

**Costs and benefits  
of migration  
for Central European countries**

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## **Marek Okólski**

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## **Costs and benefits of migration for Central European countries**

### **Summary**

The eight countries of Central Europe, despite the fact that until 1990 they shared a common political system and repressive migration policy, and since 1990 embarked on a similar path of political and economic reforms (including a deep liberalisation of their migration policy), have been confronted with quite different migration trends and related challenges. While in Slovakia, Latvia and Estonia international flows of people are relatively stable and low, and the inflows and outflows are more or less balanced, Poland and Lithuania experience very low inflow levels and a considerable outflow, whereas the Czech Republic, Hungary and Slovenia face a relatively high inflow paired with a negligible outflow (A.1).

Apart from the Czech Republic, Hungary and Poland no systematic and comprehensive studies on migration are being carried out in Central Europe. In the Baltic States, after an initial interest in migration *problematique* (especially in Lithuania), hardly any study was undertaken in recent 10 years or so. Similarly, apart from a few “cases”, no indication of any relevant research projects pursued in Slovakia and Slovenia have been found.

Many aspects of the consequences of migration movements, although apparently obvious and routinely referred to in general analyses of migration trends in CE, are still to be thoroughly investigated. In other words, no solid empirical evidence exists that would support some popular judgments and theses. That is true for the Czech Republic, Hungary and Poland, and the more so for other CE countries (A.2).

In particular, the analyses concerning the effects of migration in CE are very scarce. As a rule, they pertain to a selected narrow group of people or a segment of the economy, and they almost entirely deal with economic or social consequences of migration observed on local or regional scale. The issue of cost and benefits of migration appear relatively often in the Polish literature, both from the perspective of country of the origin and destination whereas the Czech and Hungarian analyses almost exclusively adopt the perspective of immigration country (A.3).

The list of topics dealt with in those studies, which are relevant to the “Gaining from Migration” project include the following: the inflow of remittances, labour market adjustments, migrant niches, brain drain, regional development, social cohesion and demographic effects. The studies that analysed the inflow of remittances aimed at the estimates of flow volume and evaluating their impact on labour market performance, regional development and the patterns of migrant household spending (or consumption) (A.4). In turn, the analyses of labour market effects addressed, on the one hand, the question of adjustments to employment shocks induced by the transition to the market economy, and, on the other hand, to the growth of irregular employment in home countries (A.5). Special emphasis has been placed on the effects on local labour markets in regions characterised by heavy out-migration (A.6). The complementary or “buffer” role the low skilled, predominantly irregular migrants from CE countries played in the immigrant segment of labour markets in EU countries, and similar effects of the presence of unskilled foreign workers in CE were the subject of several studies devoted to migrant niches

(A.7). Relatively rich bibliography presents the publications dealing with brain drain, particularly with the outflow of scientists from the Czech Republic, Estonia, Hungary, Lithuania and Poland (A.8). A number of in-depth studies focused on the influence of out-migration or circular mobility upon local and regional development in various parts of Poland. A contrasting objective underlied an analysis of the in-flow of foreigners (and foreign capital) to Prague metropolis (A.9). The issue of changing social cohesion as a consequence of migration drew attention of many researchers. Two main themes appeared in their works: the impact of labour mobility on migrant's social status and participation, and relationships between foreigners (or members of ethnic minorities) and native population. Whereas the former theme was investigated in Poland alone, the latter theme proved to be a common research interest in the Czech Republic, Hungary and Poland (A.10). Finally, recent years saw first attempts (in the Czech Republic and Hungary, and above all in Poland) to study the actual and potential demographic effects of migration (A.11).

According to the above depicted studies, migrant remittances in CE are rather low (around 7 USD billion in the late 1990s) but seem to have a statistically significant positive impact on consumption and investment in sending countries. Preliminary reports from Poland indicate a sharp rise in remittances after May 1<sup>st</sup>, 2004, which between October 2004 and September 2005 amounted to the value of monthly export revenues, and became as high as 3.5 per cent of the total annual consumption (compared to some 1 per cent in the late 1990s) (B.1). Those effects are by no means evenly distributed across the CE region and sub-regions. The by far most successful area is Opole region in Poland whose approximately one-third of the population holds double German and Polish citizenship and thus (unlike most of other CE population) benefits from unlimited access to EU labour markets (B.1).

Migrant money transferred to CE countries is largely used to augment migrant household consumption, and for that reason mainly affects settlements (or micro-regions) with a relatively high share of migrant households. The effects of remittances with regard to investment, however, are hardly visible on the level of regional economy. In Poland a trend is being observed of increased spending of remittances on migrant's or her/his children's education (B.1).

Although small in terms of numbers, the inflow of highly skilled professionals (originating mainly from western countries) to CE countries has been overwhelmingly beneficial. Evidence from the Czech Republic, Hungary and Poland suggests that in the 1990s that inflow allowed a dynamic development of various highly knowledge-based sectors (in case of some branches, their setting up), such as banking and financial services, real estate management, insurance, investment and business consulting. It was a means of the transfer of managerial and organisational skills and corporate culture, and influenced in a significant way the rejuvenation of entrepreneurial spirit in CE (B.2).

Impact of the inflow of unskilled labour on the labour market functioning, despite its relatively large scale in the Czech Republic and Hungary, was of hardly any importance. The only clear effect seems its contribution to the growth of (almost non-existent prior to 1990) household-related services and employment (B.2).

Recent evidence points to perverse effects of native workers' migration on labour market allocations in Poland, a major CE sending country. For instance, instead of expected positive impact of migration to Germany within the framework of bilateral agreements (concluded in early 1990s) on local labour markets in Poland, over time the unemployment rate remains high in areas of massive outflow while the employment rate declines. With regard to seasonal migration, upon return to Poland migrants are rarely able to return to the labour force or to find employment. In turn, in the Opole region of Poland where a large part of workforce consists of migrants employed in Germany and the Netherlands, repetitive migration leads to depreciation of human capital and slowing down of economic activity on a local scale. Despite a decline in unemployment, employment also declines as the absorptive capacity of local labour market gradually shrinks (B.2).

In general terms, no significant emigration from CE of highly educated people, and consequently no detrimental consequences usually associated with "brain drain" were observed. For instance, in Poland the outflow was much less pronounced than in the 1980s. That was mainly due to a specific structure of demand for labour in major destination countries, and to relatively favourable opportunities for the highly educated in the home countries, especially in the early 1990s. On the other hand, as illustrated by the case of Poland, a large outflow of people with university diploma in the 1980s might have been an important factor of a successful transition to the market economy in the 1990s, when a substantial parts of the emigrants returned to their home country (B.3).

In the late 1980s and early 1990s all CE countries experienced a large outflow of the highly skilled from academic professions (or, more generally, R&D sector). Apparently that outflow, of which main part was redirected to other sectors of the economy and only a moderate proportion to other countries, did not cause any damage to universities and research institutes performance. Conversely, in frequent cases, by laying off redundant personnel, it contributed to a more rational use of available resources and increase in productivity. Over the 1990s some countries (e.g. Hungary) recorded a decreasing out-migration of scientists, and by the end of the decade the share of R&D staff temporary residing abroad dropped to 2 per cent, less than a half of the level observed in the beginnings of the 1990s. Moreover, the outflow of scientists became fully compensated by the inflow of foreign academic staff (B.3).

Recent studies point to a danger of running a deficit in case of certain professions that require very high skills. For instance, in Poland between May 1<sup>st</sup> of 2004 and December 31<sup>st</sup> of 2005 as much as 2.2 per cent of all medical doctors expressed a strong will to emigrate (they requested a certification of their skills for use outside of Poland), and many of them actually left for other countries. That proportion was as high as 7 to 8 per cent in case of anaesthesiologists, chest surgeons and plastic surgeons, what already caused a deficit of those professions in some health care units (B.3).

A body of evidence points to diverse effects of labour outflow on household or community or micro-region level. Speaking in general terms, in case of a considerable segment of the population, the money earned abroad contributed to the alleviation of various hardships and burdens of the transition period. It was established in Poland that money transfers from migrants

significantly improved the income status of migrant households relative to non-migrant households. By the same token, communities and micro-regions with a large proportion of migrant households were distinctly better off than neighbouring communities or micro-regions where that proportion is low. A striking example presents Opole region. Officially, in 2000 the disposable monthly income *per capita* in that region stood at PLN 630, and after allowing for remittances it stood at PLN 840, i.e. by one-third more. Before the adjustment Opole region ranked the 10<sup>th</sup> among all 16 regions, and after the adjustment it ranked the 1<sup>st</sup>. Consequently, its relative position changed fundamentally – from 2 per cent below the national average to 30 per cent above the national average. Various analyses imply that the relative wealth of “migrant localities” is an effect of migration for work rather than its root cause. Other beneficial effects observed at community or micro-region level include the development of local transportation and construction companies, travel agencies, employment and financial brokers, car repair shops, etc. fuelled by a growing demand of migrant households (B.4).

On the other hand, the impact of migration for work on the economic development of micro-regions of migrants’ origin is (with rare exceptions) very limited. The basic reason for that is a very low propensity on the part of migrant households to save or invest. Migrants tend to transfer back home a substantial part of their earnings in kind (e.g. second-hand cars) and their households tend to spend most of the remitted money on current consumption and purchase of a car or an apartment. Towards the end of the 1990s a new tendency has emerged among migrant households, namely to invest in human capital of their members, especially in tertiary education (B.4).

In the long-run a number of negative side effects of the circulatory international movements were observed in Poland. One of those effects was disruption of family life. The other could be observed mainly in the sphere of individual economic activity and have been termed as social marginalisation of the migrant. Circular migrant’s situation resembles that of “people on the swing” who belong neither to the community of their origin nor to the community where they temporarily stay while earning migration money. In turn, marginalisation of migrants leads directly to social exclusion (B.4).

As evidenced by many studies, also an inflow of foreigners to CE countries strongly influenced certain spheres or branches of the economy. It has given rise to the development of some professions or niches that are peripheral from the labour market view-point (e.g. domestic services). In general, that inflow seemed to facilitate the expansion of grey sector, especially (besides domestic services) in agriculture (Hungary and Poland), trade (the Czech Republic and Poland), construction (the Czech Republic, Hungary and Poland) and textile industry (the Czech Republic and Hungary). The availability of irregular foreign labour, combined with its relatively low cost, arguably helped to restructure or preserve competitiveness of certain branches, especially those of local (micro-regional) importance, such as horticulture in Poland or textile industry in the Czech Republic (B.5).

In an early phase of the transition to market economy several CE countries witnessed massive circular movements of petty traders (false tourists), originating usually from other post-communist countries. Those movements resulted in complex economic activities involving the

locals and migrants, and in a sophisticated petty trade-specific infrastructure. The case of the Stadium Market in Warsaw seems prominent in the present context. In its peak year, 1997, the market turnover exceeded USD 700 million, and its immediate employment was around 7,500 persons, of whom more than 3,000 foreigners. In addition, some 35,000 people were employed by factories producing exclusively for the market. On the average the market was attended by some 25,000 customers daily, of whom estimated 60 per cent were foreigners (B.5).

Because of a general “underdevelopment” of migration studies in CE (A.1), distinct topic-specific gaps are visible in all areas of the literature on the effects of migration in that region. The single most neglected area, however, seems macroeconomic costs and benefits of the flows of migrant workers (or, in other words, of the work of migrants). No attempt has so far been made to estimate the emigration impact on the labour market pre-emption, or immigration impact on the rate of economic growth, wage level and inflation rate, or aggregate unemployment effects of the inflow or outflow for work. The respective literature does not include even one single title which would consider the way migration affects the public finance, especially the welfare system. Macroeconomic effects, like the change in the competitiveness of the recipient country and foreign trade, have not even been touched upon. Such situation calls for a consolidation and intensification of the relevant research (C).

After 1989, immigration was undoubtedly the main focus of migration policies, despite the fact that the region as a whole had a negative migration balance. Such strong interest in the issues related to the inflow of foreigners was a result not only of the open borders, but also of a steady political pressure from the democratic West, which, since 1998, has been followed by *de facto* EU conditionality. The immigration laws reflected wider, European interests and ignored the actual migratory situation in these countries. On the other hand, the emigration from CE countries has not been a focus of the policy-making institutions. And thus, in the situation when the more emigration-oriented policy would be needed, the CE countries have not come up with one till the date (D).

The serious drawback of the migration policy in the CE countries has been also the lack of political interest in the research in that area. The number of the institutions, projects and publications enumerated in the present report shows quite well the limited interest of the states in the assessment of economic, social and political effects of migration. This of course translates in scarce financial support for research activities and makes any informed political decisions very difficult, if not impossible. This concerns especially long-term, multi-regional and multi-level economic studies of migration effects (D).

CE countries have an advantage of having started their immigration policy development with a rather small numbers of immigrants. For the phenomena in miniature are generally more manageable, and thus the policy solutions can be tested with a greater margin of security. From the point of view of the long-term labour market strategy, the policy should facilitate a better fit between the supply of the immigrant workforce and the demand of the labour market, especially in terms of sectoral or regional imbalances and skills. It might be wise to act towards improving the skills and cultural competences of immigrants and of their children, thus giving them incentives to leave the niches, which, as the researches have shown, can be temporarily safe and

beneficial, but in the long term can lead to social exclusion. Above all, CE policy makers should involve the migrants in the respective educational systems. This could have two important results: firstly, it would facilitate the social cohesion of migrant families, and secondly, it would attenuate the demographic change. The immigrants could act as a buffer letting the whole system adapt to the quantitative change. The same concerns the non-economic migrants, as refugees and individuals granted the tolerated (temporary protection) status, who have been very often marginalised in the CE countries and treated as the welfare recipients, while their human capital was not turned to use on the economic or social level (D).

The policy must also tackle the problem of the undocumented workers, which are now the major segment of the immigrant labour in these countries. Their presence must be acknowledged, and there should be regulations in force providing for inserting them into the legal framework, through changes in the labour legislation (D).

Overall, immigrants cannot be treated as a potential threat, but should be viewed as an indispensable source of future benefits and a stabilizing element for the functioning of the economic of the social system. The CE societies, currently underinformed, should be educated about the advantages and drawbacks of immigration (D).

The question of information leads us back to the core issue – the issue of research and study. The CE states should focus more on the research activities concerning migration realities of the respective countries. Three research issues should be in focus here. First of all, the studies should examine thoroughly the effects of migration flows (emigration and immigration) on the national labour markets, helping develop comparable system of data collection across CE region. Second theme should be an assessment of the migration potential and human capital outside the EU, especially of the expatriates or national minorities of the main CE countries, i.e. Poland, Hungary and the Czech Republic. The third focus should be an extensive comparative research on the policy effects and best practices across the region, not necessarily across EU-25, since such comparative approach is very often undoable. The results should be widely discussed and promoted (D).

## **Koszty i korzyści z migracji w krajach Europy Środkowej**

### **Streszczenie**

Pomimo faktu, że wszystkie osiem krajów Europy Środkowej (które przystąpiły do UE 1 maja 2004 r.) do 1990 r. łączyła wspólnota systemu politycznego i że wszystkie one prowadziły restrykcyjną politykę migracyjną, a od tamtego roku obrały podobną ścieżkę reform politycznych i ekonomicznych (w tym głęboką liberalizację polityki migracyjnej), od 1990 r. doświadczają dość różnych trendów migracyjnych i związanych z nimi wyzwań. Podczas gdy w Słowacji, na Łotwie i w Estonii międzynarodowe przepływy ludności są niewielkie i stosunkowo stabilne, a napływy i odpływy ludności są w miarę zrównoważone, Polska i Litwa doświadczają bardzo niskiego poziomu napływu a wysokiego odpływu, zaś w Czechach, na Węgrzech i w Słowenii ma miejsce stosunkowo wysoki napływ przy jednoczesnym bardzo niskim odpływie (A.1).

Poza Czechami, Węgrami i Polską, w regionie nie prowadzi się systematycznych i całościowych badań nad migracjami. W krajach bałtyckich, po początkowej fazie zainteresowania problematyką migracji (szczególnie na Litwie), nie przeprowadzono w ciągu ostatnich 10-ciu lat prawie żadnych badań. Podobnie w przypadku Łotwy, Słowacji i Słowenii; nie natrafiono tam na żadne znaczące projekty badawcze oprócz pojedynczych studiów przypadku.

Wiele aspektów i rezultatów ruchów migracyjnych, nawet tych pozornie oczywistych, do których zwyczajowo odwołują się autorzy ogólnych analiz trendów migracyjnych w Europie Środkowej, należałoby jeszcze dogłębniej zbadać. Innymi słowy, nie istnieją niezbite dowody empiryczne, które potwierdzałyby pewne rozpowszechnione opinie i twierdzenia. Kwestia ta dotyczy Czech, Węgier i Polski, a w jeszcze większym stopniu innych krajów Europy Środkowej (A.2).

W szczególności analizy dotyczące wpływu migracji na Europę Środkową są bardzo nieliczne. Z reguły dotyczą one wybranych, wąskich grup populacji lub segmentu gospodarki i nieomalże w całości skupiają się na ekonomicznych lub społecznych skutkach migracji na poziomie lokalnym lub regionalnym. Zagadnienie kosztów i korzyści płynących z migracji pojawia się stosunkowo często w literaturze polskiej, zarówno z perspektywy kraju pochodzenia, jak i kraju docelowego, podczas gdy analizy czeskie i węgierskie przyjmują prawie wyłącznie perspektywę kraju imigracji (A.3).

Lista tematów poruszanych w tych badaniach, które są istotne dla projektu „*Gaining from migration*” (którego częścią jest niniejsze opracowanie), zawiera m.in. następujące zagadnienia: przekazy pieniężne do kraju pochodzenia (*remittances*), równoważenie rynków pracy, nisze migranckie, drenaż mózgów, rozwój regionalny, spójność społeczna i efekty demograficzne. Celem badań, w których analizowano napływ środków pieniężnych migrantów do kraju pochodzenia, było oszacowanie wielkości tego transferu i ocena jego wpływu na funkcjonowanie rynku pracy, rozwój lokalny, oraz wzorce wydatków (lub konsumpcji) w migranckich gospodarstwach domowych (A.4). Z kolei, w analizach konsekwencji dla rynku pracy zajmowano się kwestią dostosowań do nowej sytuacji oznaczającej niepełne zatrudnienie (w niektórych krajach – wysokie bezrobocie), powstałej w wyniku przejścia na gospodarkę rynkową, a z drugiej strony kwestią wzrostu zatrudnienia w „szarej strefie” w krajach pochodzenia (A.5). Szczególny nacisk położono na zagadnienie wpływu na lokalne rynki pracy w regionach wysokiego odpływu ludności (A.6). Komplementarna lub „buforowa” rola nisko kwalifikowanych i głównie nielegalnych migrantów z krajów Europy Środkowej pełniona w segmencie imigracyjnym rynków pracy UE, oraz podobne konsekwencje obecności niewykwalifikowanych pracowników zagranicznych w Europie Środkowej stały się tematem badań poświęconych niszom migranckim (A.7). Stosunkowo bogata jest bibliografia dotycząca problematyki drenażu mózgów, szczególnie odpływu naukowców z Czech, Estonii, Węgier, Litwy i Polski (A.8). Pewna liczba dogłębnych badań skupiała się na wpływie odpływu ludności lub ruchów wahadłowych na rozwój lokalny i regionalny w różnych częściach Polski. Kontrastują z nimi analizy napływu ludności pochodzenia obcego (oraz napływu obcego kapitału) do metropolii praskiej (A.9). Zagadnienie zmiany w spójności społecznej jako

konsekwencji ruchów migracyjnych przykuło uwagę wielu badaczy. W ich pracach pojawiły się dwa główne motywy: wpływ mobilności pracowniczej na status społeczny migranta i jego uczestnictwo w życiu społecznym, oraz stosunki między obcokrajowcami (lub członkami mniejszości narodowych) i ludnością ojczyzną. Podczas gdy pierwszym z wymienionych motywów zajmowano się wyłącznie w badaniach polskich, drugi okazał się powszechnym zainteresowaniem badawczym w Czechach, na Węgrzech i w Polsce (A.10). Na koniec, w ciągu ostatnich paru lat zostały poczynione pierwsze próby zbadania rzeczywistych i potencjalnych efektów demograficznych migracji (w Czechach i na Węgrzech, a przede wszystkim w Polsce) (A.11).

Według wyżej opisanych badań, przekazy pieniężne (*remittances*) do krajów Europy Środkowej są raczej niewielkie (około 7 miliardów USD pod koniec lat 90.), ale wydają się mieć znaczący statystycznie, pozytywny wpływ na konsumpcję i inwestycje w krajach wysyłających. Wstępne raporty z Polski wskazują na radykalny wzrost w przekazach pieniężnych po 1 maja 2004 r., które pomiędzy październikiem 2004 a wrześniem 2005 r. wyniosły tyle, ile miesięczne dochody z eksportu i wzrosły aż do 3.5 % rocznej wartości całkowitej konsumpcji (w porównaniu do 1% pod koniec lat 90.) (B.1). Wpływ ten bynajmniej nie rozkłada się równomiernie dla całego rejonu Europy Środkowej i jej podregionów. Regionem odnoszącym największe sukcesy jest Opole w Polsce, gdzie około 1/3 populacji posiada podwójne obywatelstwo: niemieckie i polskie, w związku z czym korzysta z możliwości nieograniczonego dostępu do rynków pracy UE (w przeciwieństwie do większości populacji Europy Środkowej) (B.1).

Środki pieniężne migrantów transferowane do krajów Europy Środkowej są w dużej mierze wykorzystywane w celu zwiększenia konsumpcji w migranckim gospodarstwie domowym. Stąd mają one wpływ głównie na te społeczności (miejscowości lub mikro-regiony), gdzie występuje stosunkowo wysoki udział gospodarstw migranckich. Jednakże wpływ transferów pieniężnych w odniesieniu do inwestycji na poziomie gospodarki regionalnej jest ledwo zauważalny. W Polsce można zaobserwować tendencję zwiększonego wydawania transferowanych środków pieniężnych na edukację własną osoby migrującej lub jej dzieci (B.1).

Choć niewielki w kategoriach liczbowych, napływ wysoko kwalifikowanych ekspertów (pochodzących głównie z krajów zachodnich) do państw Europy Środkowej był i jest przemożnie korzystny. Dowody z Czech, Węgier i Polski wykazują, że w latach 90-tych napływ ten pozwolił na dynamiczny rozwój różnorodnych sektorów opartych o wiedzę ekspercką (a w przypadku niektórych gałęzi gospodarki – umożliwił ich założenie), takich jak usługi bankowe i finansowe, zarządzanie nieruchomościami, ubezpieczenia, konsulting w obszarach inwestycji i biznesu. Stał się on środkiem transferu umiejętności z zakresu organizacji i zarządzania oraz kultury korporacji, i w znaczący sposób wpłynął na odrodzenie ducha przedsiębiorczości w Europie Środkowej (B.2).

Pomimo relatywnie dużej skali napływu niewykwalifikowanej siły roboczej do Czech i Węgier, jej wpływ na funkcjonowanie tamtejszych rynków pracy był nieistotny. Jedynym wyraźnym rezultatem rzeczonoego napływu wydaje się jego wkład w rozwój (nieomalże nieistniejącego przed rokiem 1990) sektora usług związanych z gospodarstwem domowym i zatrudnienia w jego obrębie (B.2).

Ostatnie wyniki badań wskazują na niekorzystny wpływ migracji rodzimych pracowników na alokację siły roboczej na rynku pracy w Polsce, głównym kraju wysyłającym w Europie Środkowej. Dla przykładu, zamiast oczekiwanych pozytywnych rezultatów migracji sezonowych do Niemiec dla lokalnych rynków pracy w Polsce, poziom bezrobocia w rejonach dużego odpływu pozostaje z czasem wysoki, podczas gdy poziom zatrudnienia spada. Po powrocie do Polski migrantom sezonowym rzadko udaje się powrócić w szeregi siły roboczej i znaleźć zatrudnienie. Z kolei, w rejonie Opola, gdzie duża część siły roboczej składa się z migrantów zatrudnionych w Niemczech i Holandii, ustawiczne migracje doprowadziły do deprecjacji kapitału ludzkiego i spowolnienia aktywności ekonomicznej w skali lokalnej. Pomimo spadku bezrobocia, poziom zatrudnienia również spada, jako że zdolność absorpcji lokalnego rynku pracy stopniowo zmniejsza się (B.2).

Ogólnie rzecz biorąc, nie zaobserwowano znaczącej emigracji osób z wyższym wykształceniem z Europy Środkowej; stąd brak negatywnych konsekwencji zazwyczaj kojarzonych z „drenażem mózgów”. Dla przykładu, w Polsce odpływ osób z wyższym wykształceniem był o wiele mniej wyraźny niż w latach 80. Jest to związane przede wszystkim ze specyficzną strukturą popytu na siłę roboczą w głównych krajach docelowych, a także z relatywnie korzystnymi warunkami dla osób z wyższym wykształceniem w krajach pochodzenia, szczególnie na początku lat 90. Z drugiej strony, jak ilustruje przykład Polski, wysoki odpływ osób z wykształceniem uniwersyteckim w latach 80. mógł być jednym z ważniejszych czynników pozwalających odnieść sukces w transformacji do gospodarki rynkowej w latach 90., kiedy to znacząca część emigrantów wróciła do ojczyzny (B.3).

Pod koniec lat 80. i na początku lat 90., wszystkie kraje środkowoeuropejskie doświadczyły ogromnego odpływu wysoko kwalifikowanych pracowników naukowych (głównie z sektora *R&D*). Jednakowoż ten odpływ, z którego większość ukierunkowana była na inne sektory gospodarki, a tylko niewielka część na migrację do innych krajów, nie przyniosła szkód działalności uniwersytetów czy placówek naukowych. W wielu wypadkach wprost przeciwnie: dzięki zmniejszeniu nadmiaru pracowników, nastąpiło bardziej racjonalne użytkowanie zasobów i zwiększenie wydajności. W ciągu lat 90. niektóre kraje (np. Węgry) odnotowały zmniejszający się odpływ naukowców, a pod koniec dekady udział pracowników sektora *R&D* tymczasowo zamieszkujących za granicą zmalał do 2% - do mniej niż połowy tego, co obserwowano na początku lat 90.. Ponadto odpływ naukowców został całkowicie zrekomensowany przez napływ zagranicznych pracowników naukowych (B.3).

Ostatnie badania wskazują na niebezpieczeństwo pojawienia się deficytu pracowników w pewnych zawodach wymagających bardzo wysokich kwalifikacji. Dla przykładu, w Polsce pomiędzy 1 maja 2004 a 31 grudnia 2005 r. aż 2.2 % lekarzy medycyny wyraziło silną chęć emigracji (złożyli podania o nostryfikację dyplomów w celu pracy za granicą) i wielu z nich rzeczywiście wyjechało. Odsetek ten sięgnął aż 7 do 8 % w wypadku anestezjologów, pulmonologów i chirurgów plastycznych, co już doprowadziło do deficytu tych specjalistów w niektórych placówkach zdrowia (B.3).

Szereg wyników badań wskazuje na zróżnicowany wpływ odpływu pracowników na gospodarstwa domowe czy społeczność lokalną lub mikro-regionu. Ogólnie rzecz biorąc, w przypadku znaczącej części populacji pieniądze zarobione za granicą przyczyniły się do zmniejszenia różnorodności trudności okresu transformacji. W Polsce ustalono, że pieniądze przesyłane przez migrantów znacząco poprawiły status finansowy gospodarstw migranckich w porównaniu do gospodarstw niemigranckich. Tym samym społeczności lokalne i mikro-regiony o wysokim udziale gospodarstw migranckich były w lepszej sytuacji finansowej niż sąsiednie społeczności lub mikro-regiony, gdzie ich udział był niski. Uderzającym tego przykładem jest rejon Opola. Według danych oficjalnych w 2000 r. miesięczny dochód netto na głowę w tym rejonie wyniósł 630 zł, a po uwzględnieniu pieniędzy przesyłanych z zagranicy (*remittances*) wyniósł 840 zł, a więc o jedną trzecią więcej. Przed wprowadzeniem powyższej poprawki województwo opolskie było na 10. miejscu spośród 16 województw, a po jej wprowadzeniu znalazł się na pierwszym miejscu. W rezultacie jego pozycja uległa zasadniczej zmianie – z 2 % poniżej średniej krajowej do 30 % powyżej średniej krajowej. Różne analizy sugerują, że względne bogactwo „rejonów migranckich” jest raczej wynikiem migracji za pracą niż jej przyczyną. Innymi korzyściami zaobserwowanymi na poziomie społeczności lokalnych lub mikro-regionów są m.in. rozwój lokalnych firm transportowych i budowlanych, biur podróży, agencji zatrudnienia i finansowych, warsztatów samochodowych, itp. pod wpływem rosnącego popytu wśród gospodarstw migranckich (B.4).

Z drugiej jednak strony, wpływ migracji pracowniczych na rozwój ekonomiczny mikro-regionów, z których pochodzą migranci jest (z nielicznymi wyjątkami) bardzo ograniczony. Podstawową przyczyną tego zjawiska jest bardzo niska skłonność ze strony gospodarstw migranckich do oszczędzania lub inwestowania. Migranci mają w zwyczaju transferować do domu pokaźną część swoich zarobków w różnych formach (np. w postaci używanego samochodu), a w ich gospodarstwach domowych występuje zwyczaj wydawania większości przekazywanych środków pieniężnych na bieżące potrzeby lub kupno samochodu czy też mieszkania. Pod koniec lat 90. pojawiła się nowa tendencja wśród wzorców wydatków gospodarstw migranckich, a mianowicie inwestowanie w kapitał ludzki członków tych gospodarstw, w szczególności w zdobywanie wyższego wykształcenia przez dzieci migrantów (B.4).

W dłuższej perspektywie zaobserwowano w Polsce pewną ilość negatywnych skutków ubocznych międzynarodowych ruchów wahałowych. Jednym z nich jest zakłócenie życia rodzinnego. Pozostałe zostały zaobserwowane głównie w sferze indywidualnej aktywności ekonomicznej i są określane mianem marginalizacji społecznej migranta. Sytuacja migranta wahałowego przypomina tę „ludzi na huśtawce”, którzy już nie należą ani do społeczności, z której się wywodzą, ani do społeczności, w której tymczasowo przebywają w czasie zarabiania pieniędzy. Z kolei, marginalizacja migrantów prowadzi bezpośrednio do wykluczenia społecznego (B.4).

Jak wykazuje szereg badań, także napływ cudzoziemców do krajów Europy Środkowej miał silny wpływ na pewne sfery lub gałęzie gospodarki. Spowodował on rozwój pewnych profesji lub nisz peryferyjnych z punktu widzenia rynku pracy (np. pomoce domowe). Ogólnie

oceniając, wydaje się, że napływ ten wpłynął na rozwój szarej strefy, w szczególności (poza przypadkiem pomocy domowych) w rolnictwie (Węgry i Polska), handlu (Czechy i Polska), budownictwie (Czechy, Węgry i Polska), oraz przemyśle tekstylnym (Czechy i Węgry). Dostępność nielegalnej cudzoziemskiej siły roboczej połączona z jej relatywnie niskim kosztem, prawdopodobnie wspomogła restrukturyzację czy też umożliwiła zachowanie konkurencyjności pewnych branż, szczególnie tych o znaczeniu lokalnym (mikro-regionu), takich jak rolnictwo w Polsce lub przemysł włókienniczy na Węgrzech (B.5).

W początkowej fazie transformacji do gospodarki rynkowej kilka krajów środkowoeuropejskich było świadkami ogromnej skali ruchów cyrkulacyjnych drobnych handlowców (pseudoturystów), zazwyczaj pochodzących z innych krajów postkomunistycznych. W wyniku tych ruchów zrodziła się forma złożonej aktywności ekonomicznej obejmującej ludność lokalną i migrantów, oraz wyrafinowana infrastruktura specyficzna dla drobnego handlu. W tym kontekście wyróżniającym się przykładem jest targowisko na Stadionie Dziesięciolecia w Warszawie. W swoim szczytowym roku, 1997, obroty targowiska przekroczyły kwotę 700 milionów USD. Bezpośrednio zatrudnionych było tam w tym czasie 7,5 tys. osób, w tym ponad 3 tys. obcokrajowców. Dodatkowo ok. 35 tys. osób było zatrudnionych w fabrykach produkujących wyłącznie na potrzeby targowiska. Dziennie targowisko odwiedzało przeciętnie ok. 25 tys. klientów, z których według szacunków 60% było cudzoziemcami (B.5).

W związku z niskim stopniem rozwoju badań migracyjnych w Europie Środkowej (A.1), w literaturze poświęconej skutkom migracji widoczne są wyraźne luki w poszczególnych obszarach tematycznych. Najbardziej zaniedbaną w tym kontekście tematyką wydaje się być ta dotycząca kosztów oraz korzyści płynących z przepływu pracowników-migrantów (czy też innymi słowy: pracy migrantów) na poziomie makroekonomicznym. Nie poczyniono jak dotąd próby oceny wpływu emigracji na równowagę na rynku pracy, ani wpływu imigracji na tempo wzrostu gospodarczego, poziom płac i stopę inflacji, lub wrażliwości stopy bezrobocia na napływ i odpływ do pracy. Literatura przedmiotu nie zawiera nawet jednej pozycji, która uwzględniałaby wpływ migracji na finanse publiczne, w szczególności na system opieki społecznej. Problematyka konsekwencji makroekonomicznych, takich jak np. zmiany konkurencyjności kraju przyjmującego w handlu zagranicznym, nie została nawet poruszona. Taka sytuacja wymaga konsolidacji i intensyfikacji odpowiednich badań (C).

Po roku 1989 to właśnie kwestia imigracji bez wątplenia znalazła się w centrum uwagi polityki migracyjnej, pomimo faktu, że ogólnie region ten miał negatywny bilans migracji. Tak silne zainteresowanie kwestiami związanymi z napływem cudzoziemców wynikało nie tylko z faktu otwarcia granic, ale także ze stałej presji politycznej ze strony demokratycznego Zachodu.. Wdrażane regulacje dotyczące imigracji odzwierciedlały szersze interesy Europy a do pewnego stopnia ignorowały faktyczną sytuację migracyjną w badanych krajach. Z drugiej strony, emigracja z krajów środkowoeuropejskich nie znalazła się w centrum zainteresowania instytucji tworzących politykę migracyjną. Stąd też, w sytuacji kiedy polityka bardziej skupiona na imigracji byłaby właściwsza, kraje Europy Środkowej po dziś takowej nie stworzyły (D).

Poważną wadą polityki migracyjnej w Europie Środkowej jest także brak zainteresowania badaniami w tej sferze ze strony polityków. Liczba instytucji, projektów i publikacji wymieniona

w niniejszym opracowaniu jest najlepszym dowodem ograniczonego zainteresowania państw oceną ekonomicznych, społecznych i politycznych skutków migracji. Przekłada się to w sposób oczywisty na znikome poparcie finansowe dla badań i powoduje ogromną trudność, jeśli nie niemożność, w podjęciu racjonalnych decyzji politycznych. Dotyczy to w szczególności długoterminowych, wieloregionalnych i wielopoziomowych badań ekonomicznych efektów migracji (D).

Kraje środkowoeuropejskie korzystają z pewnego przywileju, wynikającego z rozpoczęcia tworzenia polityk migracyjnych w sytuacji stosunkowo niskiej liczby migrantów. Ze względu na to, że radzenie sobie ze zjawiskiem przejawiającym się w małej skali jest zadaniem łatwiejszym, wprowadzane rozwiązania mogą być testowane z zachowaniem większego marginesu bezpieczeństwa. Z punktu widzenia długoterminowej strategii rynku pracy, polityka imigracyjna powinna wspierać lepsze dopasowanie podaży imigranckiej siły roboczej i popytu na rynku pracy, w szczególności uwzględniając nierówności występujące w danych sektorach lub regionach. Mądrym być może przedsięwzięciem byłoby też podjęcie działań na rzecz rozwijania umiejętności i kompetencji kulturowych imigrantów i ich dzieci, tym samym zachęcając ich do opuszczania nisz, których zajmowanie, jak wykazały badania, może być w krótszej perspektywie bezpieczne i korzystne, lecz w dłuższej perspektywie może doprowadzić do stanu do marginalizacji społecznej. Osoby tworzące politykę społeczną w poszczególnych krajach Europy Środkowej powinny przede wszystkim zadbać o uczestnictwo imigrantów w systemach edukacyjnych swoich krajów. Działanie takie zaowocowałoby dwoma ważnymi rezultatami: po pierwsze wspierałoby spójność społeczną rodzin migranckich, po drugie osłabiłoby efekty zmian demograficznych. Imigranci mogliby pełnić rolę bufora umożliwiającego całemu systemowi adaptację do zmian ilościowych. To samo dotyczy migrantów innej kategorii niż zarobkowych, takich jak uchodźcy czy osoby, którym udzielono statusu tolerowanego (tymczasowej ochrony). Tego typu migranci byli dotychczas w krajach Europy Środkowej bardzo marginalizowani i traktowani przede wszystkim jako osoby pobierające świadczenia, natomiast ich kapitał ludzki nie był pożytkowany ani na poziomie ekonomicznym, ani społecznym (D).

Polityka migracyjna musi również stawić czoła problemowi pracowników nielegalnych, którzy obecnie stanowią znaczącą część pracowników cudzoziemskich w tych krajach. Ich obecność należałoby przyjąć za fakt i wprowadzić takie zmiany w prawie pracy i odpowiednie przepisy wykonawcze, które umożliwiłyby zalegalizowanie ich statusu (D).

Generalnie rzecz biorąc, imigranci nie mogą być traktowani jako potencjalne zagrożenie, lecz powinni być postrzegani jako nieodzowne źródło przyszłych korzyści i element stabilizujący funkcjonowanie systemu gospodarczego i społecznego. Wśród społeczeństw krajów środkowoeuropejskich, obecnie niedoinformowanych, należy szerzyć wiedzę zarówno na temat korzyści, jak i trudności wynikających z imigracji (D).

Zagadnienie wiedzy prowadzi z powrotem do sedna problemu – do kwestii studiów i badań. Państwa Europy Środkowej powinny skupić się bardziej na działaniach badawczych dotyczących rzeczywistości poszczególnych krajów. Trzy zagadnienia badawcze powinny się tu znaleźć w centrum uwagi. Po pierwsze, studia powinny dogłębnie zbadać zagadnienie wpływu przepływów ludności (emigracji i imigracji) na krajowe rynki pracy, wspomagając rozwinięcie

porównywalnego systemu zbierania danych w rejonie Europy Środkowej. Drugim zagadnieniem powinna być ocena potencjału migracyjnego i kapitału ludzkiego poza UE, w szczególności osób żyjących na emigracji czy też mniejszości narodowych z głównych krajów środkowoeuropejskich, tj. Polski, Węgier i Czech. Trzecim zagadnieniem powinno stać się szerokie badanie porównawcze wpływu polityki i dobrych praktyk (*best practices*) w poszczególnych krajach regionu, niekoniecznie w całej UE, ponieważ tego typu badanie porównawcze jest częstokroć niemożliwe do przeprowadzenia. Wyniki tych badań powinny być szeroko dyskutowane i popularyzowane (D).

# **1. Overview of the literature on the Central European experience with migration during the transition period**

## **1.1. Method and the contents**

The present part contains a descriptive review of literature on the costs and benefits of migration in Central European countries. The literature here means the selected and highly representative analytical reports of wide circulation, both published and unpublished, available in languages known to the author (Czech, Slovak, English, French, German, Polish and Russian). In turn, the countries concerned include eight European Union members who accessed on May 1<sup>st</sup>, 2004. The overview solely refers to works completed after 1989, and to those at least partly dealing with the effects of migration in the transition period.

It might be claimed that the history of contemporary migration in Central Europe (CE) has began around the year 1990<sup>1</sup>. From the late 40s until 1990 international movements of people were tightly controlled and regulated in CE. Immigration, as much as other forms of inward mobility, was close to nil, and the outflow (even in the form of international tourism) was negligible. For political and doctrinal reasons those movements were undesirable, and the rare cases of emigration happened to be labelled as a treason or at best a flight. Occasional spells of increased outflow in this or that CE country, mainly triggered off by short-lived political events, did not contradict that tendency. Throughout that period the communist propaganda preferred to ignore the issue of international migration. By the same token, migration studies did not figure among the government-controlled research priorities, and accordingly the related scientific activity was suppressed and underdeveloped. Limitation of the freedom of movements also strongly affected migration statistics, which (as evidently useless) took a highly truncated form of registers of domicile.

All that has to be borne in mind when it comes to the evaluation of publications on migration in CE after 1989. In practical terms, due to long-lasting discontinuity in research work on migration, migration studies have been developing in that period virtually from scratch. Undoubtedly, this affected the number of publications addressing migration issues, their scope and analytical depth.

Another point of relevance to be made here is that the description to follow will be, by necessity, very heterogeneous if not disperse. The countries of CE, despite the fact that until 1990 they shared a common political system and repressive migration policy, and since 1990 embarked on a similar path of political and economic reforms (including a deep liberalisation of their migration policy), are confronted with quite different migration trends and related challenges. While in Slovakia, Latvia and Estonia international flows of people are relatively stable and low, and the inflows and outflows are more or less balanced, Poland and (increasingly after May 1<sup>st</sup> 2004) Lithuania experience very low inflow levels and a considerable outflow, whereas the Czech Republic, Hungary and (probably; the data quality has not assessed yet) Slovenia face a relatively high inflow paired with a negligible outflow. Referring to a systematisation of potential

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<sup>1</sup> A wide selection on publications devoted to migration in CE countries in the pre-transition and transition period is included in part F of the present report

advantages and disadvantages of migration, suggested in 2004 by ILO (**ILO 2004**<sup>2</sup>), the consequences of international movements of people might be of a quite different nature whether viewed from the perspective of emigration or from the perspective of immigration. It could therefore be expected that the real effects of migration in CE are so to speak country-specific and greatly diversified, and that analytical works to be analysed here will reflect that variety.

The following analysis will also have to account for the special traits of international population movements that developed in CE in the period of its separation from the non-communist world and in the transition period. Due to a distinct specificity of human mobility in countries of CE over the last half a century or so, the notion of migration will be applied in this report in its broad sense and in a flexible way. Since in the pre-transition period regular migration has been severely controlled and drastically repressed by means of administrative measures, East Europeans widely developed a practice of evading of migration-related regulations. Once allowed to travel abroad as tourists or on business, they often resorted to various forms of irregular entries or sojourns in the countries of transit or destination. Both until 1990 and since that time<sup>3</sup> a great part of migration has been concealed, and it has largely taken the form of false tourism or it has become an outcome of the metamorphosis from a tourist trip, a visit, a training, a business trip, etc. to a more or less regular stay abroad. All in all, the incidence of regular migration conforming to the standard international definition is substantially lower than the incidence of various non-migratory international movements of CE populations.

For those reasons, and in accordance with a great majority of studies conducted in CE, I will conceive migration as a cross-country movement with other objective than pure pleasure, or, using alternative expression, with an aim of changing place of residence or earning money in a foreign country. In addition to registered migration, such concept will allow to account for movements of irregular workers, petty traders, *mala fide* refugees, resettled members of ethnic groups, etc. Consequently, the present overview, in addition to research referring to conventional concept of migration, will take into consideration studies and analyses which accounted for the costs and benefits of movements other than migration in strict sense. Evaluating the effects of those movements make sense because the latter seem to be long-lasting and structurally determined, and they so to speak substitute for regular migration.

In an attempt to compile in an orderly way the literature addressing the issue of costs and benefits of migration in CE countries, several related aspects of that problem have been identified and assigned a relatively high importance in the transition period in CE. Those aspects were as follows:

- social and economic transition; sectoral restructuring;
- labour market, including regional and sectoral/occupational imbalances; occupational mobility and transitions in labour market (between inactivity, employment and unemployment);
- mobility of human capital, including brain gain or loss;

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<sup>2</sup> The references in bold should be sought in part F.

<sup>3</sup> Due to restrictions on migration, which until 1990 were mainly imposed by the State in each CE country and since that time almost exclusively by the state in third countries,

- remittances and incomes (level and distribution), including the effects of petty trade and transborder personal commodity flows;
- economics of incomplete migration;
- sociology of incomplete migration, including migrants' marginalisation;
- local or small-scale entrepreneurship;
- social capital (migrant networks);
- intercultural relations and social cohesion;
- demographic potential (demographic and socio-economic structures, spatial distribution).

In searching for relevant publications, I visited websites of major research units involved in the study of population flows from or to CE countries, I went through major scientific journals and academic library catalogues, and in addition I consulted my colleagues in respective countries. The results of that inquiry suggested a need of drastic narrowing the scope of my analysis. Above all, it turned out that apart from the Czech Republic, Hungary and Poland no systematic and comprehensive studies on migration are being carried out. In the Baltic States, after an initial interest in migration *problematique* (especially in Lithuania), hardly any study was undertaken in recent 10 years or so. Similarly, apart from a few “cases”, I found no indication of any relevant research projects pursued in Latvia, Slovakia and Slovenia. Moreover, many aspects of the consequences of migration movements, although apparently obvious and routinely referred to in general analyses of migration trends in CE, are still to be thoroughly investigated. In other words, no solid empirical evidence exists that would support some popular judgments and theses. That is true for the Czech Republic, Hungary and Poland, and the more so for other CE countries. This leads me to a conclusion that the present overview ought to focus on the former three countries, and that its scope ought to be limited to themes which have already been extensively studied.

## **1.2. A few observations on the state of migration research in the Czech Republic, Hungary and Poland**

A point that probably should be made to begin with is that virtually no migration research studies were conducted in CE in the pre-transition period. There were no institutes, no researchers and no funds. Last but not least, no reliable data existed either<sup>4</sup>. All those bear significantly on the research at present times. Mainly because of restricted feasibility and relatively high costs of migration-related studies. For, in order to launch almost any new project in any CE country, one needs to set up a research unit, train researchers, raise funds and generate data, which in a situation of research *statu nascendi* is a very costly and time consuming endeavour. Major problem, however, remains the lack and deficiency (indeed – inadequacy) of data, since, with

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<sup>4</sup> That might seem a glaring paradox since in that time a centralised and very strict control over migration exerted by the State would logically imply the availability of complete and accurate migration-related data. Migration statistics, however, turned out highly inaccurate because repressed migration meant less regular migration and more irregular migration, and more paramigratory movements and less officially recognised emigration and immigration. Since “illegal” migration and paramigratory movements escaped registration or (for doctrinal reasons) were not considered migration, the official migration statistics captured only a tiny fraction of international flows of people.

minor exceptions, national migration-related statistics (registers or surveys) in those countries have not been established or adjusted to international standards and real phenomena.

I am tempted here to make a digression concerning the relevance of researcher's awareness of the migration data quality and his/her readiness to be involved in a study that requires those data to be analysed. On the basis of the literature pertinent to migration in CE, it seems that researchers with limited knowledge about data deficiencies are much more prone than those with better knowledge to make estimates of various characteristics of migration, to lavishly interpret data or derivative estimates, and pursue various subtle and sophisticated analyses.

Another point of relevance is that the state of research in any area of social sciences reflects, to a large degree, what could be vaguely called "social reality". By the same token, it might be argued that migration research feeds on real migration. This is, for instance, why in a country like Latvia, where hardly any population movements other than from or to other ex-USSR states are observed, no migration studies developed after 1990. Conversely, the fact that those studies are expanding in Poland owes to a relatively large scale and diversity of migration observed in that country. Knowing that CE countries greatly differ with respect to international population movements, we may thus expect substantial differences in the state of migration research between those countries.

I have been able to identify four research teams systematically studying migration in Poland. The oldest is located in Opole (a principal town in western part of Upper Silesia), and it combines researchers from State Research Institute – Silesian Institute (Panstwowy Instytut Naukowy - Instytut Śląski) and Opole University. The focus of studies within that team is migration of region's population between home region and Germany. Some of those studies were undertaken even before 1990. The next research unit is the Centre of Migration Research (CMR, Warsaw University) established in 1993. The third team is located within the Institute of Labour and Social Studies in Warsaw. It has become involved in migration studies since the mid-1990s. Finally, the Central European Forum for Migration Research (CEFMR), a partnership of three institutions<sup>5</sup>, began its activities in 2001. The latter three teams deal with different aspects of migration viewed from regional, national and European perspectives. The involvement of other academic units in the migration study in Poland is rather occasional, and the respective research output is very low. *Ad hoc* research initiatives are also implemented by a handful of NGOs and commercial institutes (expert consortia). Those initiatives, however, usually involve the participation of members of the four above mentioned teams.

It might be remarked that international movements of Poles are also studied by scholars representing research centres in other countries (e.g. Germany, the United Kingdom, Belgium and Italy). However, rarely those studies inquire into the effects of migration.

Three leading research groups contribute to migration study in the Czech Republic. Those groups are affiliated with: the Department of Social Geography and Regional Development (Charles University), the Research Institute for Labour and Social Affairs and the Institute of

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<sup>5</sup> CEFMR is a research partnership of the Foundation for Population, Migration and Environment (Switzerland), Institute of Geography and Spatial Organization of the Polish Academy of Sciences (Warsaw) and International Organization for Migration (Warsaw Office).

Ethnology (Czech Academy of Sciences). All are located in Prague. Research perspectives represented by those groups are distinctly different and, respectively, perceive migration from socio-geographic, economic and ethnographic view-point. Leading topics studied include immigrant workers' activities, performance of major immigrant groups, regionally-focused problems of immigrant adaptation, and return migration. Scattered migration-related themes also appear in the studies conducted by various independent research institutes, NGOs, government agencies and public opinion polls organisations. No single research unit focusing mainly on the study of international migration has yet been created in the Czech Republic.

Also in Hungary migration studies are at present highly concentrated. In the 1990s the leading role in migration research activities was played by the Institute for Political Science (Hungarian Academy of Sciences), specifically by its unit – the Centre for Refugee and Migration Studies (set up in 1991). Since 2001 the Centre (now named the Centre for International Migration and Refugee Studies, CIMRS) has continued its activities within the Institute of Ethnic and National Minority Studies (Hungarian Academy of Sciences). For several years, within the framework of the Centre a team of researchers, including a number of external collaborators, published a Yearbook of the Research Group on International Migration. At present three other major units are also engaged in migration-related studies: Demographic Research Institute (Central Statistical Office), Teleki Laszlo Institute (founded in 1999), with its branch named the Centre for Central European Studies, specialising in multidisciplinary international studies, and TARKI Social Research Institute, an (established in the 1980s) independent non-government centre pursuing sociological studies.

It is by no means surprising that the three countries: the Czech Republic, Hungary and Poland attract more attention of scholars specialising in migration than other CE countries. Poland has by far the largest population in the group of eight, it sends great numbers of migrants to other countries, attracts increasing number of foreigners, and continuously receives returning migrants. The Czech Republic and Hungary, in turn, being less populous than Poland, are still much bigger in this respect than the remaining countries, and in addition in both of them relatively large immigrant communities have been set up after 1990. What seems to increase research interests in those two countries is that, compared to other CE countries, Czech and Hungarian migration statistics are relatively accurate. Characteristic for all three countries are various regional, sectoral or ethnic problems that bring attention of migration researchers. In contrast, the five remaining countries are not only relatively small territorial and population entities but as a rule they also record negligible international flows of people<sup>6</sup>. In my review of literature I could not find a trace of migration-related research project that have been undertaken in any of those countries.

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<sup>6</sup> A major exception in that group of countries is a strong emigration from the three Baltic States in the early 90s (related to the outflow of “non-titular” nationals of the former USSR, mainly Russians). Other exception might be an inflow of foreigners to Slovenia (evident since the mid-90s); despite it is not very high in absolute terms, it recently places the immigration rate in Slovenia (the second smallest country in CE, before Estonia) among the highest in CE.

### **1.3. Criteria for the selection of analytical works included in the literature and present overview**

Publications and unpublished analytical reports have been selected for the present evaluation as a result of a two-stage process. In stage one the criteria described in section A.1 were applied. They included the process definition (a specific meaning of migration), time reference of the analysis (the transition period), geographical coverage (an area embracing the countries that accessed EU in 2004), scope (selected aspects of migration effects), and, finally, the language of analysis (comprehensible to the present author). This led me to a list of more than 300 works (of which around 250 publications, including nearly 100 publications in English language).

The outcome of that preliminary selection brought about a list, which proved to be highly over-represented with works pertaining to Poland, especially to one of its regions (Silesia), and, at that, with works available in Polish language only.

Stage two of the selection process aimed at a more balanced mix of works, and in addition it assumed avoidance of overlapping analyses. In practice, it meant that a number of Polish-language (and to a lesser degree Czech-language) publications or unpublished reports were rejected. Ultimately, the final list (“Bibliography”, see part E of the present report) does not include (a large majority of) minor papers or reports dealing with migration effects observed at the level of individual community, village or small town, and on the consequences of migration of certain ethnic groups (e.g. Roma in the Czech Republic or Transylvanian Hungarians) or migration in certain (relatively isolated, in terms of migration) regions (e.g. Opole part of Upper Silesia in Poland). Generally, I attempted at omitting works that would contain highly repetitive empirical material and analytical threads/perspectives.

The final list of literature comprises around 170 items (books, journal articles and other papers). Approximately a half of those papers are devoted to migration in Poland. The other deal with migration in the Czech Republic and Hungary or with migration in Central Europe (including a handful of papers pertaining to Lithuania, Slovakia and Slovenia). A large majority of the selected analyses are based on studies conducted by research teams representing Polish, Czech and Hungarian institutes or universities. The origin of a small number of papers are studies undertaken in the third countries.

It should be mentioned here that research in the area of migration studies in Central Europe, probably due to its relatively early stage of development, focuses on general and rather rudimentary issues, and that descriptive or normative tones predominate over analytical ones. This is why the bibliography set for the purpose of the present report hardly consists of works dealing exclusively or at least mainly with the benefits and costs of migration. I am aware of just three in-depth studies preoccupied with that issue. One of them is an international project launched in 1994 and coordinated by the UN Economic Commission for Europe. The project encompassed Lithuania, Poland and Ukraine and inquired into the causes and consequences of emigration from those countries, viewed from a micro-regional perspective. The Polish section of the project (executed by CMR, Warsaw University) had been continued until the year 2000. The two other projects were carried out in Poland in 2001 and 2002, one by CMR team and another

by Romuald Jonczy (Opole University). The CMR study was based on a national representative sample of seasonal migrants who in 1999-2001 worked in Germany. In turn, Jonczy conducted his study in selected localities of Opole part of Upper Silesia. The sample comprised 12 localities inhabited almost exclusively by autochthon population<sup>7,8</sup>. None of those studies, however, attempted at macro-social (macro-economic) analysis; rather, they focused on regional, sectoral or microeconomic effects of out-migration. The number of papers reporting on the results of cost-benefit analysis based on those projects is certainly very low, probably much below 10 per cent of the entire bibliographic list compiled for the purpose of present review.

To conclude, one needs to realise that the product of above-described selection of literature is highly heterogeneous, and it can by no means be taken as an evidence of a substantial research interest in the issue of costs and benefits of migration in Central European countries. Rather, it seems to testify that such interest is barely perceptible and, consequently, that respective research has hardly started.

In the following sections of this part of the report I explicitly refer to theses or findings of the papers included in the selected bibliography, which are pertinent to costs and benefits of migration, and I succinctly describe the essence and basic findings of relevant parts of those studies. My description is divided into eight chapters (from A.4 to A.11) which reflect major aspects of migration effects considered in those works.

#### **1.4. Remittances: macro- and micro-scale effects**

Very little is known about money remitted by migrants to CE countries. In-depth studies on migration in Lithuania and Poland (Sipaviciene 1997; Frejka, Okólski, Sword 1998) revealed that: a/ a large majority of migrants earn money in an informal way, b/ as a rule, the earnings (savings) are not kept on bank accounts in destination countries, c/ generally, the money is not transferred through banks, and d/ a considerable part of migrant savings are transferred in kind, i.e. migrants send home goods for sale in their countries of origin or for household use. All this makes it very difficult to arrive at reliable estimates of remittances in those countries, and drastically limits analyses of the impact of remittances both in macro- and micro-scale<sup>9</sup>.

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<sup>7</sup> In 2005 Jonczy completed another study in the Opole region on “The impact of migration on labour market and economic development of the Opole region”. This time the study covered 21 localities. Until the moment of the present writing no report on the results of that study was published. I was given only personal notes by the author, which consisted of very broad conclusions.

<sup>8</sup> The Opole region is a very peculiar Polish region. Its resident population includes 1 million and 50 thousand people (2005) of whom 350 thousand (one third) are autochthons, i.e. persons whose ancestors lived in the region before the outbreak of the Second World War. It is at present the only region of Poland with a numerous population of the former Third Reich subjects or their descendants. Those people constitute relatively closed if isolated communities in the eastern part of the region, they display a strong attachment to the local (Upper Silesian) culture and (after 1989) consistently associate themselves with the German minority in Poland. About one fourth of the autochthon population are *de facto* long-term emigrants who live and work in Germany (and a few other countries of western Europe). Moreover a considerable part of those people are binationals, holding the German citizenship in addition to the Polish one.

<sup>9</sup> The first estimate of remittance effects on a recipient CE economy has been attempted only very recently (February 2006). It has been suggested that in Poland, in the absence of remittances, the deficit of current payments between October 2004 and September 2005 would be twice as much as actually recorded. In addition, the amount of remittances was an equivalent of 3.6 per cent of the consumers’ outlays and nearly 10 per cent of the export revenues (Wilkowicz 2006).

That difficulty notwithstanding, in two studies addressing a majority of CE countries a macroeconomic impact of remittances was considered or evaluated (Kopp 2005; Leon-Ledesma, Piracha 2004). Leon-Ledesma and Piracha analysed 1990-1999 time-series for 11 “transition countries”, and found that remittances had a positive impact on productivity and employment, both directly and indirectly, through their effect on investment. In turn, within the Flowenla project (Kopp, 2005), the effects of remittances on the labour market in CE countries was evaluated on the basis of relevant literature, i.e. mainly reporting on the results of studies conducted in various less developed countries. In conclusion, the Flowenla team argued that remittances might have two opposite consequences for labour market in CE, namely 1/ they could contribute to unemployment rise because some recipient households perceive them as a sort of welfare money and are not encouraged to take up low-paid jobs, and 2/ they could reduce unemployment by alleviating credit constraints and boosting investment levels in migrant home countries.

Three studies concerning Polish migrants (Jonczy 2003; Kaczmarczyk 2004; Marek 2000) undertook to directly measure remittances. Marek was first to estimate an annual remittance flow from Polish residents legally employed in Germany in 1998; the estimate was based on a survey among migrant workers living in selected regions of Poland<sup>10</sup>. The purpose of that estimate was merely to establish the size of migrant money flow, and no attempt was made to evaluate its effects. A study by Jonczy did not only seek to directly estimate the size of remittances but also the mode of their transfer and final allocation (outlays), and the impact on household standard of living. The results of that study suggest, among other things, that money flows from Germany to Opole region of Upper Silesia, procured by migrant workers originating from that region, affect tremendously, in a positive way, not only disposable incomes of migrant households but also the level of living in the whole region. In turn, an analysis by Kaczmarczyk pertained to the consequences of seasonal migration from Poland to Germany within the framework of bilateral agreement<sup>11</sup>. Similarly to Jonczy’s conclusion, Kaczmarczyk found that the related remittances, almost uniformly, had a significant and positive impact upon migrant household, their communities (villages or municipalities) or even micro-regions. In addition, migrant money flows and spending were dealt with in a series of ethnosurvey studies conducted at a regional level in Lithuania and Poland (Kanopiene 1997; Giza 1998; Hirszfeld, Kaczmarczyk 1999).

Several papers that are not specifically referred to here also considered the effects of remittances. Analyses included in those papers were of either speculative character and did not resort to any hard evidence or they used indirect evidence or data from the above cited studies. Most of them were concerned with the effects observed at the level of individual households or small administrative units in selected region of Poland (e.g. Podlasie, Upper Silesia, Mazury and Podhale).

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<sup>10</sup> Similar estimate, although based on indirect evidence, can be found in Hoenekopp (1999).

<sup>11</sup> Approximately 2.5 per cent Polish households benefited from remittances that originated from that kind of migration.

## 1.5. General labour market effects

In a series of papers, Fidrmuc (2001; 2004; 2005) suggested that so far migration in CE had little effect in facilitating labour market adjustment to employment shocks which resulted from the transition to market economy. In particular, the author, using official migration data at regional level, found that in the transition period, the efficacy of migration in reducing inter-regional unemployment and wage disparities was very low. That seemed to hold equally for a cluster of CE countries (the Czech Republic, Hungary, Poland and Slovakia) (Fidrmuc 2001; 2004) and for a special case of the Czech Republic (Fidrmuc 2005). This finding is coherent with the results of many other analyses, especially those based on the experience of Hungary (e.g. Cseres-Gergely 2003) but also the Czech Republic (e.g. Drbohlav 2003; Horakova 2004) and Poland (e.g. Kupiszewski 2005). The main underlying reason seems to be a low level of labour mobility in general (mainly internal migration), at least as far as the “official” labour market (and regular employment) is concerned. In other words, the outflow of labour to other countries (except for one region in Poland) and the inflow of foreigners appeared too low to make a significant difference to general situation on the labour market (unemployment and employment rates and wage level) or to sectoral labour imbalances.

On the other hand, the rigidities of the “official” labour market, on the one hand, and circular character of a large part of international labour mobility, on the other hand, contribute to the expansion of irregular employment and grey economy. The mechanisms and unfavourable consequences of irregular employment of foreign workers in CE were the subject of many studies (e.g. Drbohlav, Luptak 1997; Grzymala-Kazlowska et al. 2002; Hars 1995; Horakova 2000; Iglicka 2000; Juhasz 1999; Luptak, Drbohlav 1999; Okólski 1997; Sipaviviene 1999). As evidenced by a study conducted in 1998 by Drbohlav and Luptak, a relatively high availability of temporary migrants (in the particular case – Ukrainian migrants in certain regions of the Czech Republic) keeps wages at low level (and sometimes leads to the deterioration of work conditions), and facilitates underground economy. This is a disadvantage to the firms that do not resort to irregular practices, and apparently discourages a part of native labour from active job seeking, and contributes to higher unemployment. Also some studies report on detrimental effects of temporary (and often irregular) employment of workers from CE countries in the West. In case of many of those persons migration might be associated with “deskilling” and a devaluation of their professional experience (Kopp 2005).

A number of important conclusions concerning labour market were drawn on the basis of a study on seasonal work of Polish migrants in Germany (Fihel 2004). The most obvious gain of that migration on the sending country part seems a massive scale (around 250 thousand households) of an extra household income, which could be earned in a relatively short time (on average 7-8 weeks annually). It has been suggested, in addition, that over the 90s, thanks to a bilateral agreement concluded between Germany and Poland, the work of Polish seasonal migrants in Germany has increasingly been regular and widely protected by law (Okólski 2004). The other effects belong to disadvantages. First, seasonal migration contributes to increasing immobility on the Polish labour market. Second, it often leads to economic inactivity or a change from regular to irregular employment in Poland. Third, Polish migrants involved in recurrent

seasonal work episodes in Germany undergo gradual economic and social marginalisation<sup>12</sup>. On the top of it, seasonal migration does not seem to alleviate the burden on unemployment<sup>13</sup>, even on the local labour markets in regions where migration incidence is relatively high<sup>14</sup>. In a sharp contrast with those findings is a conclusion that seasonal migration from Poland is highly beneficial to German agricultural sector, at least in a short time perspective. According to the survey among the German employers, that kind of migration facilitates, if it is not vital for, the survival or restructurisation of the sector (Dietz 2004).

### **1.6. Regional or sub-regional labour market effects**

A model region studied with regard to regional labour market effects of migration is Upper Silesia in Poland, in particular its western part with a principal city Opole. That is the only part of a former German territory annexed to Poland in 1945 where a majority of population choose or was allowed to stay, and was not resettled to Germany. Since in accordance with the law of the Federal Republic of Germany, all former citizens of Germany and their descendants were eligible to settle in FRG at any time, the communist era in Poland witnessed several waves of emigration of Silesia indigenous population to Germany. Those movements gave rise to an extensive network of relatives and friends linking various parts of Germany and Opole part of Upper Silesia, and to the fact that at present a large proportion of region's population holds double (German and Polish) citizenship. Thanks to the double citizenship, people in Opole region, unlike other citizens of Poland, have a free access to labour market in all countries of the European Union. Therefore it is not surprising that the incidence of migration for work there is much higher than in any other region of Poland.

A number of studies were devoted to migration from the Opole region to Germany. Some of those studies highlighted the impact of migration for work on the regional labour market as well as local sub-regional labour markets. Here I will refer to a study carried out by Jonczyk (2003) in 2001 and 2002. Its results point to a generally low unemployment in the region compared to the national average, and to a vast intraregional (at *gmina* level<sup>15</sup>) differentiation in this respect. There is a strong correlation between the proportion of autochthons in the *gmina* population and the unemployment rate, and between the incidence of work in Germany and the unemployment rate in *gmina*. In the period 1994-2000 when unemployment in Poland increased, it also increased in the Opole region as a whole but it decreased in most *gmina* with autochthon population in a majority. A general conclusion of the study in this respect is that increasing incidence of migration for work to Germany was strongly associated with decreasing unemployment. However, no clear (negative) correlation at *gmina* level exists between the share

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<sup>12</sup> For explanation, see part B.4.

<sup>13</sup> On an individual scale, though, under the present German-Polish wage differentials, money earned during a relatively short employment in Germany (seven weeks a year on the average) may provide a Polish household with the means sufficient to survive the entire year.

<sup>14</sup> As evidenced by a couple of the Polish Government documents of the early 90s, the bilateral employment agreements have been included in the arsenal of state instruments for combating unemployment. For instance, the Government undertook to allot seasonal work contracts arriving to Poland from German employers according to the regional level of unemployment (Okólski 2004).

<sup>15</sup> *Gmina* is in Poland a unit at the bottom level of state administration (and regional breakdown). Usually it comprises a cluster of villages (sometimes including a municipality) and several parishes.

of unemployed persons in the total working age population and the share of employed population. Rather, it might be observed that territorial units with high proportion of the indigenous population<sup>16</sup> record not only low unemployment but also relatively low employment. Paradoxically, low unemployment in the region, especially in its localities where the proportion of migrants is high, and a strong inflow of remittances do not lead to investing of migrants' money and to a high level of economic activity. Relatively high incomes and high demand have no such effect either. Demand for labour on local markets is relatively low, and the wage level remains low. All this discourages a significant proportion of the population from actively job seeking.

It might be added that a new (just completed) study conducted by Jonczy in the Opole region gives rise to even more striking observations. The author of the study suggests that it is not unlikely that ultimately temporary migration from the region will turn into settlement migration to Germany and other better-off countries of the European Union.

### **1.7. Migrant niches**

A predominant form of international mobility in CE (and in many other post-communist countries of Europe, notably Moldova, Romania and Ukraine) in the period of transition to market economy became incomplete migration. It is a CE-specific form of flows that recently developed in the region, whose root causes lay in the "underurbanisation" suffered by many of its societies. Migrants involved in that form are usually poorly skilled; they live in the countryside and small towns or belong to marginalised groups in larger towns. They are attracted by higher pay abroad than in home country not just because it is higher but principally because the bulk of earnings is being spent home where the cost of living is much lower. For this reason, as a rule, firstly, the migrants are not accompanied by family members and their households stay in home country, and, secondly, because migrant's sojourn abroad tends to be short, they are ready to accept relatively harsh working conditions in host country. While barely any demand for this kind of labour exists in sending countries, for receiving countries persons taking part in incomplete migration are a highly valued supplement to their flexible and partly informal labour markets.

Although among the countries included in the present report, the population of the Czech Republic, Hungary and Slovenia hardly participate in that kind of mobility, the phenomenon of incomplete migration affects all CE countries because all of them are experiencing a relatively strong inflow from the countries where incomplete migration constitutes a major form of movements. The consequences of that form of international mobility were analysed in works of a general nature, e.g. in Okólski 2001a; 2001b; Iglicka 2001 and Morawska 2000, and in papers devoted to specific effects (or in selected CE countries), e.g. in Czako, Sik 1999; Drbohlav, Luptak 1997; Grzymala-Kazłowska 2004; Iglicka 2000; Jazwinska 2001; Kaczmarczyk 2005; Lukowski 1998; 2001; Okólski 1997; 2001c; Osipowicz 2001; Sik 1994; 1999; 2002; Sword 1999; Wallace 1999; Wallace et al. 1997.

The studies found that incoming incomplete migrants tend to penetrate various local commodity and labour markets and develop specific ethnic niches on those markets. The

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<sup>16</sup> See note 8.

examples are flea markets in a number of big cities, as studied by Sik (2002) in Budapest or Grzymala-Kazlowska (2004), Iglicka (2000) and Sword (1999) in Warsaw. In turn, activities of those migrants lead to a local-scale expansion of small businesses engaged in manufacturing and delivery of goods, transportation, fast food chains and other ancillary services.

Similar impact seems to have concentration of ethnic businesses and local companies that offer jobs to members of a given ethnic group in the migrant destination countries of CE. Various studies found that systematic if not increasing flow of migrants representing a given nationality to a certain local market, or group of enterprises, or a micro-region (or just a community) has a stabilising effect on the local economy. Such conclusion derives from a study on Chinese migrants in Hungary (Nyiri 1995; 1996; 1997; 1999), Vietnamese migrants in Poland (Grzymala-Kazlowska 2004; Grzymala-Kazlowska et al. 2004) and Ukrainian migrants in the Czech Republic (Drbohlav 1997; Drbohlav, Luptak 1997; Luptak, Drbohlav 1999; Drbohlav, Janska 2005) or Poland (Okólski 1997).

Nearly all studies devoted to migrant niches in CE point to their association with the grey economy and informal employment, and perceive that phenomenon as a major factor in shifting economic activities from the formal to informal, what seems to be a common tendency in the transition period<sup>17</sup>.

### **1.8. Consequences of flows of the highly skilled (“brain drain”)**

Migration of the highly skilled, especially scientists, attracted a relatively large number of studies in CE. A recent project on “The Brain-Drain – Emigration Flows for Qualified Scientists”, coordinated by MERIT, University of Maastricht, embraced as many as four CE countries (in addition to Bulgaria and Romania). Other studies investigating similar topic were conducted in Lithuania and Poland.

The results of various inquiries indicated that over the 1980s Poland was suffering from a vast emigration of the highly skilled and that the Polish higher education and research sector had been extensively drained of its human resources (e.g. Okólski, 1992). This gave rise to a series of studies carried out in 1992, 1994 and 1997 by the European Institute for Regional and Local Development (University of Warsaw) whose major task was monitoring of the outflow of scientists during the transition period in Poland, and to assess its impact on the condition of education institutions and R&D sector (Hryniewicz, Jalowiecki, Mync 1992; 1994; 1997). The outcome of that project was quite surprising. Until 1993 a great number of scientists left their jobs but only a small fraction of them emigrated. In absolute terms, the yearly emigration of 1980-1989 largely outnumbered the yearly emigration of 1990-1993. Moreover, less than a half of emigrants stayed in their profession after leaving Poland. And, finally, no detrimental impacts of that loss of personnel could be observed as far as research output of Polish R&D sector and the functioning of universities were concerned. The study implied that the outflow of scientists constituted a reaction to market reforms, and specifically to the need to reduce over-employment within the sector. Many low-profile scientists voluntarily moved to other professions and many

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<sup>17</sup> As it is well known, almost all CE countries had a pretty large “grey economy” sector during the communist times but, unlike in the transition period, it did not rely at all on foreign labour.

other were laid off. The sector became more efficient than before, and in 1994-1997 the outflow (including emigration) of its highly skilled personnel dropped to a negligible level (Hryniewicz, Jalowiecki, Mync 1997).

A recent study (Kaczmarczyk Okólski 2005), however, provided an evidence that after 1998, parallel with reversal in the general emigration trend – from decreasing to increasing, the emigration of scientists (and, generally, the highly skilled) was again on the rise. The number of highly educated emigrants, however, remained rather low; in relative terms, barely above the respective proportion in the total adult population.

The above cited study, coordinated by MERIT, brought about rather uniform and coherent conclusions concerning the effects of emigration of scientist in all (four) CE countries. They seem to be in accordance with other studies conducted in Poland (as cited), the Czech Republic (Maresova et al. 1996; 1998), Hungary (Redei 1995) and Lithuania (Stankuniene 1996). First of all, an efflux of scientists in the early period of the transition was strong and common to all countries. In Estonia and Lithuania a large proportion of them turned out to be non-nationals, usually Russians, who returned to their titular countries of origin. Those emigrants appeared to be poorly integrated in scientific structures of Estonia and Lithuania because in the following years the efficiency of the sector was not affected by that departure (Ribickis 2003; Sakkeus 2003). Secondly, after initial years of the transition, the outflow of highly skilled people from education and R&D sector came to a strongly reduced level. Thirdly, a majority of emigrating scientists moved to other sectors or professions. Furthermore, the emigrants, even those who headed for the West, underwent a sort of negative selection; as a rule, the better established and having well developed international contacts stayed. Fourthly, the outflow responded quite accurately to the material resources of the academic and R&D sector, and in a great part reflected its underinvestment. Finally, a predominant form of scientists mobility became fellowship-type short trips whose major effect was upgrading of migrant skills and social capital, evidently to the benefit of the home country (Inzelt 2003; Kozlowski 2003; Ribickis 2003; Sakkeus 2003).

Polish and Hungarian studies (being a part of the MERIT project) led to somewhat contrasting results with regard to benefits from the immigration of the highly skilled<sup>18</sup>. While the both countries concerned witnessed an increase in the inflow of foreigners, only in Poland that inflow seemed to abound with specialists possessing university diploma (Kozlowski 2003). In Hungary about a half of migrant workers had at best primary education completed. Despite its clearly beneficial consequences, especially in case of certain highly specialised professions, the inflow of well educated personnel did not matter in wider economic context (Inzelt 2003). In Poland, besides filling the demand gaps in certain professions, the inflow of personnel endowed with western expertise contributed to the development of entrepreneurship and managerial skills, and also initiated R&D activities in the private sector. Foreign companies in Poland already established a dozen or so R&D units, mainly related to software development. It was also concluded that a majority of Polish nationals who became managers or company owners (approximately 2 million persons) acquired previous professional experience in the West (Kozlowski 2003).

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<sup>18</sup> Estonian and Lithuanian studies did not inquire into that issue.

## 1.9. Regional or sub-regional development

As already explained, a variety of projects were carried out in Poland investigating the relationship between migration and regional development. A relatively small Opole sub-region of Upper Silesia, with 930 thousand inhabitants, attracted steady attention of researchers for more than 15 years now. Other regions of interest include: Mazury (north-east of Poland), Podhale (southern Poland), Podlasie (eastern Poland), and clusters of communities located along western and eastern border of Poland. I did not find similar projects that were undertaken in other CE countries, except for the Czech Republic where a handful of studies dealt with effects of immigration on the development of the Prague metropolis.

Drbohlav (1997) and Drbohlav, Sykora (1997) devoted their research to the case of Prague as a hub for transnational economic operations in transition countries. What follows from their study is that over a recent decade or so Prague turned into a flourishing metropolis performing many gateway functions. That was achieved mainly through the inflow of foreign capital, immigration from western countries (and China)<sup>19</sup> and inflow of international tourists. Prague-based companies often play a leading role in establishing international contacts between the Czech economy and the global economy, significantly contribute to the wealth of the city, and e.g. gentrification of its historical districts and prestigious residential areas.

The relevant research projects pursued in Poland highlighted entirely different aspects of regional concentration of migration flows. They focused (with minor exceptions) on the effects of outflow rather than inflow. A general conclusion, pertinent to studies made in Upper Silesia, Podlasie and Podhale, claims that localities (villages or municipalities) with a relatively high intensity of outflow, usually in the form of incomplete migration, shuttle movements of false tourists or seasonal migration are much better off than surrounding or close-distance localities where that intensity is distinctly lower. A superiority of “migrant localities” manifests itself in higher average level of living, better quality of housing, including household appliance, more dense and modern telecommunication, sewage and water pipe-line systems, etc. (Cieslinska 1997; Frejka et al 1998; Hirszfeld 2001; Hirszfeld, Kaczmarczyk 1999; ; Jonczy 2002; Rauzinski, Jonczy 2002; Solga 2002).

The most comprehensive and to a degree contrasting picture can be drawn on the basis of a series of studies pertaining to the population of the Opole part of Upper Silesia. Based on a survey of 12 localities conducted in 2001 and 2002, Jonczy (2002; 2003) concluded that the adjustment of household incomes by accounting for money remitted by their members from abroad resulted in a significant change of “migrant localities” position on the regional and national income scales. Among 16 principal administrative units of Poland, before the adjustment Opole ranked 10<sup>th</sup> whereas after the adjustment it ranked 2<sup>nd</sup>. Endowment in household appliance in the Opole sub-region, and especially in its “migrant localities” was also among the best in Poland. The standard of living of inhabitants and particularly the level of infrastructure of rural areas, which in Poland is much lower compared to the inhabitants of urban areas, surpassed the national average in every respect. Jonczy and other authors also noted the improvement in

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<sup>19</sup> In 1995 some plausible estimates suggested that the foreign population of Prague (virtually non-existent before 1989) could be as high as between 100,000 and 130,000, i.e. around 10 per cent of the total population.

material well-being of the Opole sub-region, and (a rarity in Poland) a very high level of satisfaction and evaluation of one's own quality of life.

In a sharp contrast, Rauzinski (2002) noted that the sub-region was embedded in a long-lasting economic recession, and that a majority of its working age population were not gainfully employed. The transition period brought about a sharply growing gap in local development and affluence between localities inhabited by indigenous population and those inhabited by extraneous population. Moreover, communities with a high intensity of migration for work witnessed a gradual weakening of family and social ties. Those disharmonies were a source of anxiety and uncertainty about the future, and were conducive to widely observed frustration and social tensions.

In the light of those two analyses, the balance of positive and negative effects of out-migration in a local scale seems blurred, and certainly not as favourable as economic indicators would indicate. This conclusion was confirmed in many other studies in Poland, embracing diversified sub-regions and localities. A synthesis of those studies can be found in a fundamental work by Jazwinska and Okólski (2001).

The issue of effects of foreigners' inflow in a regional scale was investigated also (apart from the cited study on Prague) in Poland; strictly speaking, on the one hand, in Warsaw and, on the other hand, in certain Polish peripheral areas. The focus in the respective studies was on the impact exerted by the migrants originating from behind eastern border of Poland – Armenians, Belarusians, Ukrainians and Vietnamese. The studies concluded that generally the availability of those migrants alleviated the burden of transition to the household and farm owners in certain backward areas of the country, by providing them with relatively cheap goods and labour (Bieniecki 2003; Golinowska 2004). Also, and especially, in big cities (like Warsaw), those foreigners helped to develop basic service networks, like flexible retail trade arrangements, fast food, household services, etc., and boost competition on the market (Grzymala-Kazłowska et al. 2004; Okólski 1997).

### **1.10. Social cohesion**

Two main themes appear in the studies that inquire into migration effects with regard to the functioning of the society: 1/ the influence of migration for work of local population upon migrant's social status and participation, and 2/ relationships between foreigners (or members of ethnic minorities) and native population in localities (communities) of migrants' destination.

The first theme is popular in migration studies in Poland only, probably because Poland until very recently<sup>20</sup> was the only CE country (with CE comprising eight new EU member-countries) where temporary migration or international circular mobility (e.g. in the form of incomplete migration) took on a sizeable scale. The Centre of Migration Research in three studies carried out in 1994-1999 and 2001/2002 undertook to examine the hypothesis on double marginalisation of persons involved in incomplete migration. The analysis of the marginalisation

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<sup>20</sup> That may change with the opening of labour markets in other (than Britain, Ireland and Sweden) EU-15 countries to CE job-seekers, and migrants from other CE countries (such as Lithuania, Latvia and Slovakia but also the Czech Republic and Hungary) may start following in the footsteps of Poles.

and social exclusion was presented by Okólski (2001c) and Lukowski (1998; 2001), and the related hypotheses were empirically tested by Grzymala-Kazłowska (2001); Jazwinska (2001; 2004); Kaczmarczyk (2001; 2004); Korys (2001) and Osipowicz (2001). In a very consistent way the authors argued that incomplete migration, besides its beneficial well-being effects, brings about a syndrome of social exclusion. In their home countries, due to frequent and highly flexible trips to foreign countries, migrants' ties with local labour market and present or past employer gradually weaken, their local social capital deteriorates, they undergo deskilling, and in effect they tend to withdraw from economic activity. In turn, in countries of destination those migrants are usually in irregular situation or their work is clandestine, and consequently they are offered the lowest paid jobs that do not require qualifications which migrants possess. Often they are not required to speak in a language of destination country. Their social ties are reduced to rare events within the ethnic group, usually comprising close relatives alone. In the course of time, human and social capital of persons involved in incomplete migration perishes, and they become marginalised and socially excluded. At the time of transition in Poland that process embraced a large part of population of Polish periphery, i.e. inhabitants of small towns and rural areas being away from industrial and administrative centres. Apart from pointing to growing social marginalisation or exclusion, the same authors and other authors too (Rauzinski 2002; Romaniszyn 2000) argued that circular (and temporary migration in general) is conducive to weakening of social cohesion at community level, and especially to family disruption.

The importance of the second theme stems from the fact that the inflow of immigrants and the integration of foreigners are a novelty in CE, and no previous experience can be used in coping with the related challenges<sup>21</sup>. Research on this topic has hardly started. A pioneering effort was made by Sik and Zakarias (2005) who inquired into civic participation of immigrants in present-day Hungary. The authors identified three categories of immigrants expected to behave in a distinct way in the public sphere: the so-called Transylvanian Hungarians, refugees (mainly from Africa and Afghanistan) and members of Chinese Diaspora in Hungary. In addition they analysed the behaviours of immigrants in a multiethnic environment of the city Szeged. It was found that the Chinese constitute the only group characterised by a strong involvement in civic participation. However, that was mainly participation in intra-group activities, and exerted no visible impact on Hungarian society. Persons who became immigrants as co-ethnics did not engaged in civic activities what pushed them to the brink of social marginalisation. Two other cases revealed limited civic activities, chiefly within *ad hoc* associations set up in order to protect group interests. After 15-20 years of cohabitation of native Hungarians and immigrants no clear mechanisms seem to operate that would be helping to include immigrants in public life of the society. On the other hand, such relative isolation of immigrant groups does not carry a risk of immediate social tensions, if only for a small number of immigrants. Similar conclusions could be drawn from a study of somewhat broader scope, concerning the development of Vietnamese community in Poland (Halik, Nowicka 2002).

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<sup>21</sup> It is true that immigration could be intense in the past too (e.g. the inflow of Poles to Poland in 1945-1947 and in 1955-1957 from the territories annexed by the Soviet Union in 1939 or of Russians to the Baltic States in the 40s) but then it was strongly regulated by state and hardly spontaneous or influenced by market forces.

Generally speaking, authors concerned with the (non-economic) impact of immigrants' presence upon societies in CE seem to agree on that at present it is rather negligible. They see the principal reason for that in still relatively small size of immigrant groups and in temporary if not transitory or irregular stay in case of many of immigrants in CE countries (Divinsky 2004; Drbohlav et al. 2005; Drbohlav 2004; Korys 2005; Zavrtnik, Zimic 2004).

### **1.11. Demographic effects**

In recent years a growing number of studies investigated the actual or potential demographic effects of migration. After a series of analyses, Warsaw-based the Central European Forum for Migration Research came with a synthetic report on all individual countries in Europe (Bijak et al. 2005). It stems from that report that from the view-point of demographic characteristics, such as population reproduction rate, the pace of aging, and age-specific dependency ratios, immigration will not significantly affect the observed trends in the long run in CE. It might, however, alleviate possible demographic imbalances in the short run, but most likely at the expense of even deeper imbalances that would appear later on. The crucial "danger" to demographic developments in CE in the long run can only be effectively reduced by an increase in fertility levels.

Special studies examining that issue were pursued in the Czech Republic (Rabusic, Burjanek 2003) and Hungary (Illes 2005). While the Czech case confirms the accuracy of findings that point to a uniform inability to resolve the ageing problem by promoting immigration, in Hungary a new disturbing demographic factor was noted. Namely, after an initial immigration of young persons in the early 1990s, the following period saw increasing proportion of older immigrants, often at pensioner age. Thus immigration, even in a short run perspective, does not delay the aging of Hungarian population. Just the opposite. Moreover, the elderly coming to Hungary as new immigrants, usually to reunite with their children or other younger family members who immigrated in earlier period, are as a rule in precarious social and economic situation, and add to the burden of social protection system.

## 2. Systematisation and evaluation of main costs and benefits

### 2.1. Remittances

Transfer of financial means related to migration is one of the key consequences of mobility. At the same time it is the least studied consequence, because any deep analysis requires access to detailed data, which is either inaccessible or imperfect, as it is usually the case with migration-related issues. The assessment is made difficult also by the fact that apart from obvious direct effects related mainly to the spending of remittances on investment, the indirect effects (multiplier effects) should be also taken in consideration. It is a consequence of the fact that each spending, including the most popular consumption spending, generates additional effects on various levels of economy. Additionally, even if the remittances are used for consumption and not investment, the latter always “gives away” some means that in these circumstances can be spent in another, more productive manner. This effect makes the full assessment of the remittances’ consequences very difficult and thus it appears relatively rarely in the literature (Massey et al. 1999). Any complex studies on the topic concerning the CE countries have not been presented yet because of the lacking statistical data. In the following section I present the selected research results on the micro and macroeconomic level.

#### *macro effects*

The starting point of the majority of the known analyses is the estimation of the remittances transfer scale to the sending countries. According to Leon-Ledesma and Piracha (2001) the remittances value from the chosen 10 CEE countries<sup>22</sup> was 7 billion USD in 1999, but it must be noticed that this total is certainly too low, because it includes only the legal transfers. The authors indicated an important consequence of migration from the CEE which is related to the fact that these migrations are of mainly temporary and not permanent character. Thus, the majority of the funds generated by migration are spent in the sending country and not in the host country, what substantially increases the multiplier effects, but it also makes the estimates of the remittances effect very difficult.

In case of Poland, the estimates are related mainly to the remittances of the Polish migrants residing and working in Germany. Hönekopp (1997) and Marek (1999) estimated the remittances of the Polish migrants working legally in the framework of the bilateral agreement (mainly seasonal workers). The first one assessed the transfer from Germany to Poland in 1996 to be around 750 million DM (375 million euros), and the latter established the total of around 680 million DM (340 million euro) in 1998. The differences between the quoted totals and the final results can be explained mainly by the fact that they covered different groups of workers.

Romuald Jończy (2003) analysed migration to Germany of so called autochthon people of Opole region, mainly the people who held double citizenship and who could find legal employment beyond the Western border. His calculations showed that the money transfers only reached 1.4 billion PLN (ca. 350 million euros, so it was more or less equal to the remittances from the all legally employed workers from Poland). According to the most recent study of 2004,

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<sup>22</sup> Bulgaria, Croatia, Czech Republic, Hungary, Macedonia, Poland, Romania, Russia, Slovakia, Slovenia, Ukraine.

the autochthons working abroad earned ca 2.7 billion PLN (675 million euros) of which ca. 2.15 billion was transferred to Poland (536 million euros) (Jonczy 2005). The obtained results show that the real scale of the migrants' transfers to Poland might be much higher than the one of the workers groups of employed abroad through legal channels controlled by the governmental bodies and labour offices.

The most complex estimate the scale of remittances, their significance for migrants, their families, as well as for the local, regional and national economy in Poland was attempted in the framework of the CMR project on the Polish seasonal migrations to Germany (Kaczmarczyk, Lukowski 2004). The study included a survey of seasonal workers who were employed in Germany in 1998-2000 (based on a representative, in statistical terms, sample comprising over 800 individuals). The results achieved are interesting for the following reasons. Above all, seasonal migrations to Germany constitute at present the largest migratory flow from Poland. Every year there are around 300 thousand individuals involved, what makes this process important from the point of view of German and Polish economies alike. Secondly, the migratory behaviours within that group are relatively unified, the seasonal trips to Germany are of purely economic character – for over 90 per cent of the respondents the main motivation to go was to earn money abroad; the seasonal migrants are typical target earners – the trips are short (often under 2 months) but very intensive in terms of labour intake; all the expenses abroad are minimized, the total expenses incurred in Germany do not exceed 15 per cent of the total. Finally, for the first time in Poland, the statistically representative data concerning the important migratory process were collected. Moreover, the data allow for a complex description of the whole migratory mechanisms including remittances.

Using the survey information, the volume of remittances in 1998-2001 was assessed, and then the interpolation for the whole period, in which the bilateral agreement was active, was performed (Table 1). The presented results have only an estimative value. It is related to the fact that the representativeness of the sample cannot be impaired in the case of the migration 1998-2001. Moreover, some simplifying assumptions were taken (e.g. a constant level of savings in the whole analyzed period). Nevertheless, they allow for partial assessment of the significance the remittances of this group have for the Polish economy.

**Table 1. Estimated amount of remittances from Polish seasonal migrants employed in Germany, 1991-2004**

<b>Year</b>	<b>Number of Polish seasonal migrants in Germany</b>	<b>Remittances (in 1,000 PLN)</b>	<b>Remittances (in 1,000 euro)</b>
<b>1991</b>	68 516	172 410	43 103
<b>1992</b>	131 020	329 692	82 423
<b>1993</b>	139 824	387 031	96 758
<b>1994</b>	124 860	439 868	109 967
<b>1995</b>	164 864	705 254	176 314
<b>1996</b>	191 055	865 370	216 343
<b>1997</b>	189 424	900 882	225 221
<b>1998</b>	201 681	1 009 925	252 481
<b>1999</b>	218 403	1 099 157	274 789
<b>2000</b>	238 160	1 198 588	299 647
<b>2001</b>	261 133	1 314 204	328 551
<b>2002</b>	282 830	1 423 399	355 850
<b>2003</b>	302 544	1 522 613	380 653
<b>2004</b>	320 000	1 610 464	402 616

*Source: Own elaboration based on survey data and data of the Polish Ministry of Labour.*

Considering the estimates, it can be assumed that at the beginning of the 21<sup>st</sup> century the amount of financial means flowing to Poland in relation with the employment of the seasonal employment abroad was between PLN 1.3 and 1.6 billion (around euro 300-400 million). It is an impressive total, comparable with the direct foreign investments in Poland (e.g. in 2001 the total of the direct foreign investments in Poland amounted to USD 5.7 billion, which means that the seasonal workers played a part in generating and transferring the money being an equivalent to around 5-6 per cent of that total). In terms of the balance components, the seasonal workers' remittances are of a much lesser significance – in 2001 it was 0.86 per cent of the total volume of the Polish export (USD 36 billion) and 0.62 per cent of the total import to Poland (USD 50 billion)<sup>23</sup>.

The above results might prove the point that Poland is not a country dependent on the capital transfer by means of migrant remittances, and that the remittances have no great significance for the economy. It is not surprising taking into consideration that the Polish economy is relatively big, and at the same time only a small portion of the population participates in the economic mobility. There have been, however, changes after May 1, 2004. According to the financial analysts and the Polish National Bank specialists, together with the increase of the mobility after the EU accession, the importance of the capital transfers from abroad also have grown. Since the moment of accession, in each quarter the current transfers from abroad would exceed euro 1 billion. In the 3<sup>rd</sup> quarter 2005, the private current transfers reached euro 1.6 billion and they were by 21 per cent higher than in an analogous period of 2004 (Polish National Bank

<sup>23</sup> Exchange rate of August 2001: 1 USD = 4.234 PLN.

data). Provided that this value grew stable, it would be feasible to expect annual transfers of euro 6-7 billion, thus the equivalent of the monthly export revenues. Although the value of the current private transfers is meaningful in terms of balancing the deficit of the current turnover, it has a very limited impact on the consumption – in the period between the October 2004 and September 2005, the transfer value amounted to merely 3.5 per cent of the consumption spending.

In the quoted study of Leon-Ledesma and Piracha (2001), the authors attempted, apart from estimating the scale of remittances, to assess the effects of migration for the 10 CEE countries using the 1990-1999 sample<sup>24</sup>. Considering the potential influence of remittances on the level of investments in the economy, they presented a model, where the dependent variable was the ratio of Gross Fixed Capital Formation to GDP (investment-output ratio). Independently from the function and the model type, the influence of remittances on investments in the sending countries turned out to be positive and important in statistical sense. Elasticity of this influence is thus lower than 1 – it is from 0.27 to 0.46 depending on the estimate. The study examined also the influence of remittances on another GDP component, i.e. consumption (private). Again, the influence of remittances on the relation of consumption to GDP is positive and statistically important. The strength of the influence was relatively strong, varying from 0.63 to 0.69, depending on the model's type.

In general, the estimates showed that considering the aggregated remittances' effects for the CE countries, migration influences in a statistically significant way two important GDP components – investment and the private consumption. In line with intuition, the flexibility in terms of consumption was almost double than the impact on investment, what confirms that the majority of remittances in this part of the world is spent on consumption and not investment. These results are also confirmed in the case of analyses on the lower levels. At the same time it is difficult to accept a thesis that remittances can foster economic development of the CE countries.

#### *micro effects*

Regional, local and individual effects of remittances' transfer were indicated in the case of complex project on migration focusing on the mobility of inhabitants of Poland. They will be discussed in detail in part B.4. Here I will only present a couple of selected aspects of the problem, referring mainly to migration mechanisms and the relations between the remittances transfer and migratory strategies.

Using the results of the CMR study conducted in chosen regions of Poland in the years 1994-1995, Giza (1996) showed that the share of the households receiving remittances was relatively low and it varied between 7 to 29 per cent. However, having analyzed the data on migrants from Podlasie, who migrated in the years 1973-1999 (majority of whom migrated after 1989), Hirszfild (2001) argued that there are strong contractual mechanisms, where the family and the household finances migration of its member, who later on pays back using the transfer of

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<sup>24</sup> The authors could not escape several methodological mistakes or simplifications resulting from the specificity of the data they had. First of all, the chosen CEE countries were treated as one aggregated group, what in the light of the migration-related knowledge is unjustified. In the group included in the analysis are the countries of a very different level of development (Slovenia and Romania), different migration scale (Ukraine and Slovakia) and diversified types of mobility. Most importantly, the study refers only to these remittances, which were transferred by legal means (bank sector, as one can guess). Considering that a big part of migration from this part of the world is of illegal character, it is difficult to estimate how representative the received results are.

financial means. Over 85 per cent of all migrants financed their migration using own resources or were paid by the family members. At the same time, the studied community was to a large extent dependent on the transfers from abroad. As the author estimated, the relatively low percentage of the households receiving the money orders was a derivative of the fact, that the “contractual mechanism” included also the goods.

As for the strategies concerning earning abroad, two effects are of special interest (visible also on the macrolevel). Firstly, the migrants from Poland working abroad follow the logic of the target earners – they generally maximise financial means and minimise their own consumption spending. These are achieved through accommodation restraints (e.g. many people living in one room or apartment), delivery of food from Poland, limiting all activities apart from the work activity. In consequence, the means transferred to the country constituted about 70 per cent of the earned money. Secondly, the remittances are transferred to Poland using informal channels. Abroad the migrants were paid mainly in cash, only 8 per cent received a cheque, there were no instances of transferring the money to the migrant’s bank account. Only in 20 per cent of cases, the means generated abroad would come to the country using the bank transfer. This result casts a doubt on the estimates of remittances that are based on the formal, bank transfer channels. At the same time any positive effects for the financial sector in the sending countries are highly unlikely.

The average value of the means transferred to Poland in relation with employment abroad was 3,000 euros (however, in the cases of long-term and successful migration the 20,000 euros transfers were also possible). The significance of remittances in the case of examined community was perceived as positive. The financial transfers usually equalled several monthly salaries in Poland. They constituted too small an amount to be invested in production (Giza 1996), but they played an important role strengthening the household budgets. Similarly as in the case of other studies, the obtained results showed that the univocally important category of expenses was consumption and financing the home budgets – 90 per cent of the households declared so. The structure of the spending indicates that in the case of migration from Poland, and most probably also from other countries of the region, the impact of remittances on the local and regional economy does not occur on the level of investment (less than 10 per cent in the quoted work). It occurs in indirect way, through consumption and release of the means that can be used for other purposes, and thus possibly increasing the future productivity.

In this context, the results obtained by Jończy (2003) by means of the study of migration from Opole region seem interesting. The presented data shows that the model of spending the migration earnings is predominant, independently on the migration character. His research shows that around 66 per cent of the earnings were spent in Poland, 10 per cent were put in bank deposits, 20 per cent were spent abroad, and 2 per cent were put in the bank deposits abroad. These shares differed slightly in the case of different migrant categories, even if the mechanisms of migrations were often very diverse (Table 2).

**Table 2. Use of remittances by migrants' group (in million PLN)**

Category	Expenses in Poland	Expenses abroad	Deposits in banking sector in Poland	Deposits in banking sector abroad	Other	Total
Employed exclusively abroad	993	303	148	29	35	1 507
Permanent job in Poland and temporary job abroad	73	22	11	2	2	111
Temporary job in Poland and temporary job abroad (or unemployed in Poland)	152	46	23	5	5	231
Migrants total	1 218	371	181	36	42	1 849

Source: Jonczy 2004: 187.

The quoted study concerning the migratory behaviour of the Polish seasonal workers in Germany posed a question: to what extent the transfer of financial means is an element of intra-period contract based on reciprocity, which occurs between the migrants and other members of the household<sup>25</sup>. In the model situation, at the beginning the family plays a dominant role by “insuring” the migrant by financing his trip, safeguarding the stay abroad, etc., but with time the migrant himself becomes the “insurer” and gradually because of him the risk related to the functioning of the household or its economic activity is minimized. The realization of the contract is ensured by altruism (thus the dominant role of the family ties) but t also extra-altruistic ties – facing the fact that the labour markets where the migrants come to are charged with certain risk, the migrant can be interested in receiving the support of the family, which can help him go through difficult moments (Stark, Lukas 1991).

The data gathered in the framework of the project about the Polish seasonal workers was detailed enough to examine very scrupulously the mechanisms of transferring and using the remittances. According to the available information, the Polish seasonal workers earned on average between net euro 750 and 1,000 per month (over 30 per cent of respondents), and the average wage was approximately euro 980. The earnings were relatively low for the German standards, but they are couple times higher than the average wage in Poland. Despite of the fact that the hour wage does not change (it would be usually between 4 and 5 euros per hour), the length of contracts stayed relatively the same (less than 8 weeks), the wages would grow systematically – for the trips before 1999 it was on average euro 940, for the trips in 2001 – euro 994. This increase was mainly related to the increasing intensiveness of the work. It has been confirmed by the econometric model, which task was to examine to what extent the seasonal work sector ensures the return of human capital. Examining the influence of various factors on the average monthly net wages, the obtained results showed that the most important elements determining the level of earnings was the intensiveness of work (the duration of the working day,

<sup>25</sup> In theoretical sense, the basis for the analyses was laid mainly by the concepts resulting from NELM, especially so called *Tempered Altruism or Enlightened Self-Interest* (Stark, Lukas 1991).

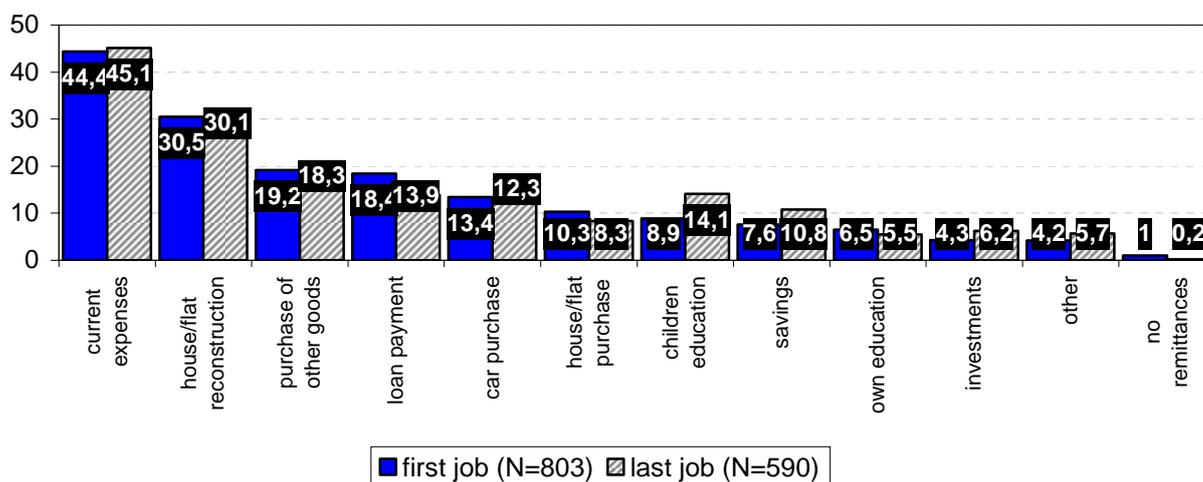
and number of working days per week). Education and working experience in Poland had no statistical impact on the wages (Table 4 in Annex).

To estimate economic significance of remittances the level of savings of the Polish seasonal workers was examined. With the relatively short average period of the average contract, the savings amounted to euro 1,350 – 1,475. Similarly to the earnings, with time, the positive increase was noted – if the pre-1998 migrants would have on average euro 1,416 of savings, in 2001 the sum would reach euro 1,532.

If we analyze the significance of remittances for seasonal migrants and their families, the question is non-controversial – the very respondents claim that the seasonal migrations are positive or very positive (around 80 per cent of the indications). Remittances were also an important part of the budgets of the respondents. The average savings accumulated during a short, not even 2-month trip abroad, would constitute about 20 per cent of the total yearly income of the migrant’s household. The significance of the savings gathered thanks to the seasonal work for the engaged people and their families must be thus described as very high. It allows for financing unplanned spending or maintaining the whole family through a longer period of time. Additionally, there occurs the abovementioned effect of releasing the means, which can be used for other purposes.

To use the effects of remittances on different levels of aggregation, the researchers referred to the data on the use of means derived from migration<sup>26</sup>. The relevant data are showed in the Figure 1. In general, independent from the fact that the total of transferred means is not very high, seasonal migrations seem to be of great significance for the engaged individuals.

**Figure 1. Major uses of remittances by type of expenditure, first and last job, in per cent**



Source: Kaczmarczyk 2004.

<sup>26</sup> In this dimension, the quoted data have an important limitation – we know only the category, on which the money was spent, but we do not know the absolute value of spending. At the same time, it is impossible to estimate the multiplier effects, but only to identify some models of behaviour.

On the basis of the received data, there are three models of allocation behaviour to be distinguished.

The first one is related to the individuals in a relatively worse economic situation, very often without job, who use the opportunity of seasonal work in Germany to get additional financing to their household budgets. In the case of almost half of the respondents, remittances were used to cover current expenses. The individuals most prone to follow this pattern of spending were between 30 and 40 years of age, with lower education, of a poor or lower-middle class.

The second model is typical for young people, who thanks to the wages earned in Germany have a chance to become independent. The typical behaviour of these young seasonal migrants was for example to buy a car, what would be very hard to achieve without going abroad. Around 10 per cent of respondents used the remittances to enlarge their savings, and among people under 20 this percentage reached 30 per cent.

The third group is constituted by relatively well-off people. In their case, the income from seasonal work is used to finance the housing projects (ca. 40 per cent used remittances to buy or to renovate a house/a flat), investment (5 per cent) and education. It can be said that in relation to this group, seasonal migrations are merely the additional source of income used for financing extra expenses.

Despite the fact, that the share of the investment spending was very low, it should be taken into account the investments in the human capital. Between 6 and 7 per cent of the respondents declared that they spend the remittances on their own education, and 9-14 per cent financed education of their children. The growing number of people willing to pay for education of children indicates the increasing awareness of the importance of education, but also, that the cost of education in Poland has increased. What is spending group was constituted by the people from the households of relatively worse financial standing, coming from the peripheral regions, very well or very poorly educated, between 30 and 40 years of age. It shows a strong pressure on the side of the Polish labour market, which forces the improvement of skills or a change of career. Remittances create an opportunity to adapt own qualifications to the dynamic situation on the labour market.

According to the author of the analysis, the obtained results proved that, in part, the seasonal migrations have a character of transactions, engaging households (Kaczmarczyk 2004). The correlation analysis shows a rather limited positive relationship between the situation of the households and a scale of savings transferred. It shows that the altruistic motives are not decisive and migration is rather a result of some group decision. The trip is very often financed by other members of the household, and the transfer of savings can be understood as a stage of such "transaction". Such interpretation is supported by the fact that the married individuals tended to save more. A very similar behaviour was also to be found among the single. It suggests that in the Polish situation, migration is a form of financing the household functioning in Poland, and it also is a very attractive way of generating the means to establish own household (financing of a wedding, acquisition of or renting a flat, etc.). In this context, the obtained results do not refute the importance of the transactional motive, but they merely show that it can have a far broader

significance then it could be believed. It is worth noticing that the costs and the risk related to the seasonal migrations are relatively low, what means that the importance of these “contracts” is most probably greater in relation to other types of migration in CE.

Independently from the effects on individual level, the remittances distribution shows that migrations have both direct and indirect influence on the local and regional economy. Table 3 supports this statement, showing information about the potential effects of seasonal migrations from Poland to Germany.

**Table 3. Potential effects of seasonal workers’ remittances on sending country economy (in parentheses per cent of migrants who spent their money on a given category)**

Potential effect	Long and short-term investments	Long-term investments	Impact on local economy	Impact on regional economy
Category	Investments (6,2)	Own education (5,5)	House/flat purchase (8,3)	Car purchase (12,3)
		Children education (14,1)	House/flat reconstruction (30,1)	Purchase of other goods (18,3)
			Consumption (45,1)	Consumption (45,1)
			Purchase of other goods (18,3)	

*Source: Own elaboration based on the survey data.*

The effect of investment spending seems obvious, however they are not enough a stimulus for development, since the remittances in general are not that high. Investments in education concern not only a long-term future (children) but also the actual situation (own education). In addition, they generate many positive external effects. Taking into consideration the results of other studies, it can be concluded that this type of spending is one of the most important way of using remittances, what influences the potential of the CE countries. And finally, remittances have an impact on the development of economies on the local and regional level for the multiplier effect – it is caused by the consumption spending driving the domestic demand, but also by the spending on renovations/buying flats and houses, which contribute to a greater extent to creating new jobs and generating additional financial means (see also section B.4).

## Annex

**Table 4. Regression of monthly net earnings (last seasonal job in Germany, in DM) on selected predictor variables<sup>27</sup>**

Explanatory variables	Coefficient (t-Student statistics)	Standardized coefficient
Sex (male = 1, female = 2)	-158.324 (-3.393)**	-0.104
Employment in agriculture (excl. vineyards)	-65.428 (-0.898)	-0.039
Employment in vineyard	-158.270 (-1.644)*	-0.073
Education (years of schooling)	14.095 (1.101)	0.037
Occupational experience in Poland (in years)	-1.303 (-0.225)	-0.018
German language ability	133.530 (2.815)**	0.091
Age	13.504 (0.870)	0.183
Age squared	-0.121 (-0.600)	-0.121
Length of the contract (in weeks)	-4.980 (-0.905)	-0.029
Number of working days per week	200.262 (5.964)**	0.200
Number of working hours per day	156.260 (13.916)**	0.467
Experiences with seasonal job(s) in Germany	172.949 (2.933)**	0.105
Year (of the last seasonal job)	27.889 (1.957)**	0.065
Intercept	-56879.7 (-1.997)**	-

\*  $p < 0.1$

\*\*  $p < 0.05$

### 2.2. Labour market allocations

In the following section selected aspects of labour market allocations related to international mobility – both in terms of outflow and inflow of labour force – will be presented and discussed. The first part is based on the Polish example due to the fact that currently it is the only country in the region where emigration is of relative importance. Additionally, Polish economy suffered the most painful negative effects of its labour market restructuring, which caused extremely high unemployment rates. Migration was perceived as a possible solution to labour market disequilibrium. The second part is devoted to the effects of migrants' inflow to the most important receiving countries in the region.

<sup>27</sup> Model's parameters:  $R^2 = 0,362$ ,  $F = 30,979$  ( $\alpha = 0,001$ ), Durbin-Watson statistics = 1,915.

### *effects of the outflow*

In the early 1990s it was expected that as a side effect of economic reforms a high unemployment would be observed, on the one hand as a consequence of significant labour surplus and on the other due to structural mismatches on the labour market. In December 1990, a bilateral agreement was signed by the Polish and German government on employment of Polish so-called programme workers in Germany. The idea was to create a framework for employment of a limited and strictly controlled number of Poles, predominantly low skilled workers. One of the major reasons for signing the agreement was the mutual will to minimize negative effects of the economic and political transition in Poland in the 1990s, especially those related to unemployment. In fact, there was an idea to „export” unemployed people who could undertake temporary jobs in German economy. From the very beginning the most important form of programme employment has been seasonal migration scheme (employment abroad up to 3 months, predominantly in agriculture). Currently the number of Polish seasonal workers employed in Germany exceeds 300,000 annually, so this form of mobility has become probably the most significant migration stream from Poland.

The seasonal work sector available to the Polish workers is in fact limited to the branches of the economy related to agriculture and food processing. Activities performed by Polish seasonal workers are extremely simple and do not demand any qualifications. Despite the fact that the jobs offered in the described sector are hardly attractive and wages are relatively low, the seasonal migration appeared to be very attractive even for highly skilled Polish citizens. It was mainly due to the fact, that along with the changes in immigration policy of the major EU countries and especially rigorous German legal regulations, the opportunity created by the Agreement has been almost the only way to find a legal employment in Western Europe for those Polish nationals, who do not have any legal permit to stay in Germany.

Additionally, seasonal migration has a few advantages. Firstly, no skills are needed, even German language is not necessary. Secondly, the very temporary nature of seasonal migration allows being active on both Polish and German labour market at the same time. Research conducted by CMR on a nationally representative sample of seasonal workers has proven that for a large group of people seasonal migration has become a recurrent economic strategy. Nearly 75 per cent of all seasonal workers migrated more than once (Kaczmarczyk 2004; Fihel 2004).

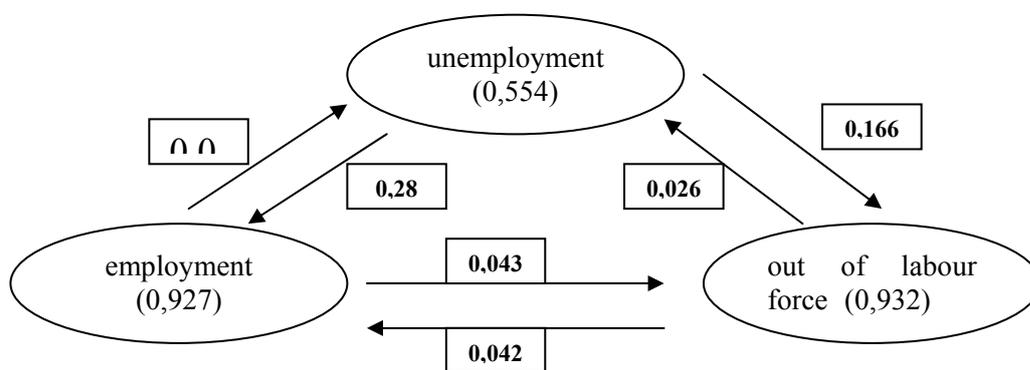
The programme of seasonal migration as foreseen by the Bilateral Agreement was supposed to support those who suffered unemployment in Poland. The outcomes of CMR research do not support this thesis, rather, status on the labour market of those who were leaving for seasonal job was relatively good. An overwhelming part of seasonal workers were regularly employed in Poland when leaving to Germany. The share of such persons in the case of first job in Germany was nearly 42 per cent (if we take into consideration those who were self-employed and who were farmers, the share rises to almost 53 per cent). The unemployed constituted 25 per cent of seasonal migrants. The share of person who were out of the labour force in Poland in excess of 20 per cent.

The effect of “exporting unemployment” started to play a relatively important role only in the late 1990s, when the situation on the Polish labour market got significantly worse. Since 2000, the share of seasonal migrants with and without regular job in Poland has been about the same. At that time, the seasonal migration option was used relatively more often not only by unemployed but also by economically inactive people. Consequently, in the late 1990s, seasonal migration has become an escape from unemployment. The effects of this strategy are hardly seen on the aggregate level. Statistically, there is only moderate correlation between unemployment rate and share of seasonal migrants in labour force at the *powiat* level (a mid-level Polish administrative unit). It is also a clear exemplification of the thesis that even migration on a massive scale is not a remedy for the high level of unemployment (Massey et al. 1999).

As more disturbing fact is that the seasonal migration does not lead to any status change on the Polish labour market. This can be concluded from the analysis provided by Fihel (2004), who focused on the potential effect of seasonal migration on economic activity on the Polish labour market. Even more, it stems from her analysis that seasonal migration can increase the unemployment and lead to staying out of labour force in Poland.

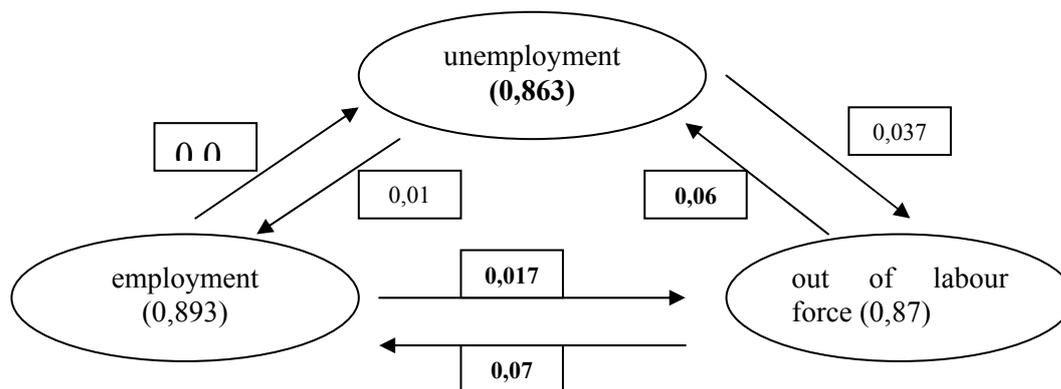
The analysis of flows between different “statuses” on the labour market has shown that seasonal migrants very rarely change the status between consecutive trips abroad. 76.4 per cent of those who were unemployed prior to the first seasonal migration in Germany could not find (or didn’t want to) a job before the next seasonal migration. Only 16.7 per cent of unemployed has found a job in Poland. Such a relatively stable situation is quite typical for the whole labour market although the comparison between seasonal workers and total labour force suggests that there are negative effects of seasonal migration on labour market position in Poland (Figure 1 and 2).

**Figure 1. Average annual probabilities of labour market status change, total labour force, 1995-2000**



*Source: Fihel 2004.*

**Figure 2. Average annual probabilities of labour market status change, seasonal workers, 1995-2001**



*Source: Fihel 2004.*

Probabilities for the total population differ significantly from those calculated for seasonal workers – Polish seasonal migrants to Germany are relatively more often without job and face serious problems with finding job after unemployment period. Among seasonal workers who were unemployed prior to the first seasonal migration, 86.3 per cent did not change this status till the next seasonal migration (in the case of total labour force – 55 per cent). The share of persons who were able (or who wanted) to find a job was equal to 1 per cent (28 per cent for the total labour force). According to Fihel (2004), in the long term seasonal migration has negative impact on employment prospects in Poland. Migrants are relatively rarely able to return to the labour force or to find employment. Seasonal employment demands only hard, manual work and such experiences cannot increase human capital of migrants. In effect, seasonal migration does not lead to improvement of labour market position in Poland. This effect can be as well found in the case of most current labour migrations to secondary labour markets of well developed economies. Labour migration has only moderate impact on unemployment in sending country, moreover it may lead to a permanent drop in participation rates on the local and regional scale.

In the context of migration impact on labour market allocation in the sending country, the outcomes of the research done by Jonczy (2005) for Opole region are of high importance. The group under analysis – autochthon population – is extremely interesting due to the fact that they were treated as Germans and had easy access to German citizenship. Consequently, since the early 1970s, they were able to work in Germany on a legal basis. The number of autochthons in Opole region amounted to 440,000 in 1950 and 330,000 in 1999. The number of Polish residents with German passport was estimated at 150,000 – 200,000 (15-20 per cent of the total population). The research conducted in the early 1990s showed that the share of autochthons in the case of almost a half of local communities (gmina) was higher than 60 per cent. In a consequence, a huge migration potential and massive migration flows should be expected.

Jonczy showed that autochthon population from the Opole region participated in international migration on an enormous scale: about 25 per cent of persons with permanent residence place in Poland were moved and living abroad for a long time; 34 per cent were participating in temporary labour migration, mainly to Germany and the Netherlands. In the late

1990s the biggest group constituted people who were employed exclusively in Poland (45 per cent), but the situation changed in the early 2000s. Currently more than 43 per cent of the population aged 15-64 and 57 per cent of those who are employed work abroad on temporary or permanent basis. Consequently, the number of persons working abroad exceeds the number of those who are employed in Poland. This is particularly true in the case of young people (aged from 18 to 25) – the group of young people who work exclusively abroad is 5 times bigger than of working in Poland. From Jonczy's (2005) estimations it follows that from the 150,000 autochthons in productive age, over 61,000 were employed abroad, including 43,000 persons working exclusively abroad (both temporarily and permanent).

Migration of such a scale should have a very significant impact on the labour market situation. If we assume that there is free flow of labour (which is the case in respect to the analysed population) and remittances can be transferred easily, there is a chance of decreasing unemployment on the local labour market (bring labour market to the equilibrium point) in two ways:

- migration of a significant portion of the population (direct effect);
- remittances which allow to increase employment due to multiplier effect<sup>28</sup>.

The analysis of unemployment and migration rates leads to the conclusion that labour migration from Opole region has a significant negative effect on unemployment. There is very strong correlation between these two variables despite the fact that the autochthons concentrate in agricultural communities, particularly prone to risk unemployment. In 2000, the average ratio of unemployed to all people in productive age equaled 10 per cent, the lowest unemployment rates were noted for communities with high share of autochthons (below 6 per cent). The other communities were characterized by relatively higher unemployment (10 per cent or higher). According to Jonczy, the impact of migration on the unemployment in the region is evident. He even concluded that if we understand the unemployment as a status of not having a job and wanting to find employment, this situation refers only to those people who do not have free access to the German labour market. In fact, he provides important arguments supporting the economic ideology of freedom of movement.

The impact of migration on economic activity and the question of multiplier effects are highly controversial. The most important development problem in the region is the question of relationship between migration and economic activity, particularly the lack of equilibrium between incomes generated on the basis of migration and economic potential. As it was stated, migration leads to decrease in unemployment but at the same time to reduction of employment - employment ratio in the region has been gradually decreasing: from 42 per cent in 1991 to 31 per cent in 2000. The shortage of production factors is clearly visible in the case of labour and specific branches. At the same time, a transfer of remittances and increase in consumption

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<sup>28</sup> According to Jonczy (2004), migration of one person should decrease the number of unemployed by 3 persons (direct effect) and two additional persons as a result of remittances (multiplier effect).

demand has been observed as a result of migration<sup>29</sup>. In this situation there are few solutions possible: increase of production on the local and regional scale and/or increase of import of goods and services from outside the region and/or inflation. Due to massive outflow of labour force, the first option is hardly realistic. The same holds true in the case of capital intensive production because of deficits in highly skilled labour. As a result of economic incentives structure (demand on low skilled labour in major destination countries) the average level of education in communities with high share of autochthons is lower than in the whole region. If we took into consideration a fact that the internal mobility in Poland is rather limited and the potential influx of workers from other parts of Poland is hardly possible, the only significant effect of migration would be the increase of imports and inflation. Under such circumstances, the potential multiplier effects are significantly reduced.

The case of autochthons' migration from Opole region shows that in the long term massive migration can lead to depreciation of human capital and slow down economic development on local and regional scale. Additionally, the outflow of the younger part of population deteriorates demographic situation what has negative impact on labour market and social security system. Consequently, there is a paradox. On one hand, due to convergence in wages the propensity to migrate from Poland to Germany should be less and less significant. On the other hand, the situation on the local labour market is gradually worsening and there is only slight chance to find employment. It is due not to the demographic pressure but to the effect resulting from massive migration which leads to crowding out local economic activity. The conclusion is pessimistic: Jonczy (2005) predicts that labour migration from the region will gradually transform into permanent out migration, which, in turn, will additionally disrupt demographic and economic equilibria.

#### *effects of the inflow*

Along with the changes of the 1990s, the CE region, until then rather uniform from the economic point of view, was transformed into an economically diversified area. As a consequence, most dynamically developing economies in the region (the Czech Republic, Hungary and Poland) became a magnet attracting various migrants, among others labour migrants and petty traders.

The first group of foreigners who started to visit most economically advanced countries of the region were petty traders. Coming mainly from the former Soviet Union they became a permanent element of market places. As the market place trade became more and more difficult due to the high competition, the migrants gradually started to discover new niches in the CE economies finding employment mainly in construction, agriculture and household services. The vast majority of them have been working illegally which, in fact, creates serious difficulties in respect to possible assessment estimating the scale and effects of this phenomenon.

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<sup>29</sup> As a perfect example construction sector may serve: at the same time the highest outflow of labour force and the highest transfer of incomes is noted.

The number of foreigners who stay in Hungary for more than a year oscillated around 1.1 to 1.3 per cent of the native population over the past decade. The overwhelming majority (85 per cent) of all immigrants is of European origin. Among the European immigrants, half are Romanian citizens (mostly ethnic Hungarians), 11 to 12 per cent are of Yugoslavian or Ukrainian origin (also partly ethnic Hungarians) and nearly a quarter of the total (22.5 per cent) come from EU countries. In the end of 1990s the number of foreigners aged between 15 and 74 years with a long-term residence permits was around 130,000 of whom 81,000 were economically active. On the basis of various data the number of registered immigrants on the labour market was estimated to 90,000 – 95,000 (Juhasz 1999).

In 1997 there was almost 20,000 initial work permits issued, 9,000 to Romanians, 3,278 to immigrants from former Soviet Union and 3,744 from other countries. The number of foreigners employed with work permits were equivalent to around 0.5 per cent of the working population in Hungary. The number of foreign workers was low not only in comparison with the total number of employed persons but also with the number of unemployed. It was only an equivalent of 3 to 5 per cent of the total number of unemployed persons in Hungary (Hars, Kovats 2005). The size of labour immigration to Hungary is continuously increasing although is still relatively small (not higher than 1.5 per cent of total population). Additionally, the number of illegal workers in Hungary is estimated to be between 10 and 30 per cent of the labour force (Hungarians and foreigners combined). Foreigners can constitute up to 10 per cent of illegal workers which is not a major problem (Juhasz 1999). As a consequence, we can only speak about very marginal effect of immigration, if at all.

In the case of Poland, the 2002 population census data show that at the time of the census there were about 40,000 residing (both temporary and permanent) foreigners. Another source of statistics, data from National Labour Office and Ministry of Labour indicates that in 2002 nearly 23,000 individual work permits were issued, including 9,900 EU citizens (41 per cent) and 5,500 thousand citizens of former Soviet Union countries (24 per cent). However, in the mid 1990s the number of foreigners who were employed illegally was estimated at 2 to 4 million per year. The majority of them were believed to be the nationals of Ukraine and other CIS countries (Kaczmarczyk, Okólski 2002).

When we look at the immigrant participation in the labour market of the CE countries, a clear dichotomy of behavior can be noticed. Foreigners who find a job in the region can be generally divided into two categories:

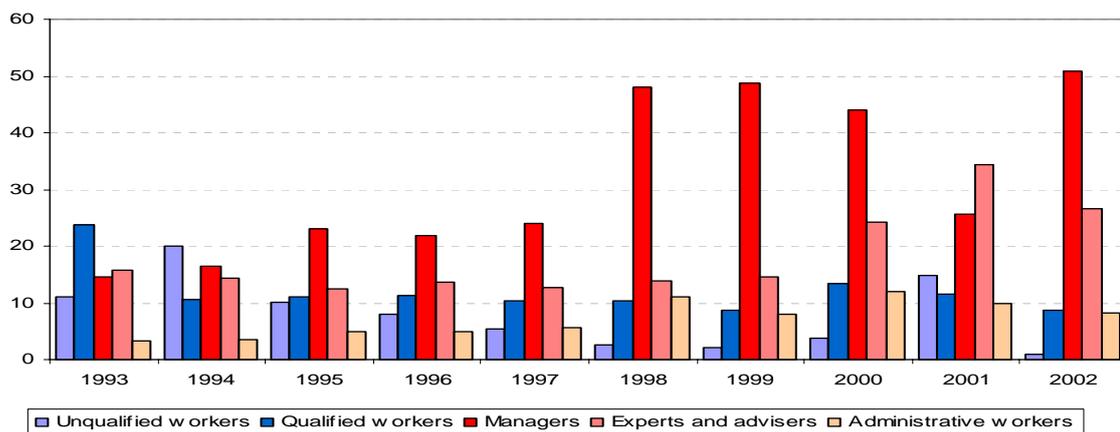
- immigrants undertaking jobs that require high or very high qualifications, predominantly in such sectors as financial services, insurance, real estate, usually at managerial or expert positions;

- immigrants undertaking jobs, which do not require any qualifications in such sectors as trade, agriculture, catering, household services, construction, mainly in small and medium companies (Grzymala-Kazlowski, Okólski 2006).

Moreover, there is a strong division of the CE labour markets with respect to nationality of immigrants. In the case of Hungary, in 1997 almost 80 per cent of all long-term immigrants from Romania were employed as skilled or unskilled manual workers (in the case of migrants from the former Soviet Union it was 50 per cent). In the case of immigrants from UE and USA the share of managers and professionals was close to 50 per cent (Juhasz 1999). Similar situation was observed in Poland and the Czech Republic. In the Czech Republic, legally employed immigrants from other post-communist European countries have usually primary or secondary education and undertake unskilled or semi-skilled jobs. Almost 70 per cent of all immigrants from the EU countries are university graduates. In 2001, the share of immigrants with tertiary education among all foreign workers equaled 17 per cent, but in the case of the EU the share was 73 per cent, and for immigrants from the USA – 64 per cent (Golinowska 2004).

In Poland, around 20,000 individual work permits were issued annually (early 2000s). In 2000, over 10,000 of these permits were issued to immigrants with tertiary education, among them 73 per cent foreigners from other European countries including 42 per cent of EU citizens. The sector of legal jobs is primarily available to citizens of the EU countries and the US, who obtain over 40 per cent of all permits issued. Additionally they are predominantly highly qualified persons: in 2002, nearly 70 per cent of that holding individual work permit had tertiary education, in the case of European immigrants 71.3 per cent and in the case of immigrants from North America 78.9 per cent (Kepinska 2004). The data on immigrants holding individual work permits in Poland shows that there is a clear tendency toward concentration in positions requiring high skills.

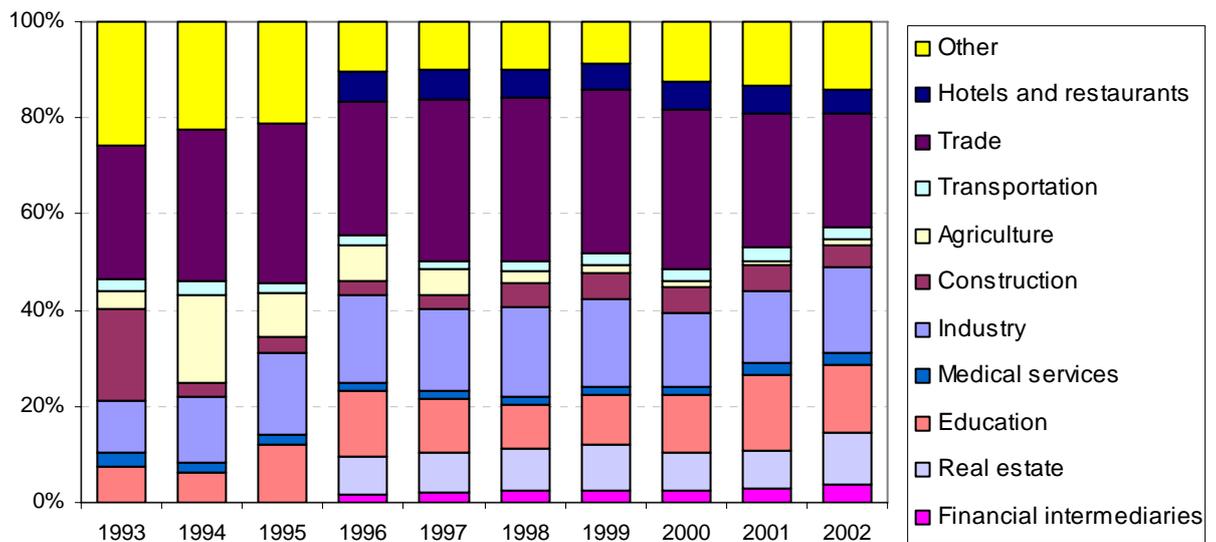
**Figure 3. Foreigners employed in Poland on the basis of individual permits by main occupations, 1993-2002, in per cent**



Source: Own elaboration based on Golinowska 2004.

The data presented below leads to similar conclusions. Although the most important role is still played by people employed in the trade sector, the highest dynamics was noted in the case of education (448) and financial intermediaries (381).

**Figure 4. Foreigners employed in Poland on the basis of individual permits by sector of economy, 1993-2002**



Source: Own elaboration based on Golinowska 2004.

Based on the Polish case it can be stated that official statistics relate only to one type of migration – legal immigration on the basis of individual permits. Problem is that these jobs are related mainly to these economic activities requiring high and specialized skills and are predominantly available to well-educated people, occupying high positions, mainly EU citizens. What can be said with great certainty is that the market of legally available work for immigrants is just a fragment of the whole phenomenon of labour immigration. A number of arguments support such claim: the nationality structure of people obtaining work permits, their qualifications and professional status (Kepinska 2004).

Due to the fact that there is a wide gap between the two categories of jobs available for foreigners, in the following part selected data will be presented with regard to both highly skilled and low skilled immigrants in the CE countries.

The reasons for employment of highly skilled migrants were strongly related to the changes within the economy and with FDI inflow. In most CE countries after the first shock caused by the economic transition, a significant increase in labour productivity was observed. In such countries as Poland and Hungary the average annual increase equaled 5 per cent or more. At the same time, an increase in the share of persons with tertiary education in the total employed population was observed. In the case of Poland, there was an increase from 10.5 per cent in 1993 to 17.1 per cent in 2001 (Golinowska 2004). These changes were not accompanied by significant changes in enrollment ratio with regard to tertiary education:

**Table 5. Share of persons with primary and tertiary education in the total population, 2000**

<b>Country</b>	<b>Primary</b>	<b>Tertiary</b>
<b>Bulgaria</b>	43.9	13.4
<b>Czech Republic</b>	23.8	9.1
<b>Hungary</b>	38.5	11.2
<b>Latvia</b>	30.6	14.1
<b>Lithuania</b>	31.3	31.9
<b>Poland</b>	33.1	8.6
<b>Romania</b>	43.2	6.9

*Source: Golinowska 2004.*

As a consequence, in the first few years of transition there was a skill mismatch on the CE labour markets. The supply of qualified labour was not sufficient to secure steady growth, especially in services and high-tech industries and induced to seek specialists abroad. Particularly, it was the case of companies with foreign capital participation, not only of green field investments but also of those which were taken over by Western capital and restructuring under supervision of foreign managers. Due to very high FDI flows, the share of persons employed in companies with foreign capital participation in total employment has grown to 5 per cent in Poland and over 8 per cent in Hungary (2000).

From the data on work permits it follows that in absolute terms the scale of inflow of highly skilled workers from Western countries (so-called inverse brain drain) is not too big, but its effects for CE economies were extremely important. In the 1990s the inflow of highly skilled immigrants allowed a dynamic development of such sectors as banking and financial services, insurance, consulting, and transfer of much demanded managerial or organizational skills and business culture. It influenced in a significant way the rejuvenation of entrepreneurial spirit.

In 2003, the Institute for Labour and Social Affairs conducted a research on mechanism of foreigners' employment in Polish economy (Bednarski 2004). The range of the research was rather limited (30 companies, mainly with foreign capital participation) but it may serve as a set of case studies important for understanding the mechanisms and effects of immigration to CE countries. The main conclusion was that the importance of highly skilled foreign employees for companies was much higher than their share in total employment. They played critical roles in their companies, served as providers of rare and valuable skills and qualifications. Important conclusion is also that employment of highly skilled foreigners has rather positive than detrimental impact on employment of natives. Three major types of immigrants according to their position in company were distinguished:

- employment for technological reasons – highly skilled immigrants as supervisors of technological process, responsible for innovations, quality control etc.
- employment for marketing reasons – immigrants responsible for seeking new clients and contacts with them (especially with Western clients)

- employment of foreigners as a way to distinguish the company from other firms on the market and to provide specific services (e.g. natural medicine).

The research proved that legally employed foreigners were characterized by relatively high skill level. First since the end of 1990s there is a tendency observed to replace expatriates with Polish specialists and managers. This process was observed also in the case of Hungary where with time the share of highly skilled immigrants is decreasing in senior and managerial positions and at the same time there is increase in other categories of occupations which is more close to Western standards (Table 2).

**Table 6. Distribution of highly skilled immigrants to Hungary by occupation, 1995-1999**

<b>Year</b>	<b>Legislators, senior officials and general managers</b>	<b>Service-like professions</b>	<b>Professions requiring higher education</b>	<b>Others requiring higher or secondary education</b>
<b>1995</b>	35.9	16.9	33.4	13.8
<b>1996</b>	43.8	15.2	28.6	12.4
<b>1997</b>	42.7	17.5	28.6	11.2
<b>1998</b>	40.3	15.9	30.2	13.5
<b>1999</b>	24.2	18.4	37.1	20.5

*Source: Inzelt 2003.*

It is very difficult to give a robust estimation of economic impact of low skilled immigration. That is mainly due to the fact that these kinds of jobs are related mainly to illegal activities. As a perfect example the petty trading may serve, common in many countries of the region. A symbol of the presence of petty traders in CE countries has become an the market located in old Warsaw stadium (The 10<sup>th</sup> Anniversary of Polish People's Republic Stadium). In the years of prosperity it employed thousands persons, including many foreigners, and generated even much larger employment in supplementary services. The case of the Stadium market has been presented in some detail in section B.5. It shows how strong potential impact of immigration related to trade only can be.

The available data for Hungary show that legal labour migrants concentrate in certain sectors of the economy. Most foreign labour is employed in construction (31 per cent), and a considerable share is in manufacturing (26.5 per cent) (Table 3). Two typical examples are immigrants from Ukraine who were employed predominantly in construction (over 60 per cent) and Slovaks finding employment mainly almost exclusively in manufacturing (80 per cent of all legally employed). Additionally, in the late 1990s foreigners constituted relatively high shares in employment of few sectors, particularly in the case of mining sector (5 per cent) and construction (15 per cent) (Juhasz 1999).

**Table 7. Employment of foreigners in Hungary by economic sectors (based on data on work permits), 2003**

Country of origin	Agriculture	Manufacturing	Construction	Trade	Education	Health	Culture
<b>Romania</b>	8.8	19.1	36.1	16.2	1.4	3.6	10.5
<b>Yugoslavia</b>	3.8	16.0	11.2	23.8	5.5	4.7	17.9
<b>Ukraine</b>	1.4	14.6	62.4	8.9	1.6	2.2	4.7
<b>Slovakia</b>	0.4	80.1	2.3	4.6	1.8	3.1	3.3
<b>EU</b>	1.1	34.7	3.1	20.1	9.6	1.0	20.4
<b>Asia</b>	0.1	34.5	1.1	33.1	0.4	0.3	28.7
<b>Total</b>	5.5	26.5	31.2	14.7	2.2	2.9	10.6

*Source: Hars, Kovats 2005.*

In general, the impact of immigration on Hungarian labour market is very small, but there were some labour market problems reported relating to sudden inflows of foreigners due to special reasons. For example, some years ago an influx of (ethnic Hungarian) immigrant doctors from Transylvania (Romania) caused a short-term labour market imbalance in the eastern part of Hungary. Additionally, there is a considerable number of undocumented labour migrants in certain sectors of the economy. Most are ethnic Hungarians from the neighbouring countries. According to current research (Hárs 2003), there is considerable pressure from the supply side (the large number of ethnic Hungarians from the neighbouring countries) to take short-term jobs in Hungary in construction, agriculture and various unskilled activities. This group (ethnic Hungarians) is, in fact, the most important source of both legal and illegal labour migrants in Hungary. There are few sectors of the economy which are strongly affected by the foreign labour including construction (according to various estimates in the end of 1990s 50-60 per cent of new flats in Hungary were built by illegal workers, partly foreigners), agriculture (foreigners are mostly employed in seasonal work in labour intensive branches such as horticulture), textile and clothing industry (the main reason for employing foreigners within this sector is the lack of suitable Hungarian workers), retail trade and catering (Juhasz 1999).

In the Czech Republic, the importance of foreign labour is clearly visible in the case of construction. According to the Union of Construction Enterprises, the number of immigrants working (both legally and illegally) in this sector was around 100,000 at the end of 1990s. Based on data from employment offices an estimation can be made that about 45 per cent of all (legally) employed foreigners were active in construction, following by agriculture and forestry (16 per cent) and services (13 per cent). High demand for foreign labour in certain sectors of the Czech economy is due to the fact that these jobs are not attractive for natives. Shift in education patterns has led to shortages in few sectors, particularly in construction (Horakova 1997). Since 1990 a dynamic development in the service sector was noted. Immigrants played quite important role in few branches - in particular, foreigners were employed in the health sector (nurses from Slovakia), catering (immigrants from Ukraine) and in trade (Asian migrants). A large proportion of illegal migrants occurred in petty trading, as well as domestic work. According to Horakova (2000), the number of foreigners active in trade sector was twice as high as of natives.

In the case of Poland, an attempt has been made to measure the demand of private households on household services. Based on a national sample the number of Polish households which regularly use household services was estimated at the level of 900,000 (2001). It appeared however that only 10 per cent of that number employed service providers from abroad, predominantly from Ukraine. Many respondents stressed that the most important reason for employing immigrants are shortages on the Polish labour market and the fact that there is very difficult to find Poles willing to do such jobs. However, the main result of the study was that this phenomenon is not as widely spread in Polish society as it is described by the media (Golinowska 2004).

Such sectors as construction or trade are examples of typical immigrant niches developed during the 1990s. However, it should be mentioned that immigrant niches on the CE labour markets are still very shallow and relatively isolated from the part of the market which is attractive for native workers. In the case of Hungary, discussion on the impact of foreigners on the economy relates also to more general issue (Hars, Kovats 2005). On the one hand, the socio-economic changes within the economy prevailed that there is a strong demand for foreign labour. On the other, the Hungarian labour market is characterised by extremely low employment and labour market activity (far below the EU-15 level: the employment rate for Hungary in 2003 was 57,0; in the case of EU-15 – 64,3). Since unemployment is lower in Hungary than in the other EU countries, the difference in activity rate between Hungary and the EU-25 average is even larger than in the case of employment. Overall, both men and women have far lower activity rates in Hungary than the EU average (14 per cent lower). The largest gaps are noted for men, especially for younger and older persons (outside of the main activity age of 25 to 54 years). The inactivity rate (number of inactive per 100 active persons) in Hungary in 2002 was 144 while in EU-15 112. This means that there is a considerable reserve of native labour force to meet the demand for labour.

The low level of employment is partly due to the transition process. Between 1990 and 1997 around 1.5 million jobs disappeared and the structure of employment changed considerably. Those with either low or no qualifications faced long-term unemployment or they left the labour market completely. Moreover, the early retirement age has resulted in very low levels of employment of persons over 55. As a consequence, currently the main task for the Hungarian government is to increase the labour market participation rates among the indigenous population. Consequently, additional migrant labour is not considered necessary in the long term. It is only used as a short-term measure to rectify labour market mismatches. This example shows that the potential impact of immigration on the labour market depends strongly on the success or failure of economic transition. Along with an increase in number of foreigners in CE economies one can expect rising social tensions and interest in controlling migration flows.

### **2.3. Brain exchange**

#### *general findings*

Majority of the CE countries, including Poland, used to be countries of net emigration for decades. Traditionally, an important role was given to the emigration of individuals carrying high

quality human capital. As it is the case with the less developed countries, this process was described and interpreted in the categories of brain drain. In the 1990s, even if the migratory trends changed, this perspective comes back in the migratory debates. The following section contains a discussion of the scale, mechanisms and consequences of the temporary or permanent migration of highly qualified people from CE. I will discuss mainly the Polish experience (as it seems, quite representative for the rest of the countries in the region), but the analysis will be enriched by the results of the studies in other CE countries, mainly Hungary.

The control of migration in the first decades after the war concerned also the mobility of the people with a rich human capital. This situation started to change only in the 1970s, and especially right before the collapse of communism. In relation to Poland, the reliable information on the scale of the mobility can be received from the data from the police registers in the 1980s (Sakson 2002). These calculations show that of almost 700,000 emigrants, who left Poland between April 1 and 1981 and December 6, 1988 left Poland to the countries defined as “capitalist” and they did not come back before the end of the 12-month period, 15 per cent had higher degree and 31 per cent had secondary education. If we consider that for the whole populations the share of university graduates was ca. 7 per cent, the quoted data show that there has been a great overrepresentation of emigrants with a good quality of human capital in relation to the whole population of Poland. The scale of the emigration of the high-class specialists in the 1980s was so high that the number of the emigrants in this category each year (15,000) constituted approximately one fourth of the university graduates of all higher education institutions (Okólski 1992). It can explain the dramatic character of the public debate on this issue.

As it results from various data, the situation has changed during transformation. Using the official data, we can assume that since 1990, the share of the individuals with the lowest level of education has been increasing, and the share of individuals with the highest level of educational attainment has been decreasing. At the threshold of transformation, in 1988, the people having at most elementary education, constituted 37 per cent of emigrants aged 15+ (with a set level of education), and the people with minimum a higher degree – 9 per cent, whereas in 2003, the in the first group there were 55 per cent, and in the second group – 4 per cent of emigrants. These observations were proved by the majority of studies conducted both in Poland and in the receiving countries. The CMR research from 1994-1999 indicated that the claim about the brain drain can be upheld only in relation to the big urban centres. The more important, in quantitative terms, migration from the peripheral regions was dominated by the individuals with at most secondary educational attainment, with poor human capital, taking up employment almost universally in the secondary sectors of labour markets in the host countries. Similar conclusions were drawn on the basis of the studies realized in Germany, the most important receiving country from the Polish perspective (Misiak 1995, Korczyńska 2003, Cyrus 1997). Each of these studies supported the observation that the greater propensity to migrate was typical for people with low cultural competencies, who did not spoke German (or other foreign languages), coping poorly with the institutional setting of the modern state and on its labour market. These people were almost fully dependent on the employment offer addressed to the unskilled workers, ready to start

the job any time and for any time (usually very short). Such characteristics practically eliminated the highly skilled workers from the Polish emigration pool. The exceptions such as migrations to Ireland or Scandinavian countries only confirmed the general rule (Kaczmarczyk, Okólski 2005).

All this took place during the educational breakthrough that occurred in Poland and in other countries of the region. Between 1970 and 2001, the share of the university graduates increased in the Polish population from 2 per cent to 12 per cent. In the end of 1990s, the number of students was 2.6 higher than in 1990 (Kozłowski 2003). Nowadays, in Poland, there are over 1.8 million students, and the data of GUS (Central Statistical Office) show that the gross enrolment ratio (the rate of all studying to the whole population) in the age group 19-24 was 46.4 per cent in 2003, what means that as for the universality of higher education Poland has almost reached the standards of the developed countries<sup>30</sup>.

The structure of migrants has changed in the second half of the 1990s. It was related to the abovementioned educational breakthrough, but also, or mostly, to the economic crisis and the deteriorating situation on the Polish labour market. The 2002 population census indicates that there is still a positive selection of the people leaving Poland. The educational structure of the people staying outside Poland for more than 2 months was far better than the one of the whole population (aged 15+). The percentage of the migrants with a scientific degree was double, the percentage of migrants with the professional MA degree (or equivalent) was by 2.7 points (36 per cent) higher, and the percentage of migrants having another type of higher degree (engineers, etc.) was by 0.7 point (26 per cent) higher than among all other inhabitants of Poland.

The changes after 1997 were accompanied by the substantial changes in the group of receiving countries, to be observed especially among the people with the highest educational skills. There has been a significant mobility towards the Anglo-Saxon countries, i.e. the USA and the UK. The latter case is unique – in the case of the UK, among the migrants who left after 1997 (aged 15+) the share of the university graduates was 25 per cent (for Germany – 11 per cent).

Independently from the above data indicating that we still have to do with positive selection of the emigrants from Poland, this process does not have a mass character, and its scale and significance are decisively incomparable to the phenomena faced in the 1980s. Similar phenomena are to be observed in other countries of the region. An interesting case is the Baltic States, where the mass efflux of the high-class specialists was a direct consequence of the collapse of the Soviet empire. In the case of Lithuania, in 1992, over 5,000 university graduates left the country, and in 1996 it was not more than 600 and in 2000 slightly over 400. In this sense the trends in the migrations of specialists were following the pattern of migrations in general (Ribickis 2003).

Migrations of the university graduates are thus a much diversified process, what makes any assessment, in economic or social terms, significantly difficult. Therefore, below I present the results of analyses regarding the chosen, and as it seems, the most “critical” groups: scientists and students, and medical professionals.

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<sup>30</sup> Of course, another question is the quality of the education offered. The educational boom occurred mainly thanks to the non-public schools, which do not always guarantee the proper standards of teaching (there are 420 institutions of higher education in Poland, what is one of the best results in Europe).

### *migration of scientists and university students*

The factors pushing the scientists to go abroad were actually parallel in all the states of the region: low income and worse labour conditions, low prestige and social status of the science and education, poor equipment of the study rooms and labs, restricted access to the literature, lack of research funds, limited opportunities for contacting the scientific circles. A massive migration abroad could have been expected as the quality of education in many states of the region was of top quality.

These expectations came true only to certain extent. It can be clearly seen in results of in-depth survey that covered 1,003 scientific institutions hiring roughly 45 per cent of all the scientific workers in Poland and spanned from 1980 to 1996 (Hryniewicz, Jałowiecki, Mync 1992; 1994; 1997). In 1981-1991 all the scientific centres under survey (with the total staff of 28 500 academic and research workers) lost over one fourth of the staff (as compared to the final date of that period) due to termination. The emigration constituted “only” 9.5 per cent of the staff in 1991<sup>31</sup> while the scientists’ outflow ranging at 15.1 per cent resulted from , so called, internal brain drain – taking up jobs across Poland that were bringing higher profit or better career opportunities. This proves that the migration stream originated mostly from no alternative of effective application of the human resources in Poland.

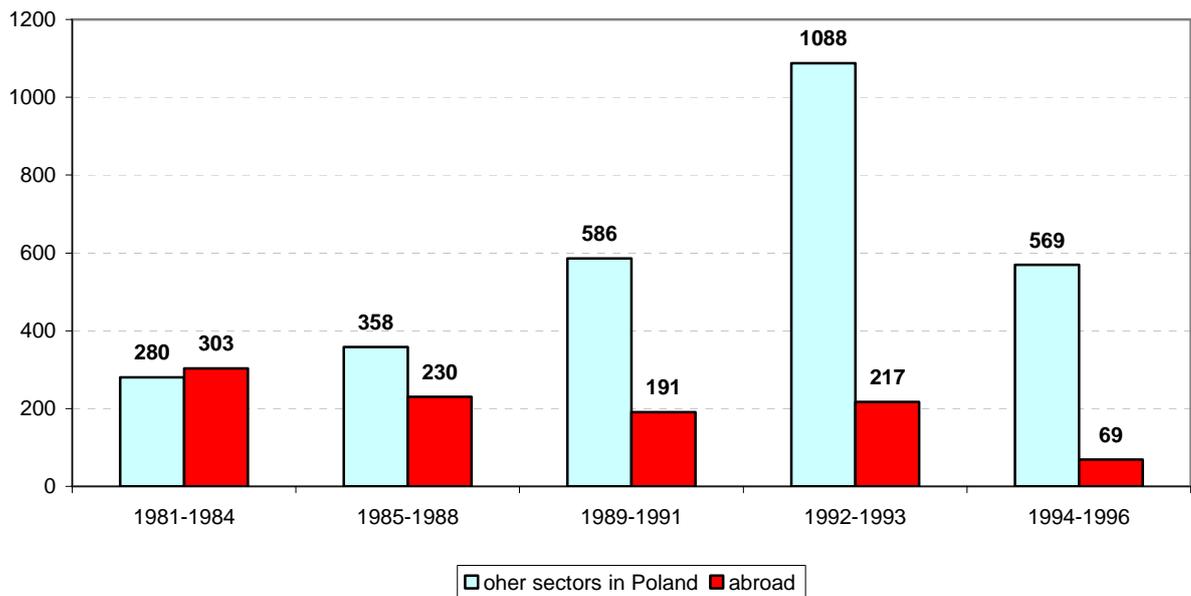
Taking into account the outflow of the scientists from the institutions under survey in the long-term perspective, i.e. 1981-1996 (Figure 2) the remarkable things is a strong increase up to 1992-1993 with a radical reverse trend in 1994-1996. It is easy to state that this interdependence was determined by dismissals that did not lead to emigration. No sooner than in the early years of the transition period an increasing number of people was giving up the scientific activities in order to hire in other industries; in 1981-1988 annual departures of the scientists amounted to 1 per cent, in 1989-1991 – 2 per cent, in 1992-1993 – as much as 4 per cent. Later, in 1994-1996 this tendency went down; those days’ annual percentage of academic or research workers deciding to quit equalled 2 per cent.

In comparison with this phenomenon of certainly structural profile, emigration of the scientists seemed rather slight; as the time was passing by it turned to be almost marginal, what can be seen in the share it had in total outflow of the scientific workers in the subsequent periods, that diminished from 52 per cent (1981-1984) down to 11 per cent (1994-1996). Following 1993 the number of emigrating scientists constituted barely 0.2 per cent of the total staff while, e.g. in 1981-1984 it had been as high as 11 per cent. Only some emigrants continued working in the scientific field (51 per cent of total number) after they had settled down abroad, thus human resources should not be considered transferred but partially lost, similarly to the case of scientists who left for other jobs in Poland.

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<sup>31</sup> Total of 2,706 scientists emigrated from the mentioned schools, mostly specialists in technical sciences (791), medical science (441), biological science (292) and physics (224).

**Figure 2. Average annual number of scientists leaving the R&D sector in Poland, 1981-1996**



Source: Kaczmarczyk, Okólski 2005, based on Hryniewicz, Jałowiecki, Mync 1997.

Such phenomena have been remarked in other states of the region. In the case of Hungary, starting back from 1989 the number of R&D employees dramatically fell down - from ca. 45,000 in 1989 down to 20,000 in 1995. It resulted from, among other things, transformation in the science and research areas, including financing. In effect, some highly-skilled individuals were either looking for employment in other areas nationwide or tried their luck abroad. In most cases these were persons with qualifications highly demanded abroad as well as those whose knowledge devaluated as compared to the employment in their home state (e.g. numerous activities within the industry). However, this tendency was gradually reversing – although in early 1990s roughly 4-5 per cent of the Hungarian R&D employees temporarily resided abroad (work or scholarships), in 1999-2001 this number went down to ca. 2 per cent<sup>32</sup>. In the case of Hungary the outflow referred mostly to representatives of natural sciences and medical sciences. However, in the end of the 1990s this outflow started being compensated with the inflow of the foreign R&D staff. Nevertheless, the thing was that, in majority, the inflow related to specialists of social sciences (e.g. in 1999 150 natural sciences and 138 medical sciences' workers went abroad with an inflow of 139 and 30, respectively). The key point is that for Hungary the flow of the workers in the scientific area was of low importance – the process of brain circulation referred merely to 10 per cent of scientific institutions (Inzelt 2003).

Except for the initial period of transition, the inflow of the scientists was considered slight, rather decreasing. Once the transition moved on, the list of prompting factors got shortened. Mostly due to the dynamic growth of private university education, the material status of the scientific workers improved rising the prestige of the occupation – this result was clearly recognized in Poland. The factors that attract the scientific staff like development opportunities,

<sup>32</sup> However, it is to be highlighted that it may result from the fact that the importance of tracking of emigration records has been gradually diminished.

access to state-of-the-art labs or, basically, better working conditions in the EU and in the USA are still essential, however, no one expects that they would alter existing tendencies. It is significant that author of the reports on mobility of Polish scientists, emphasizing an alarming title phrase “brain exodus”, expressed no more than a humble statement “mobility of scientists” in the third (final) one spanning the period of 1994-1996 (Hryniewicz, Jałowicki, Mync 1997). The outflow of the scientists from Poland did not lead to the brain drain but it also did not succeed in terms of brain exchange, i.e. exchange of thoughts, ideas and experience, relevant for the development of scientific researching in Poland.

Simultaneously, the scientific area was not affected by negative employment effects (at least as a result of interstate migrations). In the case of Poland, comparing 1990 and 1995, it is remarkable that the global employment in scientific and research institutions diminished (from 132,978 down to 101,283 persons), however, at the same time the number of scientific and research employees did not actually change (1990: 65,136, 1995: 64,927). It affected the change of the index determining the number of scientific workers in global employment in science that increased from 49 per cent up to 60 per cent approaching the standard of highly developed states (Dąbrowa-Szeffler et al. 1998).

As far as mobility of scientific workers is concerned, the key issue is migration of students. Recent years showed that this group has been subject to particularly active recruitment since it is assumed that the internship or scientific scholarship could be the first step on the way to settlement migration. The recruitment of students is therefore one of the most obvious ways to “win the brains over”.

On the other hand, this is a group of individuals with outstanding mobility – due to age, being prone to risk, language and cultural skills. This group traditionally has held a huge migration potential<sup>33</sup>. As far as potential “brain circulation” is concerned, the fact that might be found alarming is that most of the students from CE are not keen on studying or acquiring the knowledge abroad, but rather getting a temporary job supporting their home budget. Indexes for individuals studying abroad or foreign students hosted in the home country per 1,000 students in Poland, the Czech Republic and Hungary are considerably lower than the average in OECD states, not mentioning the “old EU” countries (4.6 and 10.8; 18.9 and 5.1; 26.1 and 22.2 respectively, against the OECD average: 37.1 and 15) (OECD 2002). Figures for Poland indicate that the rate of participation of the Polish students in exchange programs is very low. This situation might be changed by preferential studying conditions in selected Western European states (the U.K., in particular), however, this phenomenon has not been considered massive so far, and thus it is hard to tell about circulation effects or students’ outflow.

#### *migration of medical professionals*

Problems related to migration of medical professionals are one of the most controversial issues in contemporary debates on migrations. Most of all, it is a consequence of a permanent

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<sup>33</sup> Surveys carried out in Poland right before the accession of Poland to the EU (Sygnowski 2004) indicated that ca. 70 per cent of university students of Top 10 Universities were eager to get a job in other EU state. Receiving countries included mostly the U.K. (41 per cent), Germany (20 per cent), Ireland (12 per cent) and France (10 per cent). In a majority of cases migrants planned to stay abroad for a short time; less than 20 per cent of the respondents intended to go for permanent immigration.

demand for this type of migrants in highly developed states. In the light of unfavourable demographic trends as well as variations on labour markets majority of Western European states faces up significant deficiencies in number of medical staff. In addition, this is a common example of intangible services, which means that the human flow cannot be easily substituted with mobility of goods and services. In effect, potential immigrants may expect highly beneficial financial and social conditions, integration backup and, in at least several receiving countries, the applicants may be provided with, so called, fast track, i.e. simplified immigration procedures. Job offers targeted at healthcare workers in Central and Eastern Europe states are incomparably better than opportunities created in local labour markets. For example, in Poland a resident (i.e. the graduate of a medical university with a permanent job secured by the government) can have a gross salary of PLN 1,637 while he/she can make 20 times more abroad (Kaczmarczyk, Okólski 2005). Moreover, going abroad is favoured by institutional support: well-developed uniformity of curricula as well as confirmation of diplomas and professional qualifications.

In the case of Poland some sort of touchstone for the scale of potential migration of medical professionals are certificates confirming qualifications and professional experience required by employers in Western European states. The number of issued certificates – 2,533 - (as of the end May, 2005) made 2.2 per cent of total number of medical doctors in Poland (113,512). When talking about dentists, as of the end May, 2005, the above-mentioned certificate was issued to 797 persons (543 certificated confirming professional qualifications and 254 confirming execution of the occupation for 3 years+). It constitutes 2.7 per cent of total number of dentists in Poland. Same data has been collected as provided for the semi-skilled medical staff: 2,830 certificates issued for the nurses compared to 240,128 nurses registered in Poland, what makes 1.2 per cent representatives of this professional group in Poland. Only 195 documents certifying qualification were issued for the midwives compared to 33,385 registered persons, what makes 0,6 per cent among professionally active (Kaczmarczyk, Okólski 2005).

It would be hard to consider the scale of migration estimated this way alarming and so it is evaluated by the researchers and specialists from the Ministry of Health. Migration of, so called, white personnel is a noticeable phenomenon, however, its scale is not that large to pose a threat to the healthcare system in a short-term. This threat is not that significant because, in experts' opinion, the Polish educational system “produces” medical professionals at a rate still higher than potential outflow into other states. Nonetheless, outflow of the medical doctors may appear painful in a few specializations. It especially refers to anaesthesiology (here the percentage of potential migrants amounted to 7.7 per cent), chest surgery (7.1 per cent), plastic surgery (7.2 per cent) as well as specialist of rescue medicine (4.1 per cent). The outflow problem has a considerable impact upon specialties of the toughest situation in terms of income on the Polish labour market (anaesthesiologists, rescue medicine professionals) or of high demand on foreign labour markets (plastic surgeons). Moreover, a temporary or permanent imbalance on local and regional labour markets is likely to happen (the case known from the Republic of South Africa).

Nevertheless, due to strong pull factors and continuously instable situation in the healthcare system, massive migration of medical professionals should not be ruled out. Outflow

of medical staff can easily become a problem for the Polish society. In terms of number of medical doctors on duty per 100,000 inhabitants Poland holds one of the lowest indexes in Europe (224) winning only against Romania and Albania. The situation is even worse in the case of nurses – over last four years the number of nurse schools decreased from ca. 130 to 70. In consequence, the number of annual graduates went down to 1,500 which is 10 times less as compared to the early 1980s. In the long perspective some actions provided for preventing healthcare workers from possible escape need to be taken up and medical staff from other states, e.g. post Soviet countries should be brought to Poland.

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Outflow of highly-skilled specialists is a highly complex matter that gives rise to many controversies. On one hand outflow of specialists can be treated as one of the reasons of relative technological backwardness of the states from the region. A classic example is Poland, the state with a population of over 38 million (10 per cent of the EU population) with the GDP ranging at EUR 390 billion, according to PPP (3 per cent of the total EU value). It means that the share of population size does not correspond to the economic power in the EU. It is more clearly visible when analyzing R&D expenses. Polish gross R&D expenditures make merely 0.4 per cent of the world volume of the expenditures in this category. Nonetheless, the status of the Polish science goes a bit higher as compared to the „scale” of fiscal activity: in 2000 the contribution of Polish publications in the worldwide market amounted to 0.95 per cent, patents – 0.4 per cent, whereas the share of Polish scientists in the total number of scientists in OECD states – 2 per cent (Kozłowski 2003).

All that would suggest that outflow of scientists may additionally deepen alarming tendencies. In my opinion, this way of interpreting does not seem credible. Most of all, in the era of globalization migrations are becoming an inevitable phenomenon. It particularly refers to specialists or, generally, the people with tertiary education. The global economy in its current shape generates considerable demand for these migrants related to the recent labour division on a global basis, that is a consequence of dynamic growth of new technologies in services (including intangible services) and increasingly better opportunities in communications. Migrations of highly-skilled persons are becoming a natural element of economic and social processes, and human resources, as well (e.g. scientific internships, staff shifts inside transnational corporations). Therefore, the pejorative term of “brain drain” has been left behind in favour of such names as “circulation” or “brain exchange”.

The crucial thing is that significant share of highly-skilled persons among emigrants features highly developed states; the more transparent this interdependence the higher the growth of the country of origin. So, the increasing contribution of immigrants from CE countries holding university degrees should not be a surprise. On the contrary, it is to be expected that social and economic progress will make the value of migration of specialists from this region relatively grow (Table 8).

**Table 8. Expatriates from selected OECD countries by level of education around 2000 (in per cent)**

Country	Share of expatriates with:			Number of expatriates
	tertiary education	secondary education	primary education	
<b>USA</b>	49.9	28.3	21.8	809 540
<b>Japan</b>	49.7	38.9	11.4	575 992
<b>Australia</b>	45.9	33.1	21.0	267 314
<b>UK</b>	41.2	32.8	26.0	3 229 676
<b>Canada</b>	40.6	40.0	19.4	1 044 978
<b>France</b>	36.4	32.8	30.8	1 013 581
<b>Germany</b>	30.4	42.1	27.5	2 993 757
<b>Hungary</b>	29.6	42.4	28.0	314 922
<b>Ireland</b>	27.5	21.2	51.2	792 316
<b>Poland</b>	26.6	42.0	31.4	1 276 482
<b>Czech Rep.</b>	25.2	50.5	24.3	215 879
<b>Spain</b>	18.7	27.8	53.5	763 013
<b>Italy</b>	13.0	26.8	60.3	2 430 339
<b>Turkey</b>	6.4	21.7	71.9	2 195 645

*Source: Kaczmarczyk, Okólski 2005, based on OECD 2005.*

Mobility of top specialists could be, and in many cases is, a crucial factor stirring up the development of scientific disciplines, fostering researches, exchange of thoughts and experiences. Now, it is worth looking back to the results of the survey by Hryniewicz, Jałowicki and Mync (1997) whose last survey they have carried encompassed a module dedicated to attitudes and opinions of migrants. The information proves that Polish scientific migrants feel close ties with Poland and the scientific society back in Poland<sup>34</sup>. Even when residing abroad, they can have a huge influence upon the scientific activities in Poland and contribute to transfer of the knowledge and technologies. The key obstacle is lack of mechanisms that would let the scientists come back to CE. The persons who spent some years at Western universities usually complain about problems they have in terms of acceptance from Polish scientific and research institutions, and that due to infrastructural limitations their productivity has been significantly reduced. Some also spread out ideas of “feudal” structure of the university education in CE countries that hinders promotions and development of young scientific staff thus “pushing” them abroad.

Potential positive effects go far beyond the area of science. Numerous authors place the extensive migrations of the 1980s among the sources for dynamic growth of the Polish economy after 1989. Surveys on development of the entrepreneurship pointed out that that the majority of “new” Polish businesspeople had been gaining experience abroad. Taking into account the fact that for most of them the term “brain waste” matched perfectly, that experience should not be overestimated. However, undoubtedly these were the first meetings with the Western economic culture.

<sup>34</sup> 93 per cent of respondents declared staying regularly in touch with Polish science, and 80 per cent of them occasionally visit Polish scientific institutes, 74 per cent come to Poland for conferences, 63 per cent invite colleagues from Poland to their foreign institution, 49 per cent publish their works in Poland.

On the other hand, gaps in human resources may be considered a formidable growth barrier. According to EU reports, in Poland less than 20 per cent of experts are able to deal with issues related to the EU integration and funds. It would require additional 10,000 specialists. Right before the accession to the EU, the number of persons able to perform functions in European institutions was estimated at 1,000 whereas at least 2,000 were needed to represent Polish interests in Brussels. It is assessed that such industries like management, HR management, insurance, telecommunications and IT lack highly skilled professionals. At the edge of the integration with the EU the demand for experts in so called modern sectors was thought to increase in the coming years by 50-70 per cent. Moreover, the outflow of specialists usually comprises young people that affect negatively the demographic situation of ageing societies of CE.

However, it is worth emphasizing that the largest threat comes from migration processes that, in fact, involve highly-skilled workers, however, are not related to using them in receiving countries. This situation is quite typical in majority of CE countries, whose inhabitants provide a massive supply of labour in secondary sectors of Western European economy. This type of migrations results in degradation of human resources, its depletion and probably causes the heaviest, and often irreversible losses to the states of origin. It refers, among other things, to massive post-accession mobility of university students focused on job seeking abroad, not improving their qualifications. The data from the U.K., one of a few states that opened their labour market for newcomers from CE, prove that these processes occur. Data of so-called Workers Registration Scheme show that from May 2004 until end September 2005 the United Kingdom hosted 300,000 inhabitants of CE states, including ca. 200,000 Poles. The largest group of workers from the new EU states (29 per cent) includes the persons hired in administration, business and management, with another 23 per cent working in hospitality and catering, 13 per cent in agriculture and 8 per cent in manufacturing. However, this data does not correspond to information on posts offered to immigrants from CE. It shows that a vast majority (80-90 per cent) are hired at the posts that need no professional qualifications such as process operative, maid, waiter, kitchen and catering assistant or farm worker (Accession Monitoring Report 2005). Other sources state that the share of the people holding the university degree out of the total migrants from Poland to the U.K. exceeds 25 per cent. It would indicate that, certainly, positive effects related to opportunities of qualification improvement or professional development is out of range. This is more like wasting or deskilling of brains, a typical phenomenon for the migration of the 1980s.

#### **2.4. Micro-regional and micro-socio-economic effects: a home country perspective (the case of Poland)**

There exists a substantial evidence in Poland that migration in its predominant form (be it incomplete or circulatory migration or the movements of false tourists) has a significant impact on localities (villages or towns) or microregions of migrants' origin. Such impact can be observed at an aggregate (community, micro-region) and individual (family, household) level.

### *aggregate level effects*

Looking at this problem from the perspective of Poland, short-term migration for work displays a number of distinct patterns. For instance, there might be movements from well developed areas, like Warsaw and other big cities, that involve relatively highly educated workers, or migrants might originate from backward rural areas and quite uniformly represent low skills (the north-eastern part of Poland). There might also be out-movement from regions, which for decades have benefited from extensive migration networks (the south-eastern part), or migrants might come from areas where until not long ago international journeys were a rarity (the north-eastern part). Furthermore there might be migrants freely entering labour markets in all EU countries (bi-national – German-Polish – population of the south-western part), or migrants who exploit opportunities offered by bilateral agreements or other *ad hoc* institutional arrangements related to labour mobility (especially the central and western part), or migrants whose target are inferior jobs in the informal economy of destination countries. No matter what pattern is actually followed, the localities (towns or villages) or microregions with a considerable proportion of resident population who migrate for work are economically better off compared to the localities or microregions with a negligible incidence of such practices. A body of empirical evidence suggests that the relative wealth of “migrant localities” is an effect of migration for work rather than its root cause (e.g. Giza 1998; Jonczy 2003; Kaczmarczyk 2004).

As Jonczy (2002; 2003) notes, that effect is particularly striking in the Opole region (the south-western part of Poland) where migrant remittances have a significantly positive impact on the average disposable income, and radically improve the region’s position *vis-à-vis* other Poland’s regions. It should be mentioned here that the effects of remittances on household (personal) incomes are not accounted for in the official Polish statistics. Officially, in 2000 the disposable monthly income *per capita* in the Opole region stood at PLN 630, and after allowing for remittances it stood at PLN 840, i.e. by one-third more. Before the adjustment Opole region ranked the 10<sup>th</sup> among all 16 regions, and after the adjustment it ranked the 1<sup>st</sup>. Consequently, its relative position changed fundamentally – from 2 per cent below the national average to 30 per cent above the national average.

Impact of migration on the level of income is just one of several observed effects. As far as other effects are concerned, “migrant localities” (or microregions) have more modern and less used up housing stock relative to “non-migrant localities” (or microregions), they also have more highly developed infrastructure (sewage and water pipelines, telecommunication, roads, etc.). Such conclusion has been evidenced by surveys carried out in various regions: Lower and Upper Silesia (Frejka, Sword and Okolski 1998; Jonczy 2003; Solga 2002), Podlasie (Cieślinska 1997; Frejka, Sword and Okolski 1998; Hirszfeld and Kaczmarczyk 1999, 2000; Jazwinska, Lukowski and Okólski 1997; Jazwinska and Okólski 2002) and Podhale (Jazwinska, Lukowski and Okólski 1997).

A spectacular example of how migration influences economic situation on the local or microregional scale presents an estimate by Jonczy (2002) concerning the labour market effects in the Opole region (western part of Upper Silesia). According to that estimate, at the end of November, 2000 in the “migrant localities” (inhabited by autochthon, mostly bi-national,

population) the aggregate unemployment rate was 6.1 per cent whereas in the “non-migrant localities” the aggregate unemployment rate was 15,6 per cent. Jonczy suggests that in the absence of migration for work the regional number of unemployed persons would be approximately 200 thousand compared to the actually registered unemployment of 67 thousand, i.e. three times higher.

Empirical evidence also points to region-specific benefits of migration. For instance, in Podlasie repetitive migration for work gave rise to the development of local transportation companies (international minibus service), travel agencies and employment and financial brokres (Hirszfeld and Kaczmarczyk 2000; Karpiuk 1997). In Opole region service sector flourished, which was directed towards the needs of circulating or visiting migrants (e.g. car repair workshops) (Solga 2002). In Podhale (a fashionable holidays region) migrant remittances contributed not only to upgrading tourist facilities and to faster development of the tourist sector but also to mushrooming of small and medium enterprises (Jazwinska, Lukowski and Okólski 1997).

No evidence, however, has been found testifying that migrant remittances have a multiplier effect. Based on theoretical postulates and findings in certain other countries (e.g. Taylor 1997), such effect was expected and sought by Hirszfeld and Kaczmarczyk (1999). They studied the expenditures of migrant households in a cluster of “migrant” villages in the Podlasie region, and noted a strong preference to spend money far away from home villages and the home microregion. A typical spending was related to the purchase of a second-hand car, usually executed abroad, or of a new car in Warsaw or another Polish big city, or the purchase of a harvester or other machinery or household appliance. A substantial proportion of outlays went on investment in housing stock. Many migrants, however, invested in far-away places; e.g. became the owners of an apartment within or in a close neighbourhood of a big city (usually Warsaw). The principal reason for which a lot of migrant money was spent outside of the home microregion and thus did not contribute to the local economic growth was the underdevelopment of banking and credit facilities and also retail and service network. In addition, as noted by the authors, some migrants were reluctant to invest in their microregion due to its backwardness and the perceived lack of opportunities for future development locally.

The fact that a large part of the savings generated by migrants from their foreign earnings was transferred in kind, and it ultimately did not influence local development was confirmed in various studies (e.g. Cieslinska 1997; Iglicka-Okólska 1998; Jonczy 2003; Frejka, Sword and Okólski 1997). Among other things, this was related to a low incidence of personal car ownership in Poland. Many Polish migrants, especially those in a great majority who originated from peripheral areas, saw the purchase of a car as one of major goals of their migration for work. In the absence of friendly credit facilities, on the one hand, and greatly underdeveloped market for second-hand cars in the home country, migration money and extensive opportunities for buying a reasonable-price car abroad (in the West) presented an attractive and frequently used alternative.

It seems that migration for work of the local population has only exceptionally a significant impact on the local economy. Among six Polish microregions studied between 1994 and 1999, in only two – the community (*gmina*) of Perlejewo (administrative unit comprising 33

villages) and the municipality of Nowy Targ – a predominant part of migrants chose to invest locally (in their individual farms or in small industrial or service enterprises) whereas elsewhere in a majority of households money was used almost exclusively for private consumption (Jazwinska and Okólski, 2001; Jazwinska, Lukowski and Okólski 1997). As suggested by Giza (1998; 110), as a rule “migrants do not tend to become a new petite bourgeoisie in respect of their occupation; however, [...] they tend to shape their consumption and living standards according to those of the petite bourgeoisie”.

A number of important community-level social effects of migration for work were noticed by Lukowski (1998) and Giza (1998) on the basis of a survey conducted in four peripheral communities characterised by a high incidence of international circulatory movements. Quite uniformly, migrants upon their return to the home community display greater openness and more liberal attitudes to aliens (members of other nations), and they contribute to the change of attitudes of other community members. Moreover, they influence local culture and social ties by introducing into their community of origin the practice of everyday use of “modern society” institutions, such as bank and telecommunication systems, new consumption patterns and new ways of marking and securing social distinctiveness.

Also clearly negative community-level consequences of migration were established. In migrant-sending communities of peripheral microregions they included: weakening family ties (neglect of children education and upbringing, disruption of marriages), and weakening social ties and social cohesion in general due to gradual withdrawal of the migrants from community life (Jazwinska, Lukowski and Okólski 1997).

This seems particularly acute in the Opole region. In “migrant communities” a phenomenon of split marriage has become a rule. Husbands work on permanent basis in Germany or other EU countries, and visit home only occasionally (on the average once every three months), and in fact children live in one-parent families<sup>35</sup>. In addition, recurrent migration for work deplete local labour of the better skilled and increasingly bring about economic stagnation in respective microregions. On the other hand, growing disparity in the level of living is being observed in the region between “migrant communities” and “non-migrant communities”, which manifests itself in the indicators of incomes, housing and working conditions, public infrastructure and even health status of the population. Rauzinski (2002) concludes that that kind of disparity is a source of crisis in social relations, and may lead in near future to severe social conflicts.

#### *individual level effects*

A majority of Polish migrants sought foreign employment (at least until the date of Poland’s accession to EU) for one specific reason – to earn money to be spend, at least in part, on the current consumption at home. In the opinion of migrants themselves, that goal was generally attained. In six communities (representing four microregions) studied in 1994-1997 less than 4 per cent of migrant households were said not to benefit economically from migration (Jazwinska,

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<sup>35</sup> In 2001 in a dramatic gesture Opole bishop Alfons Nossol read a pastoral letter addressing the danger of family disruption related to widespread migration for work. In the letter he urged his flock to reflect on “the high price to be paid for momentary benefits”, to stick to the motherland and to care more about the family and good education and prospects of young generations (Rauzinski 2002).

Lukowski and Okólski 1997). A survey conducted in 1998 in 22 administrative units of the Opole region brought about a similar result but only with regard to the households of autochthon population; only 5 per cent of those households did not see net benefits from migration for work (compared to 17 per cent of the households of extraneous population) (Heffner and Solga 1999). Both studies were in agreement in finding that the evaluation of advantages of migration for work was significantly higher among households with low social status (measured by a low level of migrant's education) than among households with high social status. Analysing that relationship Giza (1998) argued that for migrants with lower status, the costs of migration are relatively high, whereas for migrants with higher status, the benefits are relatively low.

The ownership of a car, being in Poland, still in the mid-1990s, an indicator of higher economic status, was distinctly more frequent among migrant households than among non-migrant households (62 per cent *vis-à-vis* 47 per cent). Similarly, the percentage of migrant households equipped with not universally affordable appliance such as VCR, washing machine, PC or dishwasher was considerably higher than the respective percentage of non-migrant households. Around a half of migrant households admitted that a car or appliance was financed with money earned in a foreign country (Giza 1998).

Household strategies in the transition period involved international circular movements as a means of adaptation to the new economic environment or maintenance of the consumption level attained in the pre-transition period. A majority of households seemed to resort to the latter strategy. A panel study in Monki (1994 and 1999), a provincial town in Podlasie, revealed that in 93 per cent migrant households the remittances were spent on current consumption, in 25.6 per cent households on house/apartment refurbishing or modernisation, while in only 9.3 per cent households on investment in productive assets, in 4.7 per cent on savings or investment in bonds and in 4.5 per cent on children's education. In addition, around 40 per cent of migrant households allotted small fraction of the remittances to various other goals (Hirsfeld 2001). That pattern of money spending was typical of migrant households in many parts of Poland, in the 1990s (Frejka, Okólski and Sword 1998).

Indirect evidence suggests that the proportion of households allotting money earned in a foreign country principally to the expenditures on current consumption became substantially lower after 1998. A relevant approximation was attempted with regard to expenses financed by remittances of seasonal migrants who in 1998-2000 worked in Germany. A random sample based on around 600 thousand records (migrants) allowed to present the distribution of migrants by groups of outlays (Kaczmarczyk 2004). As follows from the data presented in Table 9, less than a half of seasonal migrants used money earned abroad to support current consumption of their household, and a considerable proportion of migrants financed future-oriented goals, like education or investment (or savings).

**Table 9. Seasonal migrants who in 1998-2000 worked in Germany by assignment of their remittances (after last migration)**

<b>Group of expenditures</b>	<b>Per cent of all seasonal migrants</b>
Current consumption	45.1
House/apartment modernisation	30.1
Purchase of durables (other than a car)	18.3
Children' education	14.1
Repaying debts	13.9
Purchase of a car	12.3
Bank investment (including savings)	10.8
House/apartment purchase	8.3
Investment in productive assets	6.2
Own education	5.5
Other	5.9

*Source: Kaczmarczyk 2004: 182.*

Jonczy (2003) was able to estimate the distribution of remittances transferred by migrants to the Opole region in 2001, which might be considered as a proxy of the distribution characterising a typical migrant household in the region. The results are presented in Table 10. In that case the current consumption absorbed only 36 per cent of the total amount of remittances, and as much as 31 per cent was invested in housing stock or financial assets.

It was evidenced that in the 1990s international movements of Polish population alleviated the economic hardships faced by a considerable group of households by allowing those households the maintenance of living standards. Migration also helped other group of households to adapt to a new reality of the economic transition. Those households seemed to follow innovative or proactive strategies that have been described and explained in the theory of the new economics of labour migration (NELM) (Stark 1991).

**Table 10. Remittances from migrants in the Opole region in 2001 by expenditures**

<b>Group of expenditures</b>	<b>Amount in USD equivalent (millions)</b>	<b>Per cent</b>
Total	349.7	100.0
Food	64.8	18.5
House/apartment modernisation or purchase	62.0	17.7
Clothing, foot ware	57.7	16.5
Bank investment (including savings)	45.2	12.9
Housing (maintenance)	34.5	9.9
Car (purchase, cost of credit, maintenance)	28.5	8.1
Holidays	22.5	6.4
Electronic appliance (including PC)	14.2	4.1
Other	20.3	5.8

*Source: Jonczy 2003: 188.*

According to one of the postulates of that theory, migration of a member of the household can be perceived as a response to the challenge posed by social change, such as modernisation or economic transition. The change brings about greater income disparities thus leading to the intensification of relative deprivation among many individuals. Above all, its ensuing phenomenon is increased uncertainty about subsistence or employment (and income). The response to such circumstance is a family strategy aimed at risk minimisation by gearing to diversified sources of income. Within the framework of that strategy, migrant is a household member collectively (by the family) nominated and endowed with means necessary to cover the costs of migration, whose major task after arrival in the destination country is to remit money to the household. The money in turn serves the household as a means of adaptation to the new social and economic reality, usually through the investment in fixed assets or human capital.

Whereas subsidising family budget with remittance flow from a family member, whose predominant part is allotted to current consumption, might be considered a reactive household strategy or at least a half way through of the strategy postulated by NELM, the investment activity of migrant households certainly presents a case of the proactive strategy fitting accurately to NELM. Surveys conducted by Jonczy (2003) in the Opole region in 2001 and by CMR in four regions (six microregions) in 1994-1999 (Frejka, Okólski and Sword 1998), Iglicka-Okólska (1998), Jazwinska and Okólski (2001) and a seasonal migrants' survey conducted by CMR in all regions of Poland in 2002 (Kaczmarczyk and Lukowski 2004) provide us with the empirical material highlighting that issue.

As already noted, the incidence of households investing their migration money became substantially higher at the beginning of 21<sup>st</sup> century compared to the mid-1990s. Of six microregions investigated in 1994-1996, only in two units more than a half of migrant households invested a part of their remittances; in the other the proportion was well below one-third, usually below one-fourth. The two most investment-active microregions were: the municipality of Nowy Targ and surrounding area (the Podhale region) and Perlejewo, a rural area comprising 33

villages (the Podlasie region). The largest number of households (11 per cent) invested in machinery; slightly less (8 per cent) households invested in building construction (farm buildings, etc.) and installations or (5 per cent) setting up a firm. Only 4 per cent households invested in bonds or securities, also 4 per cent in land and 3 per cent in dwelling. Little migration money was spent on human capital (education) (Jazwinska, Lukowski and Okólski 1997).

In Nowy Targ migration money gave rise to vigorous entrepreneurship. Many small-size firms (often based on family members work) were established in such branches, as tanning, furriery, tailoring, building construction or renovation, carpentering, furniture making and retail trade. A majority of those enterprises flourished, at least at the time of the study, and some of them developed into supralocal entities. In contrast, Perlejewo saw investment mainly in land, farm buildings and new houses. Some migrant households in Perlejewo attempted to set up small companies elsewhere, usually in big cities, e.g. Warsaw.

In the mid-1990s, however, remittances hardly flew to investment purposes, or, in more general terms, to activities that could have prospective effects for households, that could enable them to better adapt to market economy in the future. Households spent little on investing in fixed assets and human capital because many of them were dramatically short of money for current consumption. Nonetheless that reason is far from sufficiently explaining the phenomenon of “eating up” of almost all migration money in a large majority of households. It was noticed (Jazwinska, Lukowski and Okólski 1997) that of the six microregions studied only in one, Nowy Targ, a “general environment” (local politics, civil society, social cohesion, institutional and economic infrastructure) proved advantageous to proactive attitudes and entrepreneurship. Such unique position of Nowy Targ owed mainly due to the perseverance of traditional in the Podhale region entrepreneurial spirit and a strong social cohesion, which survived under the communist rule. Moreover, Nowy Targ, due to its location in a fashionable and expanding tourist region, found itself, especially relative to other regions of Poland, in an area favourable to economic development.

The uniqueness of Nowy Targ in this respect is confirmed by a nearly total failure of proactive strategies in Perlejewo, where about as many households as in Nowy Targ invested their remittances. Confronted with the lack of entrepreneurship tradition, economic infrastructure, financial guidance, saving/credit facilities, etc., investing Perlejewo households ventured acquisition of more arable land or agricultural machinery, and construction of new houses or farm buildings. This quickly led to a sharp overinvestment of local economy, mainly based on agricultural production by small semi-subsistence peasant plots. Descriptions of migrant villages of Perlejewo microregion in the mid-1990s. painted nearly surrealistic visions of deserted new and fully equipped houses, rusting new machinery and laying fallow land (Jazwinska, Lukowski and Okólski 1997, Lukowski 1998, Frejka Sword and Okólski 1998).

In the late 1990s and early 21<sup>st</sup> century household behaviours related to the allocation of remittances have changed, although not uniformly. Migrant communities of the Opole region seem to a distinct exception.

Although the distribution of remittances on a household level in the Opole Region suggests that multipurpose expenses are a rule, very little is being spent on the household or

family development (less than one-fifth in 2001). A typical investment is bank savings, and almost no money is invested in productive assets. Instead, more and more luxurious consumption has become a trademark of migrant households in the region. It includes frequent house refurbishing, buying new generations of electronic media and other sophisticated durables (Jonczy 2003). In contrast, migrant households from all over Poland (but relatively rarely from the Opole region) whose members take part in seasonal migration to Germany<sup>36</sup>, display a pattern of expenditures with regard to remittances, in which investment in fixed assets and human capital rank among most popular. Nearly 20 per cent households invest in education of their members, further 25 per cent allot migration money in the banking system and financial institution, and 6 per cent invest in productive assets (Kaczmarczyk 2004).

All studies that inquired into the social and economic consequences of migration at micro-level in Poland were in agreement that in the long-run the circulatory international movements brought about a number of negative side effects. The detrimental impact on family ties has already been mentioned. The other results could be observed in the extra-family life, mainly in the sphere of individual economic activity. Those results has been termed as “social marginalisation of the migrant” (Osipowicz 2001). Lukowski (1998) goes that far as to argue that people involved in incomplete migration undergo “double social marginalisation”, and Okólski (in Jazwinska and Okolski, 2001) suggests that their situation resembles that of “people on the swing” who belong neither to the community of their origin nor to the community where they temporarily stay while earning migration money.

The logic of marginalisation leads to social exclusion for many reason (Fihel 2004; Heffner and Solga 1999; Jonczy 2003; Korys 2001; Lukowski 2001; Okolski 2001a; Rauzinski 2002). First, during short-term employment spells in a foreign country, migrant’s position on the Polish labour market weakens, especially if out-movements become recurrent. Second, the risk of loosing a regular job in Poland increases when keeping that job is not an absolute priority for the employee, as is often the case with a migrant worker. Third, for the unemployed the probability of finding a job decreases when such individual happens to be a migrant. Fourth, with recurrent short-term migration for work is associated relatively high probability for a migrant of becoming economically inactive in the home country. Fifth, since majority of migrants from Poland are overskilled in their foreign employment, migration causes deskilling of a migrant. Sixth, a migrant upon return to his/her regular job in Poland is weakly motivated to be a devoted employee because a wide wage gap experienced by a migrant repetitively and over relatively short time acts as a disincentive to hard work. Seventh, there are scarce opportunities for a migrant to upgrade his/her qualifications during migration, which worsens his professional position relative to non-migrants many of whom participate in various forms of extramural education and training courses. Eighth, personal contacts (social capital) of a migrant during his absence in Poland usually shrink, which has a bad impact on his/her position in the workplace and community. And for several other reasons...

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<sup>36</sup> Let us remind that seasonal migration to Germany, which is regulated by a respective bilateral agreement, involves (most recently) more than a quarter million Poles annually (around 230,000 households), and it is the largest single form of migration for work from Poland.

All of them may probably pertain to any short-term migration. In the present Polish case, however, the factors behind those arguments act in a synergy, and their combined effect is greatly amplified. The reason why it is so, is rather complex but in short it might be brought to two facts: a difficult situation in the labour market in Poland (a prolonged high structural unemployment and the far from optimal allocation of labour, both in the territorial and sectoral sense, combined with a very low labour mobility) and a limited access to the primary labour market and limited opportunities for migrants to be regularly employed in the countries of destination.

## **2.5. Micro-regional or sector-specific effects: a receiving country perspective**

Due to a very short time that elapsed since CE has become migrant workers' receiving area and to a very limited number of countries that found themselves in such situation, the information and research activities related to the effects of that phenomenon are scarce if none. A handful of the related studies pertain to three different groups of consequences, which will be touched upon in the three following sections. Before that will be done, it might be observed that so far no study in CE addressed the macro-social effects of immigration whatsoever. This is why the three groups of effects presented have only a sectoral or micro-regional reach.

### *grey sector of the economy*

A large part of the foreign labour in CE countries consists of irregular workers attracted by the grey economy. In the Czech Republic where the present (legal) employment of foreigners is relatively large and amounts to 162 thousands or 3,1 per cent of the total labour force (2003) (Horakova 2003), an estimated share of undocumented workers falls in the interval from 55 to 65 per cent (Drbohlav 2003). A similar pattern may be observed in Hungary, with around 50 thousand (legal) foreign workers (a little below 1.5 per cent of the total labour force in 2001) (Hars, Kovacs, 2005), where the numbers of documented and undocumented migrant workers seem to be pretty balanced (Juhasz 1999; Hars, Kovacs 2005). In contrast, in Poland which hosts a small number of foreign (legal) workers (40 thousand or 0,1 per cent of the total labour force in 2002) (Okólski 2002), documented foreigners constitute a tiny minority of foreign employment (substantially less than 10 per cent). In all three countries, however, a great majority of undocumented migrants work seasonally and appear to be commuting incomplete migrants originating in the neighbouring countries (Ukrainians and Poles in the Czech Republic, Romanians in Hungary, and Ukrainians in Poland).

Apart from rendering domestic services (household cleaning, care for the elderly, *au pair*, etc.), which is more or less common activity of irregular workers all over the world, undocumented migrants in CE are typically employed in four sectors: agriculture (Hungary and Poland), trade (the Czech Republic and Poland), construction (the Czech Republic, Hungary and Poland) and textile industry (the Czech Republic and Hungary) (Juhasz 1999; Horakova 2000; Antoniewski, Korys 2002; Iglicka 2000).

A relatively high incidence of irregular employment of the foreigners in CE stems by and large from the very existence of economic sectors where there a surplus demand for low-skilled and low-paid labour exists, and by legal or administrative obstacles and generally high costs faced by non-resident foreign population in entering of official economy. An additional factor is a

wage differential between the receiving countries and the countries of origin of irregular migrant workers (e.g. Juhasz 1999). In the Czech Republic, a CE country with the highest absolute number and importance of undocumented foreigners in the economy, the legal rigidities contributed to a shift (after 1997) from regular to irregular employment (or a false entrepreneurial status) of immigrants in the situation of slowly declining demand for unskilled labour and a pretty stable total number of the employed foreigners (Drbohlav 2003; Horakova 2003).

The main consequence of availability of irregular migrant workers coming from poorer countries seems the lowering of the cost of labour, and consequently increasing competitiveness of firms employing those workers or, in rather rare cases, of entire sectors (e.g. horticulture in Poland). In all three countries: the Czech Republic, Hungary and Poland an outflow of native labour has already begun from the least paid jobs in low-wage sectors, such as agriculture, construction, textile industry, etc. The natives in those sectors move to better paid sectors of their national economy (or from official to grey economy) or resort to welfare institutions or migrate to higher income countries. Filling the vacancies by foreigners from lower income countries, who might be ready to accept extremely low wages becomes for those sectors a matter of survival. Those developments are probably the best visible in the Czech Republic (and to some extent in Poland). As Milada Horakova (2000; 24) put it bluntly, referring to a sector of the Czech economy, “The demand for labour in the textile industry is not covered by the domestic workforce because of the low wages and low capacity of the industry to compete for labour. [However] it may be expected that the pressure to reduce labour costs through illegal employment of foreign nationals is [...] present in the textile industry”.

Substitution of irregular foreign workers for departing native (usually documented) workers also boosts economic growth in certain territorial units, like big cities and border regions because their concentration and availability is particularly high there. For instance, in the Czech Republic such concentrations include Prague, and selected areas close to the national border with Germany, Poland and Slovakia (Horakova 2000).

In this respect, a pattern of the employment of undocumented foreign workers in Hungary is a bit different from that in the Czech Republic. Due to a tighter monitoring and control of the legality of employment in Hungary, irregular migrants in that country mostly fill seasonal sector-like gaps in micro-regional labour markets. As Hars and Kovacs (2005) argue, however, the migrant workers do not exert any wage pressure on those markets. This is because, as a rule, the foreigners reveal higher wage expectations than the locals. Although actually they are paid lower rates, the differences are not significant.

#### *sectoral restructuring*

It is well known from the migration literature that the employment of immigrants, especially those in undocumented situation, has a beneficial effect on restructuring of certain technologically backward or non-competitive sectors. Migrant workers, in particular irregular migrants contribute to the decrease in labour cost, and enable inefficient firms to survive and buy time to restructure.

That effect has already been present in certain CE economies, although little evidence directly refers to it. One study, however, deserves to be quoted here. It was conducted in 1999, in the the agricultural sector of the Mazowia region in Central Poland (Antoniewski in: Antoniewski, Korys 2002).

In the pre-transition period farms in that region were renowned for being an exclusive fruit and vegetable supplier of Warsaw metropolis. Opposite to other communist countries, where a predominant part of farms were state- or co-operative-owned, in Poland, and Mazovia in particular, a bulk of arable land was left in peasants' hands. In the 1960s and 1970s many basically subsistence peasants plots in Mazovia and few other regions transformed into specialised fruit- or vegetable-growing farms, and their owners became relatively prosperous in economic terms<sup>37</sup>. Until 1990, however, the horticulture in the region continued to be highly labour-intensive and based almost entirely on very small plots of land and labour supplied by farm owners themselves and by their family members.

The referred study describes a typical horticultural farm of Mazovia that underwent a deep economic reorientation in the 1990s<sup>38</sup>. Since many other farms in the region evolved in a similar way, one may speak of sectoral restructuring in the region.

In 1999 the investigated farm supported 10 members of one extended family/household (four nuclear families) and a number of hired employees (and members of their families), and it was run by two co-owners: two brothers. Apart from the hired employees, it employed altogether six family members (including the co-owners) whereas three other members (including two minors) were inactive<sup>39</sup>. The "external" employees were Ukrainian irregular workers, of whom five worked on permanent basis and three on temporary basis. The Ukrainians of whom the pioneers arrived in early 1990s replaced one or two (depending on season) previously employed local workers.

The farm area was 52 hectares (including 12 hectares of newly rented land), and it specialised in onion and carrot, but it also grew potato and grain.

In the pre-1990 period, the farm, albeit much smaller than at the study time, was functioning, as much as the entire agricultural sector, in stable and safe environment, thanks *inter alia* to long-term supply-related contracts between farmers and Government and low costs (heavily Government-subsidised prices of raw materials and low taxes). Its turnover and profits depended to a large degree on hard (manual) work of family members. The restructuring of the farm in the early 1990s went hand in hand with the introduction of market mechanisms all over in the economy, and it originated from a rapidly falling profitability of the farm production, which was mainly due to increasing costs (and taxes), breakdown of the Government-organised wholesale trade, relatively low wholesale prices and shrinking outlets within the Warsaw metropolis.

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<sup>37</sup> Their riches combined with relatively low level of cultural competences was legendary and subject to a mixture of jealousy and contempt in Poland, which was reflected in the *badylarz* (petty vegetable grower) nickname.

<sup>38</sup> The studied farm is located in a microregion comprising a cluster of villages that show a similar economic pattern: a majority of farmers specialise in horticulture and they employ (in addition to their family members) irregular foreign workers.

<sup>39</sup> In addition, one family member runs her own business – a school of horse-riding.

The reorientation strategy of the farm involved two basic elements: modernisation of technology and responsiveness to market signals. Before it started, the two brothers (in the past having independent households) combined their resources to set up a joint unit, with more land, machinery and labour. The strategy itself, however, required lowering of the costs and a more sophisticated intra-farm division of labour. In order to achieve that task a position of a manager has emerged in a natural manner, and in addition one family member has become a salesman penetrating faraway markets in Poland, the former USSR and Germany. That required the hiring of workers who could fill the vacated manual positions. They turned out to be Ukrainian “false tourists” who quickly proved cheaper, more productive and more reliable than available locals. In the course of time, pendular travellers from Ukraine became more and more stabilised, and ultimately some of them has acquired the status of permanent farm employees.

With respect to product orientation, above all, the farm extended its activities from carrot growing to carrot preservation, which enabled it to adjust the supplies to seasonal price variations and demand. A major part of its processed and packed carrot was sent to Russian markets. Secondly, the farm has become specialised in the production of onion seed, mainly for exports (first of all to Germany). Gradually, modern machinery, transportation and telecommunication means have been purchased, and a modern vegetable warehouse (with a cold section) has been build.

At the time of the study, the farm has recovered its economic stability and relatively high profitability, and the co-owners’ strategy has been increasingly future- and investment-oriented. The study conclusion about the sources of that success story is in agreement with the analysis of the farm owners themselves, which undeniably points to the availability of migrant labour. The employment of irregular migrants enabled the farm to drastically lower its direct costs of production (by estimated 60 per cent) and to avoid various indirect costs (e.g. contribution to health insurance and social welfare funds). In turn, the readiness to work hard and a vulnerability of migrants contributed to the rise in the productivity of labour and product quality. Moreover, a constant (around the clock) presence of migrant workers at the farm premises affected in a positive way the flexibility and market-responsiveness of its activities. It was migrants’ presence that on the one hand, enabled the farmers to earn and save enough money to maintain the solvency at the time of intense investing, and, on the other hand, relieved them and their family members (at least partly) from hard manual work and let them engage in various managerial, financial and logistic activities.

#### *multiplier effects of petty trade*

International mobility under the guise of tourism whose primary focus is profit (pecuniary benefits) has been a pattern widely followed (if not invented) by Polish migrants since the late 1970s or early 1980s (Morokvasic 1992; 1996). After 1989 it was adopted by persons coming from many other countries, like the former USRR, Romania and Bulgaria. It was demonstrated in many studies that the principal activity of those persons: petty trade (street vending, peddler trade, bazaar trade, etc.) in a significant way supplemented household incomes in home countries (e.g. Diminescu 2003; Frejka, Okólski, Sword 1999; Iglicka 2001; Okólski 2001; Potot 2004; Wallace, Bedzir, Chmouliar 1997).

Mobility of petty traders gradually developed in incomplete migration involving a highly diversified group of temporary migrants with respect to their economic roles. Two common features of those migrants seem pertinent to the topic of the present analysis: they usually engage in irregular economic activity in the host countries and a major part of their revenues is transferred to and spent in the origin countries.

As the results of various studies indicate, in the course of time, a relatively simple activity of circulating migrants, such as street vending, peddler or bazaar trade, tends to evolve into extended networks comprising the locals and migrants, and sophisticated and complex economic microstructures. For instance, at a more advanced stage of that process, the typical roles associated with petty trade of persons taking part in incomplete migration include: international circulating with merchandise to be sold, servicing the cash flows, activities related to trade logistics, working in warehouses, selling goods to final customers, and manufacturing goods to be supplied to the petty trade sector. The sector becomes an internally coherent and dynamic entity, and its turnover and employment increases.

In order to illustrate the multiplying economic effect of petty trade, few sections of this document to follow will depict the case of the Warsaw Stadium market<sup>40</sup>. Three major studies highlighted that phenomenon, a study conducted in 1966 by the Institute of Market Economy Studies (IBnGR, 1996; Dabrowski 1996), a study of 1997 by Keith Sword (Sword 1999), and a Centre of Migration Research study of 2001 (Grzymala-Kazlowska 2004).

In early 1989 the private company, Damis, took a long-term lease on the then unused Stadium's 30 hectare site with the aim to establish a big open air market there<sup>41</sup>. The Stadium had a spacious parking lot compound and an excellent location from the view-point of communication lines, and enabled the customers and suppliers (wholesalers at that) to have a convenient access to the market. Initially a market operated in the heart of the stadium, and only twice a week (at weekends), and it attracted no more than a few hundred people (mostly the locals) a day.

After several months the Stadium grounds became a Mecca for visitors from the USSR, whose population at about that time was allowed to freely travel abroad. Almost instantly the visitors from behind the eastern border of Poland started to arrive in tens of thousands over a weekend lot. Faced with extremely harsh conditions in their own country, they were trying to sell whatever possible, usually second-hand household appliance and tools, food preserves, coffee, tea and alcohol. In response, the number of customers multiplied instantly, and that's how it started.

The market from the very beginning was fenced and heavily guarded, and both customers and traders were charged by Damis, the customers for the entrance and the traders for a site from which they sold their merchandise. The growth of trading activities at the Stadium was

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<sup>40</sup> European Fair is its official name.

<sup>41</sup> The Stadium has been built in 1955 to commemorate the tenth anniversary of communist rule in Poland (then officially the Peoples Republic of Poland). It used to be a site of major sport and (above all) State events. Being the state-owned unit, however, with the decline of centrally planned economy in Poland, it underwent a dilapidation and underinvestment, and finally ceased to be fit for mass public events. In early 1989 it had already been (for long time then) abandoned and forgotten.

enormously fast, partly due to turbulences in the Polish economy caused by radical reforms and its side effects, like high inflation and high unemployment. As many households were forced to economise in any way possible, market trade kept flourishing everywhere in Poland.

After seven years of its functioning as a market place, the Stadium trading activities spread to the entire surrounding area. The market was open seven days a week, all year round. Average number of customers was 25,000 people daily, of whom estimated 60 per cent were foreigners<sup>42</sup>.

In the summer of 1997 Damis was leasing as many as around 6,000 stalls on the Stadium's grounds. As Sword (1999; 158) observed, "none were vacant and there was said to be a waiting list of 1,000 interested parties" despite a rent was as high as \$ 50,000 yearly and the lease (by Damis) was due to run out in the year 2000<sup>43</sup>.

In the meantime economic activities in the Stadium diversified and became very complex. The summer of 1997 saw the very top of the Stadium's crown combining the most "petty" (and temporary) traders<sup>44</sup> while its encircling lower sections were filled with stalls rented by more or less settled traders offering textiles and footwear, usually specially designed and produced for the Stadium's customers (including faked goods of renowned Western brands). The adjacent grounds of the Stadium itself hosted other and newly expanding branches of the market – car and motorcycle imports, modern electrical or electronic products, sport equipment, etc. as well as fast food and leisure. In addition, tens of warehouses and hundreds of lockers occupied a separate part of the compound. Most importantly, initially prevailing retail sales became a tiny (less than 20 per cent) part of all sales, giving way to the predominance of large wholesale contracts.

At around that time the Stadium was a permanent place of work for approximately 6,500 persons and a part-time work place for approximately 1,000 persons. Among those persons around 3,000 were foreigners. The IBnGR study of 1996 estimated that additional 30,000 workers were employed in small-size enterprises producing exclusively for the market, and a further 25,000 employed in companies whose output in at least half went there. Over seven years that elapsed since its opening, the Warsaw Stadium market activities generated jobs for at least 60,000 people.

Such spectacular growth placed the Stadium market among the top Polish economic actors of those times. In 1996 its turnover, estimated at \$ 700 million (73 per cent of which due to textiles sales), was among the highest in the whole trade sector, and its export revenues of some \$ 350 million elevated the Stadium market to No. 5 position on the list of most successful Polish exporters (just behind such giants like KGHM Polish Copper, Fiat Auto Poland, Katowice Steel Works and Szczecin Shipyards).

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<sup>42</sup> Approximately 200 coaches fully loaded with customers arrived each day from Belarus, Ukraine and Russia. On a yearly basis, the number of foreign customers of the Stadium was estimated at some 5.5 million people.

<sup>43</sup> At the time of final version of this report writing the Warsaw Stadium market was still operating, and in rather healthy condition at that.

<sup>44</sup> Many of them with just a few items for sale (typically: minor household electrical goods, cosmetics, bootleg tape cassettes or records, reproduction icons, elements of Red Army uniform, etc.) displayed on a collapsible table or a rug.

The “golden years” of the Stadium market have already gone<sup>45</sup>, mainly because of stabilisation and “civilisation” of Poland’s economy and its markets. The market’s foreign suppliers became subject to restrictions; most importantly and unlike in the 1990s, they are required to have a regular status in Poland. The market, however, continues to successfully operate. In 2001 some 5,000 economic agents traded at the Stadium market, and their total employment was estimated at around 20,000 people. Many other agents run small bars or restaurants and service or craft shops. Still the most important commodity are textiles (70 per cent of the total sales). Nonetheless one important change is worth to be mentioned, if only for its association with the mobility of petty traders.

A leading role in the trade in textiles has been assumed by the migrants from the Far East. Under those circumstances, Chinese migrants are usually the wholesalers and Vietnamese (and less frequently Korean and Mongolian) migrants (or their Polish plenipotentiaries<sup>46</sup>) are the retailers. Grzymala-Kazlowska’s (2004) estimate of Vietnamese-rented stalls in 2001 goes to as many as 1,100 (over 20 per cent of the total). With Asians replacing Poles and Russians (and Belarusians, Ukrainians, etc.) in their hold over the textile niche of the Stadium market, more products originate from Asian than from Poland factories, and the customers are more often Poles than migrants from ex-Soviet countries. All this notwithstanding, the Warsaw Stadium Market (European Fair) has not only risen to eminence as an actor of the Polish economy, and has survived “difficult times” of the transition, but it has also been solidified and rooted in the economic structure. Something that would hardly happen with no active participation of migrants, petty traders in particular.

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<sup>45</sup> The “best” year was 1997 when around 7,000 stalls (individual economic agents) contributed to an annual turnover of some \$ 850 million.

<sup>46</sup> In case an interested Vietnamese agent is not eligible for a regular residence status in Poland (which is almost a rule).

### **3. Distinct (country-specific and topic-specific) gaps in the literature (research) concerning the effects of migration**

The state of literature on the costs and benefits of migration in CE reflects a more general situation, namely the number, scope and quality of publications concerning widely conceived migration in that region. From the point of view of original interest or the source of inspiration, those publications can broadly be divided into three groups:

- media reports;
- expert reports
- research reports, including standard scientific works.

It might be argued that the initial impulse for a great majority of reports published since the year 1990 was rarely a cognitive interest but rather a pragmatic need of knowledge, frequently in the form of basic information, on the part of governments, international organisations or NGOs. That contributed to a relatively high demand for publications in a form of expert reports, and it strongly favoured general overviews and relatively simple if not superficial analyses of migration trends. The preferred focus was above all on the estimates of various migration flows and the evaluation of the changes in geographic directions of those flows, and also on current developments rather than on the causes and consequences of international movements, and on the long-run perspective. This could partly be explained by specific atmosphere of those times, especially with gigantic estimates of migratory potential of CE populations, aroused expectations (in the West) that sooner or later CE populations would get involved in the mass east-to-west migration, and an uncertainty on the part of the new democracies of CE about their abilities to cope with the so far unknown social phenomena, like massive inflow of foreigners and the steady presence of immigrants representing more or less “distant” cultures.

This was in concert with the media interest. A predominant part of the media reports (in newspapers, journals, TV) painted a clear-cut and black-and-white picture of international population movements, and, instead of resorting to the data based on research (hardly available, to be sure), used unreliable or non-testifiable information and speculative or highly selective evidence.

On the other hand, provided no constraints to migration study arose from human resource side<sup>47</sup>, under the circumstances of “statistical vacuum” that has been created in Central European countries in the pre-1990 period, any sound, not to mention comprehensive and in-depth, research would have required a considerable amount of time and money. An extra time and resources were needed to devise specific “measurement instruments” and accordingly to collect necessary data, usually by means of an extensive fieldwork, or, at best, to pursue a fundamental re-evaluation and adjustment of available data. My personal experience allows me to claim that neither governments nor international organisations nor NGOs, including a majority of private foundations that supported research in Central Europe, were ready to bear the related costs or wait for a relatively long time for research results.

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<sup>47</sup> Which was not true, as suggested in part A.

The only viable solution to this “dead end” situation proved to be setting up of solid and steady research centres specialising in migration studies. That, however, required a long time perspective. To my knowledge (see part A), in CE so far only three groups of researchers involved in the migration studies have been established as separate research units: CIMRS, Budapest (1991), CMR, Warsaw (1993) and CEFMR, Warsaw (2003). And this is a major reason why the quantity and quality of publications on migration (and the effects of migration, in particular) in CE might not seem impressive, and why there exist considerable disparities in the scientific or analytical output both between countries and between various aspects of the migration studies.

As already mentioned, it seems that no systematic research on migration has been initiated in Latvia, Slovakia and Slovenia. In Estonia and (especially) Lithuania, after early efforts to carry out respective studies, the research activity in the field of migration has been discontinued. Therefore no publications pertaining to those countries can be found not only on the costs and benefits of migration but on international population movements in general<sup>48,49</sup>. In turn, in the Czech Republic the list of migration-related publication is relatively long, but it owes mainly to the work of two researchers: Dusan Drbohlav and Milada Horakova, who – incidentally – rarely work as a team. While Horakova (associated with ministerial Institute for Labour and Social Affairs) focuses entirely on the inflow (and characteristics) of migrant workers, the works of Drbohlav represent a wide range of scientific interests that include, among other things, migration policy, migrants’ performance on labour market, regional aspects of migration, and the integration of migrants.

In contrast to other CE countries, a large variety of works were devoted to migration in Hungary and Poland. The Hungarian set of publication includes analyses dealing mainly with the inflow of foreigners to Hungary or the stay or work of immigrants in that country. Various form of foreigners’ activity are considered: entrepreneurship, petty trade, irregular employment, contract work and complex activities within an ethnic enclave. In addition, demographic aspects of immigration are the topic of a few papers, and a handful of papers addresses the issue of Hungarian migrant workers. Despite that relative diversity of focuses, a greatly prevailing proportion of the Hungarian literature devoted to the effects of migration has been contributed by just two authors: Agnes Hars and Endre Sik<sup>50</sup>. The Poland’s literature on the costs and benefits of migration seems at the moment not only more abundant compared to other CE countries<sup>51</sup> but, above all, pretty balanced in terms of its coverage. It uses various analytical perspectives and various territorial breakdowns, and it deals with various forms of inflow and outflow, various

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<sup>48</sup> In the first half of the 90s several works on migration were published in Estonia and Lithuania.

<sup>49</sup> In the mid-90s the Baltic States were included into the OECD/SOPEMI network, and since that time each year a combined report on migration is being prepared for those three countries. The report, however, is predominantly of general statistical nature, and it does not address the issue of effects of migration.

<sup>50</sup> A general bibliography of works on international migration produced by Hungarian authors in their native language (in 1989-2000) reveals a different pattern, namely the involvement of many authors and the lack of a clear dominance of a small group of them (Sik 2005).

<sup>51</sup> It suffices to say that a list of migration-related publications of CMR researchers alone contains around 500 titles (<http://www.migracje.uw.edu.pl>).

types of economic activity and social relationships. Authorship of the relevant publications is rather at a balance too.

For the reason of its general “underdevelopment”, distinct topic-specific gaps are visible in all areas of the CE literature on the effects of migration. That holds even for countries with a relatively good migration research status, like Poland. The single most neglected area, however, seems macroeconomic costs and benefits of the flows of migrant workers (or, in other words, of the work of migrants). No attempt has so far been made to estimate the emigration impact on the labour market pre-emption, or immigration impact on the rate of economic growth, wage level and inflation rate, or aggregate unemployment effects of the inflow or outflow for work. Hardly any publication has addressed labour market allocative mechanisms. The CE literature does not include even one single title which would consider the way migration affects the public finance, especially the welfare system. Even in case of remittances flows (addressed in a number of works), the evidence in relevant publications is barely properly exploited. Macroeconomic effects, like the change in the competitiveness of the recipient country and foreign trade, are not even touched upon.

Even if empirical research projects included aims and topics pertinent to those questions, the respective questions were usually dealt with in very vague terms and in a descriptive rather than analytical way, and in a manner typical to the traditional method of economic geography or economic history or sociology rather than economic analysis. Insufficient level of and progress in academic standard of the body of publications related to the effects of migration stem from that, for the reasons referred to above, individual researchers and the research teams in CE still lack experience (if not competence) and logistic/financial support. Therefore, besides generally low research output in CE in the field of migration studies, this is why the gaps in the literature discussed in the present report are so obvious and widespread.

#### **4. Major policy challenges and proposal of specific migration policy solutions and research activities**

The presented literature overview shows that the question of migration (and its consequences) has not been thoroughly studied and examined in the CE countries, nor has the respective research been used as a basis for any fully-fledged migration policy. This partly explains the major policy challenge facing these countries now, i.e. the policy definition and development.

On view of that since 1989 all CE states have been preoccupied with the inflow of foreigners (tourists, false tourists, smuggled migrants, migrant workers, etc.), a phenomenon virtually unknown in the pre-transition period, one of the challenges is to improve the balance in the migration policy focus, and to widen the interest of these states from immigration to emigration policy. This aim might be difficult to attain, since these policy components are equally alien to the migration policy of CE countries. It is so, because the very migration policy in its modern shape is a recent political phenomenon in CE. As it has been stated earlier, until 1989, the non-democratic practices related to the migration policy dominated all policy choices in this field. After 1989, CE countries were suddenly inserted in the global migratory system, and their policy-makers were faced with the necessity to build responses to the domestic and international pressures related to various aspects of immigration and emigration.

Since 1989, immigration was undoubtedly the main focus, despite the fact that the region as a whole has a negative migration balance. Such strong interest in the issues related to the inflow of foreigners was a result not only of the open borders, but also of a steady political pressure from the democratic West, which, since 1998, has been followed by *de facto* EU conditionality. The immigration laws reflected wider, European interests and ignored the actual migratory situation in these countries. On the other hand, the emigration from CE countries has not been a focus of the policy-making institutions, mainly because of the unfavourable associations with the communist times, when the citizens were held captive by the state. Moreover, it is not a tradition of a modern liberal democracy to conduct an aggressive emigration policy. And thus, in the situation when the more emigration-oriented policy would be needed, the CE countries have not come up with one till the date.

The serious drawback of the migration policy in the CE countries has been also the lack of political interest in the research in this area. The number of the institutions, projects and publications enumerated above shows quite well the limited interest of the states in the assessment of the economic, social and political effects of migration. This of course translates in scarce financial support for research activities and makes any informed political decisions very difficult, if not impossible. This concerns especially long-term, multi-regional and multi-level economic studies of migration effects.

Thus another challenge is to place migration policy higher on the political agenda. The situation, when there is no migration doctrine<sup>52</sup>, nor are there knowledge-based attempts to build one, should be radically changed. Moreover, the policy should be more economically than ideologically-driven<sup>53</sup>.

Having achieved the above, there is a number of precise policy issues to be approached, on general and regional level. Most of them concern outflow, but there are areas where immigration should also be considered.

In terms of the outflow of people, the main challenge for the CE states is to change the structure of seasonal migration. As it has been noticed earlier, this is the most prominent type of outflow from CE countries, with regular emigration (or long-term outflow) becoming rather irrelevant in quantitative terms. Since the negative effects of phenomenon of incomplete migration outweigh the positive effects, it seems that its further existence in the present framework is against the very interest of the national economies. The policy should thus aim at structuring the actual flows, to combat the possible outcomes related to increased immobility, economic inactivity and socio-economic marginalisation of seasonal migrants.

Hence, such policy should reflect the opportunities provided by the EU accession of May 1, 2004. For example, the official Polish stance on the Interim Lisbon Strategy of 15 March 2005 states clearly that an uplifting of transition periods for workers from the EU-10 is a priority for Poland. However, on the other hand, the policy makers have tended to diminish the serious threats related to incomplete migrations, and even to suggest that this type of mobility contributes to alleviating problems associated with high unemployment (18 per cent in 2005), both structural and regional. Such attitudes, in the light of the presented publications, prove to be very short-sighted.

Therefore, the uplifting must be structured. It must involve primarily the large pool of disadvantaged individuals who, as it is in case of Poland, have neither incentive nor real assistance to come out of unemployment and economic inertia and to participate in the labour market even on seasonal terms. This group of „redundant” workers should be inserted in the secondary segment of the EU-15 labour markets. This policy option would be definitely more in line with the European Treaties than the bilateral agreements with the third countries. On the other hand, the present seasonal workers, mostly entrepreneurial and skilled individuals, must be offered a different policy-driven choice, to turn their energy in long-term economic activities resulting in investment and not merely consumption.

The second issue of the migration policy in the field of emigration is the brain drain management. While advocating for free movement of the non-highly workers, the policy makers

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<sup>52</sup> As it has been indicated, *inter alia*, by Rajkiewicz et al. (2003) in a report on population policy in Poland (*Założenia programu polityki ludnościowej w Polsce, Raport w sprawie polityki migracyjnej państwa*; [www.ipiss.com.pl](http://www.ipiss.com.pl))

<sup>53</sup> Until the date, the debates on migration in the CE countries were turning around the questions of ethnicity and belonging. The building myths in the region involve ethnic roots, and thus it is extremely difficult to discuss possible immigration without tackling the question of the national minorities living outside the respective borders. There is a tendency to combine the question of migration with repatriation, both to the country (ethnic Poles to Poland) or out of the country (ethnic Russians from Estonia). The only pragmatic attempt in the region to cope with labor migration is the pilot program realized by the Czech Ministry of Labour. It is the first attempt of creating an active immigration policy in the CE countries.

should not forget about a possibility of outflow of the highly skilled workers and scientists from CE that may occur as a side-effect of opening of internal EU labour market. Therefore in the field of emigration, migration policy should take into account demographic forecasts for CE in relation to the protection of the human and intellectual potential of the region by creating conditions that would discourage a large outflow of young people and specialists important to the economy and science. Moreover, the governments should develop and undertake special programmes of investing in the skills of the native population, to cover the future skill-gap anticipated by the demographic analysis.

The challenges posed before immigration policy are also twofold. Firstly, CE states should admit the fact of becoming countries of immigration and decide to build their immigration policy accordingly. This involves the proactive attitude to the question of demographic threats and economic needs, which should be intertwined with the EU-wide migration policy frameworks, as the Hague Programme or the Green Book on economic migration. Nevertheless, the EU-conditionality should not be unreflectively (if not blindly) imposed on immigration policy of the “new” member states. Until the date, several proposals<sup>54</sup> have been created using the criteria, research findings, and objectives reflecting the status quo of the EU-15. It must be underlined that EU-10 has had an entirely different set of experiences and current problems, and the solutions originating from the EU-15 might not be best fitted at this moment in time. Nevertheless, the EU-conditionality should not be blindly imposed on immigration policy.

Secondly, the selection methods of the migrant groups should be discussed and decided upon keeping in mind CE particularities. For example, considering the special links of the CE states with their respective Diaspora groups, the strict economic principles may be accompanied by the ethnic criteria, as modified point system or quotas. Such approach requires the change in the policies towards the minorities outside the EU, from treating them as minority groups to acknowledging their changing migratory status. Especially, since the members of these groups have become gradually the core of immigration flows to Poland and Hungary. The presence of the migrants on the CE labour markets cannot be denied anymore, and there should be policies accommodating their specific situation and status. Thus they should not be treated merely in historical and mythical terms, but also used to the economic advantage.

Secondly, the preferences to or selection of the immigrant groups should be discussed and decided upon, keeping in mind CE particularities. For example, considering the special links of the CE states with their respective Diaspora groups, the ethnic criteria should be reflected in the policy, however accompanied by strict economic principles. Such approach requires the change in the policies towards the groups of fellow country-men living outside the EU, from treating them as Diaspora groups to acknowledging their changing migratory status. In particular, since the members of these groups have become gradually the core of immigration flows to Poland and Hungary. On the other hand, the presence of the migrants workers on the CE labour markets

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<sup>54</sup> For instance, *EC Policy Plan on Legal Migration* of December 21, 2005; P. Weil „A flexible framework for plural Europe - Discussion paper prepared for the UK Presidency, October 2005” or *First follow-up to Hampton Court*, COM(2005) 621 final.

cannot be neglected anymore, and the policies should be designed in such way as to fully accommodate their specific situation and status.

CE countries have an advantage of having started their immigration policy development with a rather small numbers of immigrants. For the phenomena in miniature are generally more manageable, and thus the policy solutions can be tested with a greater margin of security. From the point of view of the long-term labour market strategy, the policy should facilitate a better fit between the supply of the immigrant workforce and the demand of the labour market, especially in terms of sectoral or regional imbalances and skills. It might be wise to act towards improving the skills and cultural competences of immigrants and of their children, thus giving them incentives to leave the niches, which, as the researches have shown, can be temporarily safe and beneficial, but in the long term can lead to social exclusion. Above all, CE policy makers should involve the migrants in the respective educational systems. This could have two important results: firstly, it would facilitate the social cohesion of migrant families, and secondly, it would attenuate the demographic change. The immigrants could act as a buffer letting the whole system adapt to the quantitative change. The same concerns the non-economic migrants, as refugees and individuals granted the tolerated (temporary protection) status, who have been very often marginalised in the CE countries and treated as the welfare recipients, while their human capital was not turned to use on the economic or social level.

The policy must also tackle the problem of the undocumented workers, which are now the major immigrant labour force in these countries. Their presence must be acknowledged, and there should be regulations in force providing for inserting them into the legal framework, through changes in the labour legislation.

Overall, immigrants cannot be treated as a potential threat, but should be viewed as an indispensable source of future benefits and a stabilizing element for the functioning of the economic of the social system. The CE societies, currently underinformed, should be educated about the advantages and drawbacks of immigration.

The question of information leads us back to the core issue – the issue of research and study. The CE states should focus more on the research activities concerning migration realities of the respective countries. Three research issues should be in focus here. First of all, the studies should examine thoroughly the effects of migration flows (emigration and immigration) on the national labour markets, helping develop comparable system of data collection across CE region. Second theme should be the assessment of the migration potential and human capital outside the EU, especially of the national minorities of the main CE countries, i.e. Poland, Hungary and the Czech Republic. The third focus should be the extensive comparative research on the policy effects and best practices across the region, not necessarily across EU-25, since such comparative approach is very often undoable. The results should be widely discussed and promoted.

The disadvantage of the CE researches at present has been in a way created by the influx of the European Union funded projects, which mostly apply concepts, methods and problems valid for EU-15 and disregarding the comparative gap between the Western and Central European migratory experience. As a result, the consortia involving CE research institutions very often produce incomparable data and thus unfeasible results. On the other hand, the financing structure

of the European Union projects makes it in practice impossible for any CE organization to act freely as an independent project coordinator.

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<sup>55</sup> The selection criteria and procedures have been described in part A.

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