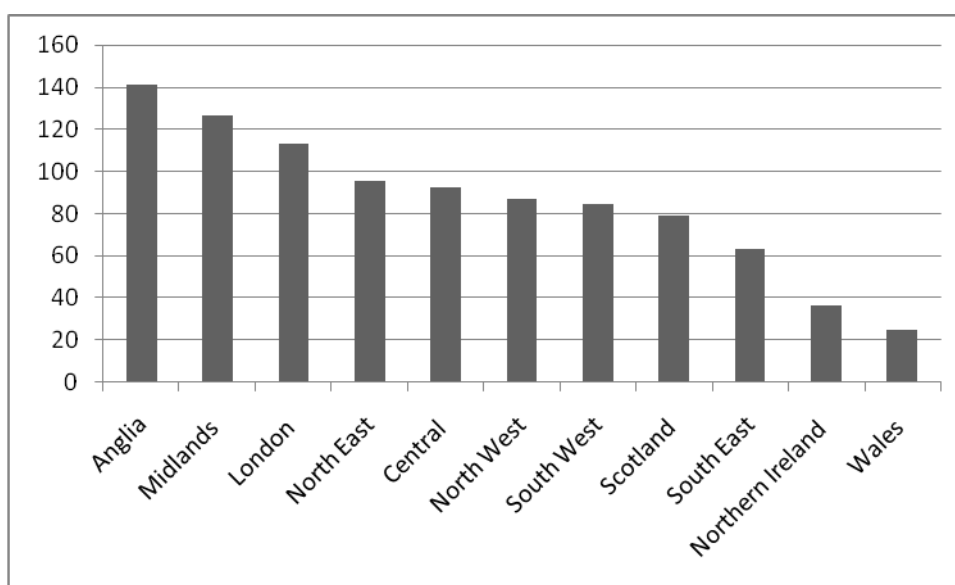
³⁴⁷ UPWARD, R.: *c.d.*, p. 19.

³⁴⁸ See PORTES, J. – FRENCH, S.: *c.d.*, p. 15-16.

decided to come to the UK predominantly because of work-related reasons and are thus willing to move to the areas where the work is available.³⁴⁹

Overall, the highest number of A8 migrants registering for work since 2004 have been recorded in Anglia (15%), followed by Midlands (13%) and London (12%). On the other side, Northern Ireland and Wales have received the fewest registrations with 4% and 3% respectively of the total (see Figure 7).³⁵⁰

Figure 7: Geographical Distribution of the A8 Workers, May 2004 – March 2009



Source: *Accession Monitoring Report May 2004 – March 2009*, p. 17.

As enumerated by Pollard et al. (2008), all the regions across the UK have absorbed significant numbers of A8 post-enlargement migrants and even those areas that have not traditionally attracted immigrants, such as the East of England, the South West, Scotland or Northern Ireland, have drawn disproportionately larger proportion of A8 migrants than other foreign nationals.³⁵¹

Figures in Table 25 also suggest that the spatial migration patterns of the A8 nationals have changed overtime. While migrants from the NMS-8

³⁴⁹ For further details and comparison of regional distribution of A8 and other foreign nationals living and working in the UK see POLLARD, N. et al.: *c.d.*, p. 28.

³⁵⁰ See *Accession Monitoring Report: May 2004 – March 2009*, p. 17.

³⁵¹ See Table 6 in POLLARD, N. et al.: *c.d.*, p. 28.

countries were initially concentrated in London, the proportion of A8 work applications fell from 20% in 2004 to 15% in the first quarter of 2009. This could be partly explained by the fact that large number of A8 migrants already living and working in London prior to the accession registered with the WRS in 2004, other regions, such as Anglia, Midlands, the North East or even the North West, however, attracted the A8 workers in the years that followed. High degree of mobility of the group studied as well as its work-related motivations also suggest that the A8 nationals initially registered in one region might have subsequently moved away.

Table 25: Geographical Distribution of A8 Migrant Workers, May 2004 - March 2009

	2004	2005	2006	2007	2008	1Q 2009	Total
Anglia	21,920	29,930	31,690	29,925	24,310	3,365	141,140
Midlands	11,710	26,755	33,155	29,800	22,285	2,610	126,315
London	25,470	23,460	21,495	21,135	18,415	3,180	113,155
North East	9,060	21,405	25,460	21,995	15,430	2,070	95,420
Central	13,885	20,640	21,315	19,595	15,180	2,040	92,655
North West	7,675	19,135	23,875	21,085	13,285	1,705	86,760
South West	9,700	18,155	21,360	19,375	14,340	1,635	84,565
Scotland	8,150	15,895	19,055	19,560	14,870	1,735	79,265
South East	11,200	13,670	13,325	12,980	10,645	1,710	63,530
N. Ireland	3,660	8,845	8,970	8,500	5,835	740	36,550
Wales	2,430	5,490	6,875	6,010	3,515	475	24,795
Total	124,860	203,380	226,575	209,960	158,110	21,265	944,150

Source: *Accession Monitoring Report May 2004 - March 2009*, p. 18 and own calculations

Concerning the regional distribution within sectors, the WRS data document that 27% of A8 migrants employed in hospitality and catering between May 2004 and March 2009 were registered for work in London, far more than in any other region. The highest concentration of those working in agriculture was then in Anglia (25%), followed by the South West (17%), whereas less than 1% of A8 nationals working in agriculture were based in London or Wales. Midlands, Anglia and the North East were the regions where highest proportion of A8 migrants was registered to work in administration, business and management (20%, 17% and 14% respectively).³⁵²

³⁵² *Accession Monitoring Report: May 2004 – March 2009*, p. 19.

Table 26 then displays ten local authorities that were estimated to have the highest proportion of A8 migrant workers relative to their resident population. As Pollard et al. (2008) point out, the disproportionately high percentage indication for the City of London standing at the top of the list is given by its very small resident population. The authors further add that with the exception of the City of London and the London Borough of Westminster, the places in the table have never received notable numbers of immigrants in the past.³⁵³

Table 26: Local Authorities with the Highest Proportion of A8 Migrants, May 2004 - December 2007

Local authority	WRS applications	2006 population estimate	% of A8 workers
City of London	3,590	7,800	46
Boston	7,875	58,300	13.5
Westminster	19,297	231,900	8.5
Northampton	14,250	200,100	7.1
South Holland	5,195	82,100	6.3
Peterborough	9,995	163,300	6.1
Fenland	4,760	90,100	5.3
Dungannon	2,735	52,300	5.2
County of Herefordshire	9,285	177,800	5.2
East Cambridgeshire	4,115	79,600	5.1

Source: POLLARD, N. et al.: *c.d.*, p. 29; own calculations.

³⁵³ POLLARD, N. et al.: *c.d.*, p. 28-29.

4.4. Czech Nationals in the UK

This final part of the paper uses the results of the questionnaire that was carried out between July 2009 and January 2010 among the Czech nationals either currently residing in the UK or with recent working experience in this by far the most popular destination country for the post-enlargement migrants of the Czech origin. The questionnaire was spread via Facebook in a faith that this would be the best way to target largest possible number of young people that are believed to be the most prone to migration and at the same time use this social network to a high extent as a means of communication. The principal aim of this undertaking has been the attempt to testify the validity of the general migration patterns relevant for the whole group of A8 migrants to the UK on the concrete sample of individuals. When presenting the result of the questionnaire, it is, however, advisable to bear in mind the number of respondents that took part in the survey as well as their most likely socio-economic alignment that is likely to be similar to that of the author of this paper.

During the seven months the questionnaire had been spread by way of Facebook, 53 Czech nationals having some experience with living and/or working in the UK³⁵⁴ responded to ten questions concerning their age and gender, level of education, length of stay in the UK, motivation to migrate as well as expectations from such movement, the job occupied while in the UK and the idea of future country of permanent residence. The exact wording of the questionnaire can be found in the appendix.

Before proceeding to the actual results of the survey, it is, however, appropriate to outline the basis of the post-2004 migration flows from the Czech Republic to the UK.

The above average economic performance of the Czech Republic among the A8 accession states with its second rank behind Slovenia in terms of GDP per capita and gross monthly earnings, and with the unemployment rate only slightly above the EU-15 level at the time of enlargement, indicated for the

³⁵⁴ The questionnaire was targeted at Czech nationals who have been living and/or working in the UK for at least two months in the past ten years.

country to have only a small migration potential.³⁵⁵ The post-enlargement migration figures highly approved these predictions based on the neoclassical economic model, which was discussed at the beginning of the paper.

According to the data published by the Ministry of Labour and Social Affairs of the Czech Republic,³⁵⁶ over 30,000 Czech nationals resided in the EU-15 states in 2005, with the majority living and working in the UK (20,000). In the two years time, this number more than doubled. Over 70,000 Czechs residing in the EU-15 Member States in 2007, however, still represented only a small share of all the A8 nationals who have moved to the EU-15 following the accession. As already foreshadowed, the UK welcoming every quarter in average 2,200 new Czech migrants has become by far the most popular destination among Czech post-enlargement migrants. According to the WRS data, some 42,000 Czech people or 0.4% of the total population of the Czech Republic came to work to the UK between May 2004 and December 2008. The number of Czech nationals living and working in the UK is displayed in Table 27.

Table 27: Czech Nationals Registered for Work in the UK, May 2004 - December 2008

Period	Number of Czech nationals registered with WRS
Q2 2004	2,520
Q3 2004	3,510
Q4 2004	3,020
2004 total	9,050
Q1 2005	2,840
Q2 2005	2,825
Q3 2005	2,980
Q4 2005	2,310
2005 total	10,955
Q1 2006	1,865
Q2 2006	2,045
Q3 2006	2,215
Q4 2006	2,065
2006 total	8,190
Q1 2007	1,825

³⁵⁵ For the economic indicators see Tables 5, 6 and 7 on page 60, 62 and 63 respectively.

³⁵⁶ See *Přehled zaměstnanosti občanů ČR na území států EU/EHP a Švýcarska v letech 2005 – 2007*. MPSV, April 2008, http://www.mpsv.cz/files/clanky/5296/Obcane_CR_v_EU.pdf. These figures, however, do not reflect the exact number of Czech nationals living and working in the EU as not all the EU-15 countries keep a record of individual A8 nationals residing on their territory.

Q2 2007	1,800
Q3 2007	1,990
Q4 2007	1,900
2007 total	7,515
Q1 2008	1,735
Q2 2008	1,850
Q3 2008	1,720
Q4 2008	1,135
2008 total	6,440
Total	42,150

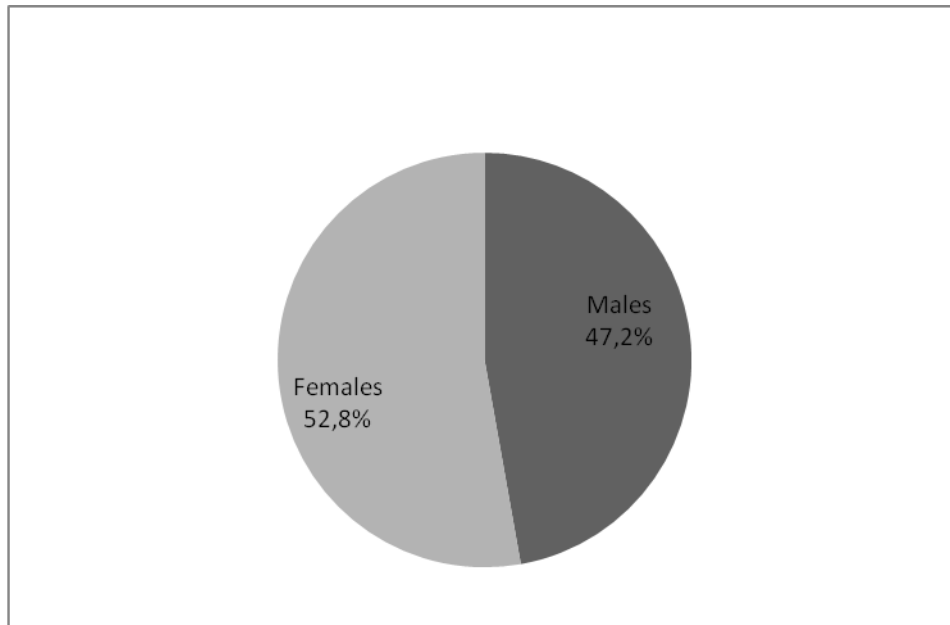
Source: *Accession Monitoring Report May 2004 - December 2005, May 2004 - December 2006, May 2004 - December 2008.*

Considering the fact that the pre-enlargement surveys identified the UK to be only the third most popular destination country after neighboring Germany and Austria for the Czech potential migrants,³⁵⁷ the phenomenon of the diversion of post-enlargement migration flows resulting from the imposition of the transitional measures can be confirmed here.

In terms of gender, the results of our survey revealed that the gender profile of Czech nationals with recent residence experience in the UK is almost balanced with a little prevalence of females (see Figure 8). While 52.8% of our respondents were women, the also very balanced gender profile of the whole A8 group outlined above showed that the inclination of men toward migration is slightly higher than that of women. The difference in the findings is, however, so negligible that it allows us to draw a conclusion that men and women have almost identical propensity to migrate.

³⁵⁷ WALLACE, C.: *c.d.*, p. 46.

Figure 8: Gender Profile of Respondents



Our findings have also unambiguously approved the correlation between age and education and willingness to migrate predicted by the neoclassical human capital model. 44 or 83% out of 53 respondents belonged to the 25-35 age group, six or 11.3% were aged 17 to 24 and only three or 5.7% respondents were 36 years old or older (see Figure 9). Regarding the level of education, all 53 respondents declared to have completed at least 12 years of full-time education of whom 77.4% said to have completed at least undergraduate university programme (see Figure 10). This goes with the theoretical presumptions outlined in the first part of the paper saying that younger migrants have longer expected lifetime gain from migration than their older counterparts, and also more educated individuals are believed to be better positioned to gain valuable information about the host country, thus reducing the costs of migration and actual adjustment to new environment. The age and education structure of Czech migrants to the UK is displayed in.

Figure 9: Age Profile of Respondents

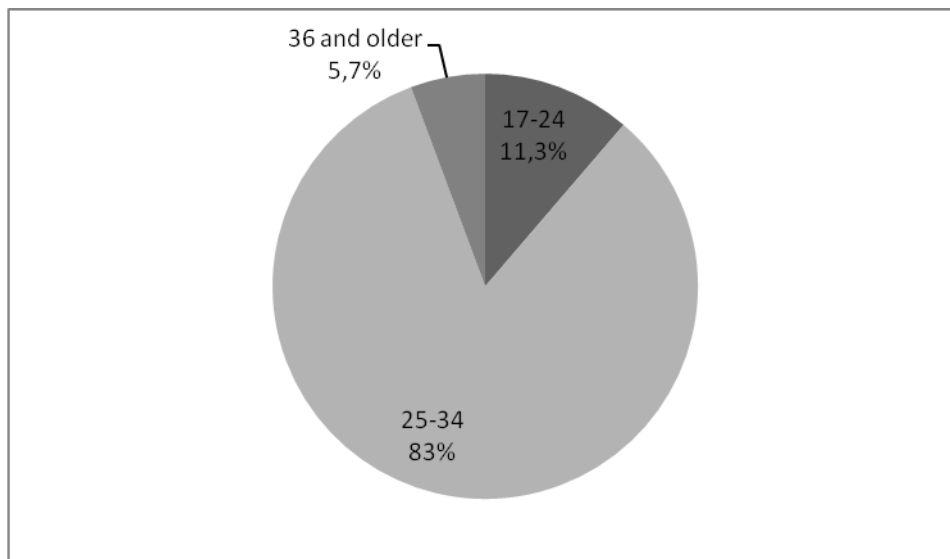
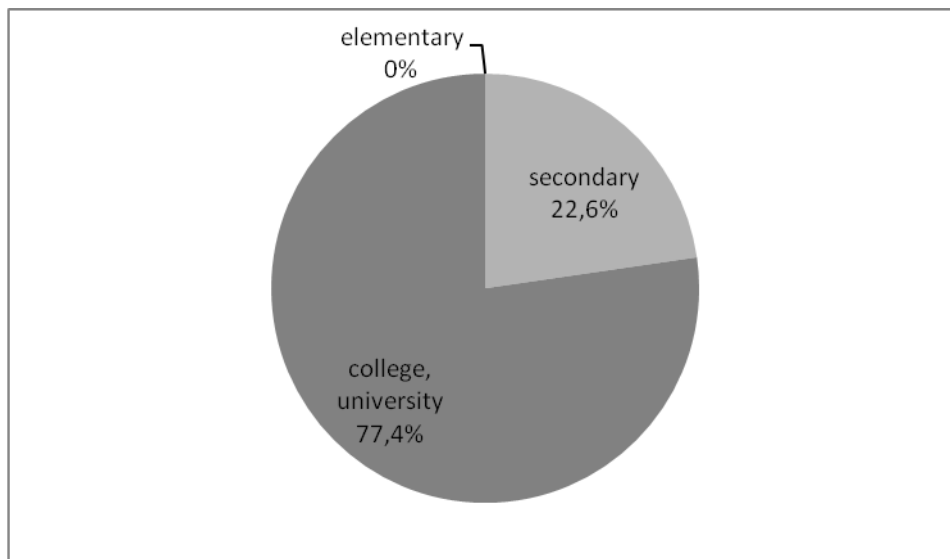
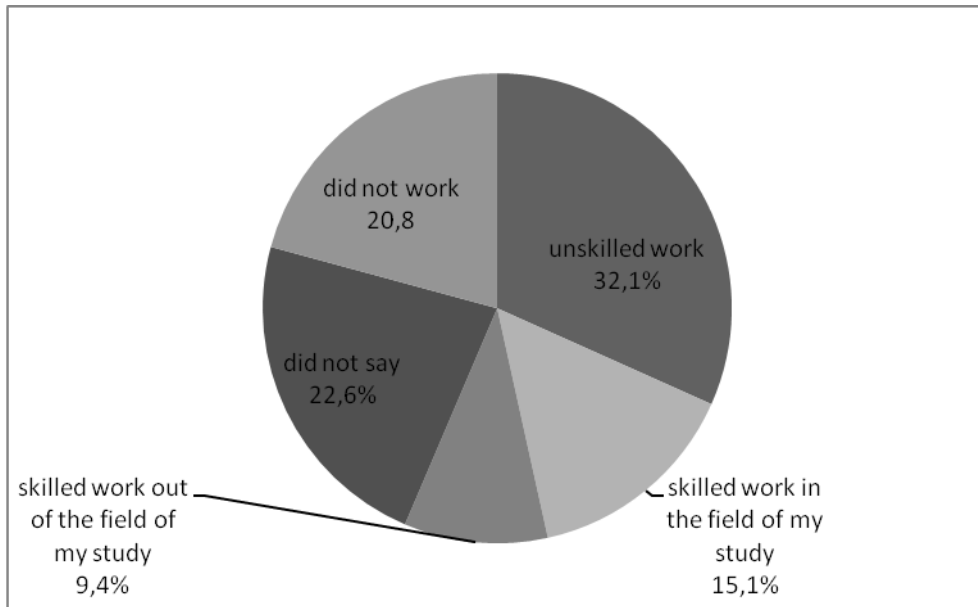


Figure 10: Education Level of Respondents



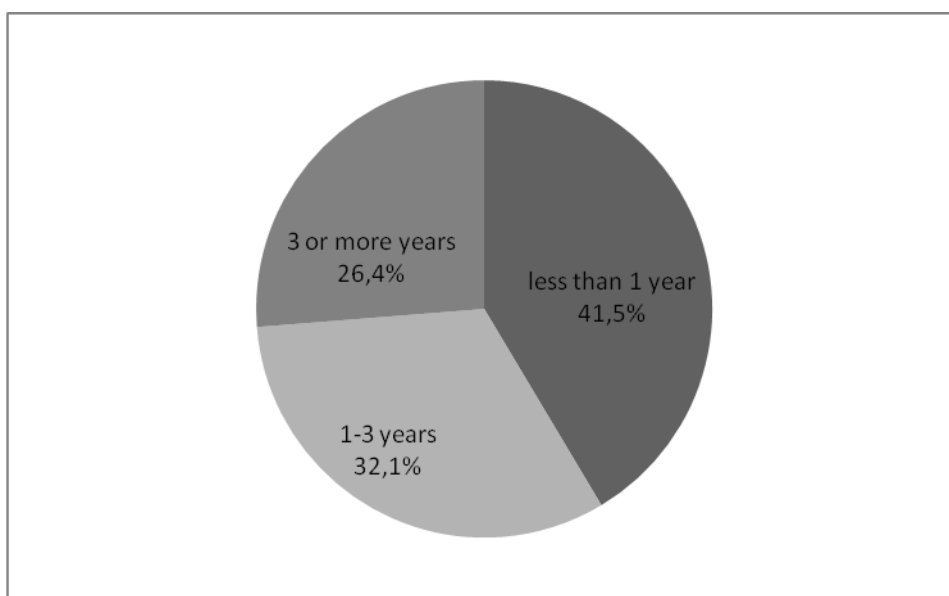
The look at the responses concerning the occupation performed confirms to some extent the fact that the A8 migrants tend to be under-employed relative to their education level. The share of respondents performing unskilled jobs (32.1%) is not, however, as striking as that of the whole A8 migrants group. A large proportion of respondents (24.5%) declared to be employed in skilled occupations while 22.6% failed to answer this job-related question and 20.8% stated that they were/are not engaged in an employment during their stay in the UK (see Figure 11).

Figure 11: Occupational Structure of Respondents



The Czech sample also confirms the notion of temporary nature of the post-enlargement East-West migration flows. While almost three-fourths (73.6%) of the respondents proclaimed to have stayed in the UK for less than three years, only 26.4% of those who filled out the questionnaire stated that their stay in the UK is or was longer than three years (see Figure 12).

Figure 12: Length of Stay in the UK



An important correlation between the level of education and declared length of stay in the UK has been noticed. More than half (51.2%) of the participants with completed college or university education stayed in the UK for the period shorter than one year, 31.7% of them then resided in the UK for one to three years and only 17.1% of college/university educated individuals taking part in the survey decide to stay in the UK for three or more years. The opposite pattern has been observed among those with lower level of education. While only 8.3% of respondents with completed secondary education spent less than one year in the UK, 41.7% and 50% of them declared to stay there for one to three years and for more than three years respectively.

This indirect relation between the education level and length of stay may have two major explanations. First, the individuals with a high-school education only are said to be worse positioned on the home labour market not only in a sense of likely facing more difficulties to find a job, but also the average earnings of those with lower levels of education are most likely to be lower than of those with college or university degree. This might act as an important push factor for secondary educated workforce to seek employment abroad. The second reason behind decreasing length of stay with increasing education level could be the fact that 17 out of 41 or 41.5% college/university educated respondents cited study or internship as a main reason of their stay in the UK.

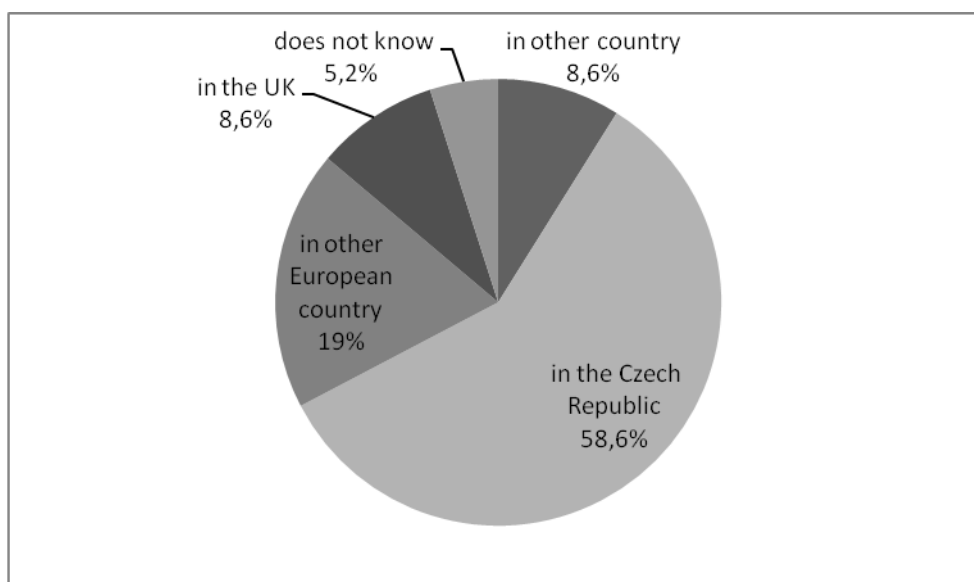
Should the Czech nationals decided to move to the UK they would intend to go there just for limited time period corresponds with the temporary nature of general migration patterns of the A8 group and is in practice documented by the development of the approved work registrations with the WRS. As shown in Table 27, the number of Czech applications peaked in 2005 and continued to fall since then to its minimum in the fourth quarter of 2008, when only 1,135 Czech nationals applied for registration with WRS. The loss of interest in moving for work to other European countries was confirmed by the ECAS study, revealing that in 2005 only 5% of Czechs interviewed declared the willingness to seek employment abroad.³⁵⁸ The annual survey of the

³⁵⁸ See Studie ECAS: *Čechům se za práci do států EU příliš nechce*. Euroskop, 12 September 2005, <http://www.euroskop.cz/38/3294/clanek/studie-ecas-cechum-se-za-praci-do-statu-eu-prilis-nechce/>

Central and Eastern European labour markets conducted by the Institute for Global Mobility (IGM) explained that the continuing growth of foreign direct investment has not only brought many good job offers to the Czech Republic but has also accelerated rise of wages to the ‘world’ level. As a result, the Czech employees are less willing to move for employment to other EU countries and prefer to stay in their home country instead.³⁵⁹ The dramatic fall of the number of Czech nationals interested in working in the UK has also been given by significant strengthening of the Czech currency and simultaneous weakening of the British Pound resulting from high dependence of the UK economy on the US one.³⁶⁰

The temporary nature of migration movements from the Czech Republic to the UK is further supported by the fact that only 8.6% of the respondents expressed their intention to live in the UK permanently. In contrast, almost 60% of the questionnaire participants reported that they would like to live in the future in the Czech Republic (see Figure 13).

Figure 13: Intended Country of Future Permanent Residence

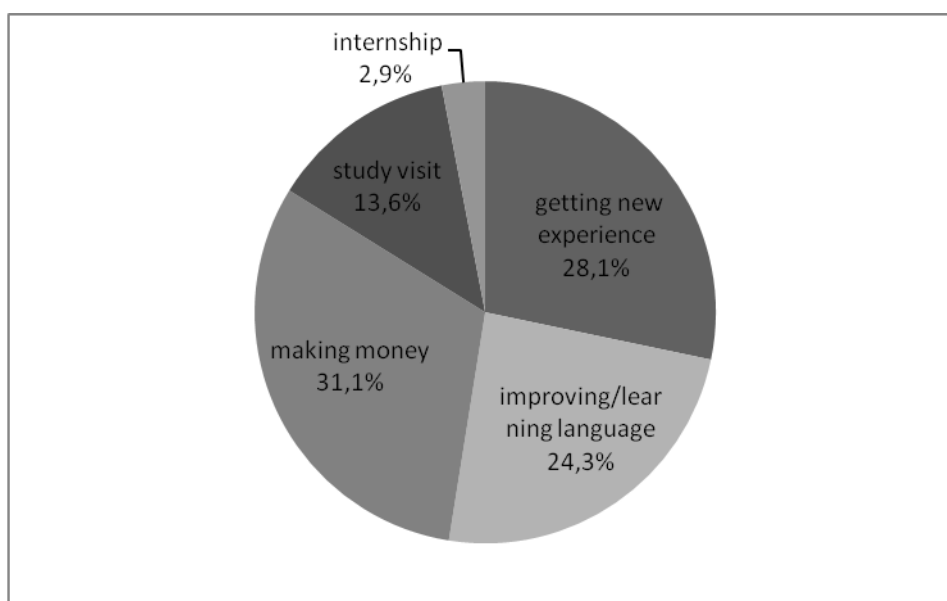


³⁵⁹ See *Průzkum: Češi nemusí odcházet za prací do zahraničí*. Euroskop, 7 December 2005, <http://www.euroskop.cz/38/3886/clanek/pruzkum-cesi-nemusi-odchazet-za-praci-do-zahranici/>

³⁶⁰ See BEDNÁŘ, Vojtěch: *Češi se vracejí domů. Práce v cizině se už nevyplácí*. LN, 18 April 2008, <http://www.icm.uh.cz/str/icm-koktejl/cesi-se-vraceji-domu-prace-v-cizine-se-uz-nevyplati>

When asking about migrants' motivations to leave their home country, it was not proved that their decision has been primarily driven by work-related reasons or expectations of higher incomes. While 31.1% of respondents did state that they moved to the UK with the aim of making money, almost the same proportion (28.1%) of the questionnaire-participating Czech migrants decided to move to the UK to get new experience and the majority (40.8%) stated education-related reasons such as improving their language skills, study visit or internship (see Figure 14). This confirms the above suggested relation between the post-2005 positive development on the Czech labour market and economy as a whole and decreasing interest of Czech nationals in seeking employment abroad. As Jan Žižka points out in his article, less and less of those whose decision to migrate has been driven by monetary reasons have been recently coming to the UK, on the other side seeking new experience has become major incentive for Czech nationals to move to the UK at least for couple of months in the last two or three years.³⁶¹

Figure 14: Motivations of Respondents to Leave for the UK

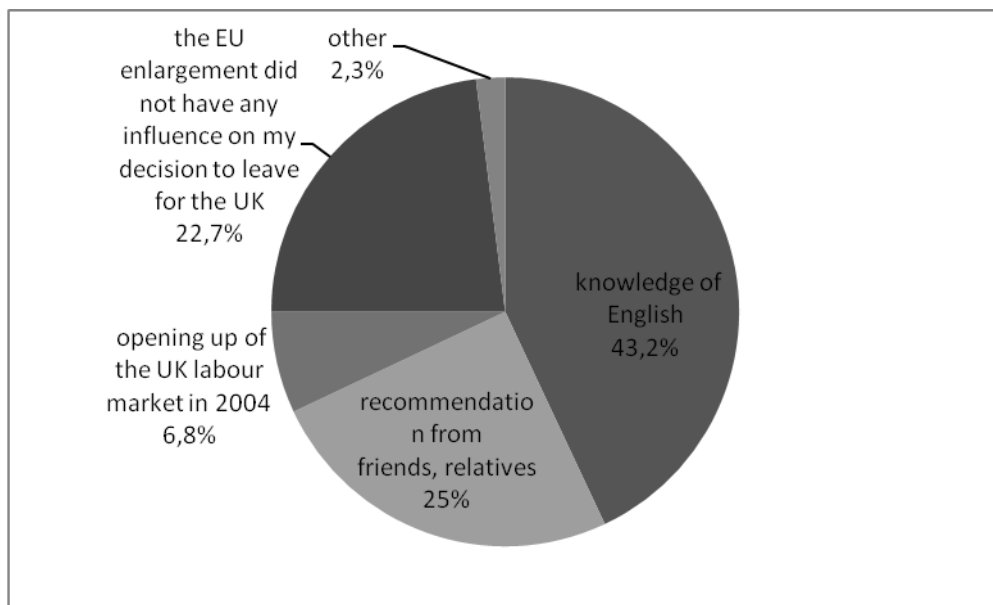


In regard to other factors influencing Czech migrants' decision making, 43.2% of respondents stated that their choice of the UK was primarily

³⁶¹ See ŽIŽKA, Jan: *Do Británie míří nejméně Čechů od vstupu do Unie*. E15, 26 August 2008, <http://www.e15.cz/byznys/do-britanie-miri-nejmene-cechu-od-vstupu-do-unie-44191>

determined by knowledge of English language. 25% then said that they were motivated by positive experience of their friends or relatives, which indicates that the social network effect has been likely to play an important role in encouraging Czech nationals to move to the UK. Interestingly enough, the opening of British labour market to the accession countries in 2004 played only a marginal role in Czech migrants' decision making when only 6.8% of the respondents declared that they were encouraged to seek residence and work in the UK by the liberalization of the British labour market in the wake of enlargement (see Figure 15). This finding leads us to a conclusion and confirmation of the fact that the EU enlargement has not functioned as a starting mechanism of some larger East-West migration flows and those who really wanted to move to the UK had done so either before the enlargement or would not be discouraged from their intention to become the UK residents even if the EU did not extend its borders to the East.

Figure 15: Other Factors Influencing Respondents' Migration Decision



CONCLUSION

More than five years have past since the 2004 enlargement of the EU, which was accompanied by unusual fears of large scale migration movements of NMS-8 nationals seeking employment and flooding labour markets of the economically more developed 'old' EU-15 Member States. These concerns, particularly strong in the EU-15 countries sharing the border with the accession states (Germany, Austria), were fed by the economic differentials between the EU-8 and incumbent EU Members as well as by predicted high migration potential of the CEE countries given by essentially no history of free East-West population movements and quite large social networks of former A8 migrants established in the territory of the EU-15 states. The aim of this paper was to look closely at the circumstances of the 2004 EU enlargement that were most likely to determine the volume of possible East-West migratory movements following the accession, document and compare its actual scale with the pre-accession forecasts and qualify the legitimacy of the pre-enlargement fears of cheap unskilled labour flooding the 'old' Member States' labour markets, reducing the wages of native workers and pushing them out of their jobs. Main characteristics of the CEE migrant workers were also examined and compared with the theoretical predictions.

Despite the limitations of the available data, our study revealed that while most of the EU-15 countries have experienced an increase in immigration from the eight CEE NMS, the scale of the East-West post-enlargement migration movements have largely gone in line with the mainstream of the pre-accession forecasts and only a limited inflow of the A8 labour has been registered in the years following the enlargement. In concrete, the available evidence suggests that the number of EU-8 nationals in the EU-15 countries had increased from about 900,000 in 2003 to 1.9 million in 2007 or from 0.24 to 0.5% of the total EU-15 population in these four years. This corresponds with an average annual increase of 250,000 immigrants.

The selective application of the transitional measures for the free movement of labour by vast majority of the EU-15 Member States has,

however, resulted in substantial diversion of migration flows from the traditional destination countries of the CEE states (Germany and Austria) to the countries applying more liberal policies in this regard (the UK and Ireland). The available statistical data on the scale of post-2004 immigration revealed that the UK received about ten times higher net inflows of A8 nationals following the enlargement than predicted and that the UK together with Ireland have absorbed almost 70% of all the post-2004 A8 immigrants to the EU-15.

These findings thus partially verify the first part of our hypothesis that *the fears of the mass immigration of CEE NMS nationals to the incumbent EU Member States were unsubstantiated as only a modest number of Central and Eastern Europeans will be willing to move and seek employment in EU-15 countries*. While no large scale immigration from the NMS was reported on the EU-15 level, particularly the UK had to deal with larger inflows of NMS-8 workers. These have, however, still constituted only a limited share of the UK population (0.02%) and were due to country's positive economic indicators successfully absorbed into its labour market. As documented in the fourth part of the paper, the A8 migrants have played complementary role on the UK labour market taking above all the hard to fill jobs.

Interestingly enough, it was found out that the diversion of migration flows towards the EU-15 countries that granted the NMS-8 nationals access to their labour markets with the accession date has not held true for the Scandinavian countries. It was thus suggested that the high proportion of A8 migrants heading after the EU enlargement towards the UK and Ireland has had other explanations than just the full liberalization of its labour markets. Other factors, such as the increasing knowledge of English, favourable labour market conditions and flexible labour market institutions, declining costs of distance or role of established migrants networks might have significantly influenced the direction of post-enlargement East-West migration flows too. Moreover, the available evidence for the years 2006 and 2007 also encourages the conclusions that the labour market restrictions have not had larger impact on the distribution of intra-EU mobility, since the removal of restrictions on labour market access in Finland, Greece, Italy, Portugal, Spain or in the Netherlands have not triggered any visible increase in immigration

from the EU-8 to these countries. As it was further suggested, lifting of the restrictions resulted rather in reduction of undeclared work by the EU-8 nationals than in their massive influx.

As for the second part of our hypothesis questioning the nature of the East-West post-enlargement migratory movements, it has been proved at both the EU and UK level that the EU-8 migrant workers tend to move to the EU-15 countries for a limited time period only and do not intend to stay there permanently. The evidence shows that the migration flows from the A8 countries both to the EU-15 as well as to the UK peaked in 2006 and continued to slow down since then. The official figures released by the UK Home Office confirmed that about half of the EU-8 nationals who have come to the UK to work since the 2004 have already left the country by December 2007 and that the country is now again focusing on the immigration from outside the EU.

The temporary nature of the East-West post-enlargement migration of labour can be well explained by the classic Harris and Todaro (1970) economic model of convergence. The look at the economic indicators in the sending and receiving countries and their comparison with the migration trends clearly approve that the post-2006 falling immigration rates correlate with the improvement of employment rates in the EU-8 countries, slow but certain convergence of GDP and growing wages. Furthermore, the recent weakening of not only the UK economy but the economy of the whole eurozone in terms of rising unemployment and inflation resulting from the global financial crisis is likely to further curtail the immigration from the NMS-8. The hypothesis of the neoclassical human capital theory of greater propensity to migrate of the population originating in the countries with lowest GDP per capita and highest unemployment levels well explains the highest mobility rates of Poles, Lithuanians and Slovaks among the A8 nationals. In contrast, the above average economic performance of Slovenia or the Czech Republic among the A8 accession group foreshadowed small migration potential of these two countries, which has been proven.

In regard to the characteristics of the A8 migrant workers to the EU-15 countries and the UK, the results of our study proved that the majority of the A8 post-2004 are substantially younger than the overall workforce of the receiving country with mostly medium-level qualifications. This corresponds with the assumptions of the neoclassical human capital model developed by Sjaastadt (1962) of higher inclination towards migration of young and better educated cohorts of the population. As for the gender profile of the A8 post-accession migrants to the UK, negligible gender imbalance on behalf of men has been registered. No conclusion concerning the propensity to migrate in terms of sex can, nevertheless, be derived.

The significant increase in employment rate of the group studied illustrates that the vast majority of the A8 nationals have come to the UK for the reason of employment. A high proportion of the A8 migrants arriving in the UK to work in combination with the fact that only a small number of post-enlargement CEE migrants have claimed benefits, dissolves the pre-accession concerns of the so called 'welfare tourism'. The regional distribution of A8 migrants in the UK territory reveals that the NMS-8 nationals have moved to areas that have not been traditionally associated with immigration. This not only supports the fact that the A8 migrants' decisions to come to the UK has been driven primarily by work-related motivations and have thus been willing to move to the areas where the work has been available, but also the decline of relevance of distance in the migrants' decision making. In terms of the employment, our findings suggest that the A8 migrant workers that have arrived in the UK following the accession have been concentrated in the low-skilled occupations and have thus been under-employed relative to their education levels.

Despite its limited communicative value, the results of our questionnaire targeting the Czech nationals with recent living and/or working experience in the UK unambiguously approved the correlation between age and education and willingness to migrate predicted by the neoclassical human capital model. The Czech sample also confirmed the notion of temporary nature of post-enlargement East-West migration flows and to some extent also recognized that the A8 migrants have predominantly performed the occupations that are

below their qualification levels. Less and less of those whose decision to migrate has been driven primarily by monetary reasons have been, however, recently coming to the UK. On the other side, seeking new experience has appeared to become major incentive for Czech nationals to move to the UK for at least couple of months in the last two or three years.

Findings of the thesis thus lead us to the conclusion that the EU enlargement has not functioned as a starting mechanism of some large scale East-West migration flows and that such concerns were only artificially elicited without having a serious base in the empirical literature. Moreover, as many CEE nationals had already resided in the EU-15 countries prior to the enlargement, it can be suggested that the opening up of the labour markets of the incumbent EU states have not played a pivotal role in the A8 migrants decision making to move westwards. The presupposed temporary nature of the migratory movements from the NMS-8 to the EU-15 countries has been verified in line with the economic laws.

In regard to the evaluation of the theoretical framework used, the presumptions of both the micro- and macro-levels of the neoclassical migration theory outlined in the first chapter of the paper were verified throughout the paper. The comparison of the development of economic indicators in the sending and receiving countries with the development of East-West migratory flows has revealed that the post-2004 immigration from the A8 countries to the EU-15 states and particularly to the UK has appeared to be driven primarily by higher expected earnings in the receiving country coupled with much lower unemployment levels. In other words, the higher average incomes together with unemployment at the lowest levels in the EU-15 have functioned as an important pull factors attracting NMS-8 nationals to the UK. Furthermore, the propensity to migrate was proved to be much higher in the NMS-8 countries with the highest unemployment rates and lowest GDP per capita and vice versa, the NMS-8 countries with the strongest economies proved to have the lowest migration potential. In line with the neoclassical presumptions, the migration from the CEE NMS to the EU-15 countries continued to slow down with the conversion of employment levels and rising incomes in the sending countries.

On the micro-level, our findings confirmed the neoclassical human capital hypothesis of the higher inclination of young and educated cohorts of the society towards migration. On all three levels (A8 migration to the EU-15, A8 migration to the UK, and migration of Czechs to the UK) it has been proved that the young individuals aged 17-35 with completed higher education have been represented among the A8 migrants the most. The theoretical assumption of welfare-generous states creating significant incentives for immigration developed by Borjas (1999) has not appeared to be relevant in our study, since the post-enlargement immigration to the EU-15 states has proved to be driven primarily by work-related reasons. Although the UK has attracted by far the most A8 post-accession migrants, only a negligible number of incomers has been recorded to claim the welfare benefits.

The role of established social networks in the migrants' decision making is due to often lacking evidence on size of pre-accession A8 communities in the host countries hard to evaluate. Nevertheless, since Poland had provable large community of its migrants in the UK prior to the enlargement, since Finland hosting a large pre-accession community of Estonians has become a favourite destination of Estonian migrants seeking employment in other EU countries following the enlargement, and since a fair amount of Czech respondents in our questionnaire stated that their decision to move to the UK has been to a large extent influenced by experience of friends or relatives, it is possible to draw a conclusion that the existence of established migrants networks in the destination country is very likely to positively affect migrants' decision making.

The accession of Romania and Bulgaria on 1 January 2007, which has not been taken into account in this diploma thesis, offers an interesting incentive for further research. Not only the examination of the scale of migratory movements from these two Eastern European countries to the EU-15 countries could become a subject of further study, but also the potential interest of Romanians and Bulgarians in moving and seeking employment in the EU-8 countries should not be left without notice. Also the research into an impact of 2004 enlargement and subsequent migration flows on the decision of EU-15 Member States whether to liberalize or not the access of the

nationals of the two new Members to their labour markets could be suggested. Last but not least, the so far not very discussed impact of the accession of Romania and Bulgaria and influx of its nationals to the EU-15 countries on the slow down or return of NMS-8 workers to their countries of origin could be subjected to further research. The detachment of the influence of influx of new group of migrants on the slow down of the A8 immigration and that of caused by the recent economic crisis would, however, be extremely difficult.

ANNOTATION

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This diploma thesis deals with the issue of free movement of workers in the context of EU enlargement towards eight Central and Eastern European countries that took place in 2004. It reacts to the specific circumstances and conditions of the entry of these post-communist states to the EU and attempts to dispel the omnipresent pre-accession fears of mass migration of cheap labour from CEE flooding the labour markets of the 'old' EU Member States. The primary aim of the paper is to disprove these concerns and document that the 2004 EU enlargement towards the CEE countries has not triggered any larger wave of immigration, and that only a modest number of NMS-8 nationals have decided to leave their country of origin in order to temporarily seek residence and employment in the territory of the incumbent EU-15 states.

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Tato diplomová práce se zabývá problematikou volného pohybu pracovní síly v kontextu rozšíření EU o osm zemí střední a východní Evropy v roce 2004. Práce reaguje na specifické okolnosti a podmínky vstupu těchto postkomunistických zemí do EU především snahou o rozptýlení všudypřítomných předvstupových obav z masové migrace levné pracovní síly ze střední a východní Evropy, jež měla zaplavit pracovní trhy 'starých' členských států EU. Cílem práce je vyvrátit tyto obavy a dokázat, že rozšíření EU o země střední a východní Evropy v roce 2004 nerozpoutalo větší vlnu přistěhovalectví, a že pouze umírněné množství občanů nových členských zemí vycestovalo za účelem přechodného pobytu a výkonu zaměstnání na území států původní evropské patnáctky.

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APPENDIX

Češi ve Velké Británii – Anketa / Czechs in the United Kingdom - Questionnaire

Pohlaví / Sex

- muž / male
- žena / female

Věk / Age

- 17-24 let / 17-24
- 25-35 let / 25-35
- 36 a více let / 36 and over

Vaše nejvyšší dosažené vzdělání / Level of education

- základní / elementary
- středoškolské / secondary
- vysokoškolské / college/university

Uveďte prosím, co jste studoval/a / Please state what you have studied

.....
.....

Délka vašeho pobytu ve VB (současného či minulého v případě, že jste VB již opustil/a) / The length of your stay in the UK (present or past in case you have already left the UK)

- méně než 1 rok / less than 1 year
- 1-3 roky / 1-3 years
- 3 a více let / 3 or more years

Do VB jste vycestoval/a za účelem / What was the main purpose of your visit to the UK

- nabytí nových zkušeností / getting new experience

○ zdokonalení se v jazyce (naučení se cizímu jazyku) / improving language skills (learning the language)

○ výdělků / making money

Jiné / Other

.....

Do VB jste se rozhodl/a vycestovat / What encouraged your decision to leave for the UK

○ jelikož jste znal/a místní jazyk / knowledge of language

○ na doporučení známých / recommendation from your friends, relatives

○ díky faktu, že VB otevřela svůj pracovní trh občanům nových členských zemí EU již od roku 2004 / the opening up of the British labour market to the NMS nationals in 2004

○ vstup ČR do EU vaše rozhodnutí vycestovat a (přechodně) žít ve VB nijak neovlivnil, tj. do VB jste vycestoval/a již před rokem 2004 / your decision to move and (temporarily) live in the UK was not anyhow influenced by the fact that the Czech Republic joined the EU, e.i. you left for the UK before the year 2004

Jiné / Other

.....

Ve VB vykonáváte/jste vykonával/a / While in the UK you perform/ed

○ nekvalifikovanou práci / unskilled job

○ kvalifikovanou práci v oboru vašeho (dřívějšího) studia / skilled job in the field of your (previous) study

○ kvalifikovanou práci mimo obor vašeho (dřívějšího) studia / skilled job out of the field of your (previous) study

Uveďte prosím, jakou práci ve VB vykonáváte/jste vykonával/a / Please state what job you perform/ed while in the UK

.....

.....

V budoucnu byste chtěl/a žít / In the future you would like to live

○ ve VB / in the UK

○ v ČR / in the Czech Republic

○ v jiné evropské zemi / in other European country

Jiná možnost / Other

.....