

**Labour Mobility**  
**in the Enlarged European Union**  
**International Migration from the EU8 countries**

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## *CMR Working Papers*

*Formerly ISS WORKING PAPERS, seria: PRACE MIGRACYJNE*

**No. 14/72**

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December 2006

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## **Labor Mobility in the Enlarged European Union. International Migration from the EU8 countries<sup>1</sup>**

### **Abstract**

The present paper consists of an extensive description of recent migration in the 8 new European Union member countries which accessed the EU on May 1<sup>st</sup>, 2004. Since 1989 all of these countries experience an unique shift from socialist to market economy. The paper attempts to capture an interplay or correlation of pre- and post-enlargement developments with the phenomena of political and socio-economic transition on migration from and into this region.

## **Mobilność siły roboczej w rozszerzonej Unii Europejskiej. Migracje zagraniczne z krajów UE8<sup>2</sup>**

### **Streszczenie**

Niniejsze opracowanie zawiera obszerny opis najnowszych migracji w 8 nowych krajach Unii Europejskiej, które wstąpiły do UE 1 maja 2004 r. Od 1989 r. każdy z tych krajów doświadcza unikatowej zmiany – od gospodarki socjalistycznej do rynkowej. Opracowanie to zmierza do uchwycenia współoddziaływania i wzajemnych związków zjawisk towarzyszących wstąpieniu do UE oraz transformacji politycznej i społeczno-ekonomicznej na migracje z i do tego regionu.

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<sup>1</sup> This report is an outcome of a research project funded by the World Bank and devoted to current and future trends in international migration in the EU8 countries. It was used as a background study for the World Bank's UE8 Quarterly Economic Report (available on-line at: [www.worldbank.org.pl](http://www.worldbank.org.pl)). The authors wish to thank the World Bank's staff for their support and generous comments, which greatly improved the quality of the analyses.

<sup>2</sup> Ten raport jest wynikiem projektu badawczego finansowanego przez Bank Światowy poświęconemu bieżącym i przyszłym trendom w migracjach międzynarodowych w ośmiu krajach Unii Europejskiej. Raport ten został wykorzystany jako podstawowe studium dla Kwartalnego Raportu Ekonomicznego Banku Światowego (dostępnego na stronie internetowej: [www.worldbank.org.pl](http://www.worldbank.org.pl)). Autorzy pragną podziękować pracownikom Banku Światowego za ich wsparcie i komentarzom, które znacząco wpłynęły na jakość poniższych analiz.

## **1. Introduction**

The aim of the report is to provide an extensive picture of recent migration in the 8 new European Union member countries which accessed the EU on May 1<sup>st</sup>, 2004. Since 1989 all of these countries experience an unique shift from socialist to market economy. Migration from and into this region is strongly correlated with these developments and should not be separated from socio-economic transition.

Until the late 1980s CEE economies had a lot in common, including overwhelming predominance of public sector (state ownership) in production of goods and services, strong autarkic inclinations and closeness towards the non-socialist world. The region constituted an almost perfect unipolar system with the ex-USSR as its main unit. In terms of GDP per capita, all of the CEE countries qualified (according to the World Bank standards) as “middle-income” economies and their productive sectors were marked with enormously high contribution of “heavy industry”, relatively high contribution of agriculture and low contribution of services. Labour force participation rates were very high (as compared to western countries), whereas the labour productivity (and wages) very low. The unemployment as an economic phenomenon did not exist. Moreover, a structural feature of all CEE economies was a considerable overemployment related to wide practices of labour hoarding by state-owned companies. The situation has changed dramatically in the 1990s. The socio-economic transition revealed to large extent serious market disequilibria which influenced migration behaviour.

Since the beginning of 1990s CEE countries experience extraordinary shift from communist regime towards market economy and democratic state. A general tendency in CEE economies during the transition was towards a pretty consistent sub-regional differentiation. The previous uniform and unipolar economic arrangement in CEE, with a central role played by the Soviet economy, has ceased to exist and at least three distinctly different groups of countries have emerged in the region: leaders of the transition (the Czech Republic, Hungary, Poland, Slovakia, Slovenia, and the Baltic countries), countries seriously lagging behind (Bulgaria, FYR Macedonia and Romania, but also Albania, Croatia and other ex-Yugoslav states) and transition marauders (the CIS countries). Differences refer to such measures as GDP per capita, GDP growth, the private sector share of GDP, labour costs, unemployment rates etc. (Kaczmarczyk and Okólski 2002). A clear sign of this differentiation was the EU accession of a group of CEE countries into the EU in 2004.

An important component of above described changes is a transition in migratory behaviour. Prior to 1990 migration was severely limited in all countries of the region. After an initial and rather brief episode of rural-to-urban exodus in the 1950s, spatial mobility was moderate if not meagre. A leading form of the mobility was circulation, especially commuting to major industrial centres for work. International labour migration was principally contained within the CEE region, and tightly controlled by the governments. Only limited-scale settlement migration connected mainly with family reunion or “repatriation” of ethnic minorities and movements of workers (strictly controlled) were recorded. In general, in the

pre-transition period migration in the region has been characterized by three important features. Firstly, majority of (long-term) population movements directed to the West. Secondly, only a few returns were recorded. Thirdly, apart from the republics of Soviet Union, intra-regional migration was negligible. Additionally, a very important component of population movements in a few countries of the region was ethnically determined migration (migration of “ethnic Germans”, migration in Baltic countries) (see Bijak et al. 2004; Kaczmarczyk and Okólski 2005). Since the early 1990s the situation has been changing dramatically. The intensity of population movements increased, especially the intra-regional migration intensified. The region witnessed a huge increase in complexity of migration forms – from labour mobility through transit migration to forced migration of asylum seekers and refugees. In many countries of the region immigrants of different status appeared for the first time in the post-war history. Last but not least, there was a fundamental shift observed from the prevalence of long-term migration to short-term mobility, very often cyclical in nature.

The aim of the paper is to present current trends in migratory behaviour in the 8 CEE countries which accessed the EU in 2004 in the context of socio-economic transition and to analyze selected features of nowadays migration in that part of the world. In the first part of the report a review of the most important migration theories will be provided and the question will be raised to which extent they are capable to explain recent trends in migration from CEE. In the second part an extensive analysis of recent trends in mobility within and from the region will be provided. The idea is to identify the most important sending countries in the region and to point at structural features of migration. An attempt should be also made to explain observed migration streams in the context of existent theoretical framework. The third part looks at the future of East-West migration with regard to the 8 new member countries. In fact, widely shared expectations expressed by many Western observers at the onset of transition did not come true – the bulk of all movements in the 1990s did not spill over the region’s boundaries, especially to the West, but to a large extent were contained within. However, the institutional changes associated with the EU expansion were supposed to inflate the migration potential in the new member countries (Kaczmarczyk 2004, Kupiszewski 2001). Today, 2 years after accession we are able to assess previous expectations and attempt to project future migration in the region.

Analysis of future trends in migration from EU8 countries will make use of both model-based estimation and knowledge on recent trends in migration from CEE countries. Due to dynamic and often drastic changes in socio-economic environment, scarcity and quality of data, and the complexity of factors influencing migratory behaviour, the analysis based on econometric approach alone does not provide reliable picture of future trends. Outcomes of the model will be used as a point of reference for discussion on future trends in migration from the EU8 countries. The very last part provides an analysis of the consequences of labour migration from the new member states. As being highly controversial, consequences of migration became subject of long-lasting and sometimes dramatic public discussions. The analysis refers the most important socio-economic effects of labour mobility for both sending

and receiving countries will be provided, including labour market effects, impact of migration on income distribution and direct and indirect effects of remittances.

## 2. Theoretical framework

Although migration, or in a broader sense – spatial mobility, is a common socio-economic phenomenon observed throughout human history, there is no single theory widely accepted by scholars or researchers capable to explain the emergence and perpetuation of migration. The same holds true for internal and international movements. According to Massey (1999) what we observe is rather a fragmented set of theories which have been developed to a large extent in isolation from one another, usually segmented by disciplinary boundaries and proposed to explain a given aspect of migration only. Moreover, migration theories are hardly compatible – they attempt to conceptualize migration processes at different levels of analysis (individual, household, national and international) and using different methodology (cfr. Table 1) However, the existent concepts and theories are not contradictory, but rather complementary. Current research experiences suggest that complex nature of migration requires a sophisticated theory that incorporates a variety of perspectives, levels and assumptions. In the following part selected approaches to labour mobility will be presented and discussed in the context of their usefulness for explaining migratory behaviour in general, and in Central and Eastern Europe in particular.

The most influential approach to labour migration analysis is deeply rooted in **neo-classical economic theory**. Within this approach it is assumed that people behave in a rational way, they tend to maximize their utility and are seeking best locations for optimal usage of human capital possessed. The potential migrant is assumed to be an autonomic individual who acts beyond any social context in that sense that his or her decisions do not depend on other people<sup>3</sup>. The main idea was formulated by John Hicks (1932: 76) „*difference in net economic advantages, chiefly difference in wages, are the main causes of migration*”. Indeed, within this approach migration is perceived purely instrumentally - as a consequence of wage differential and as a means to equalize inequalities in wages and living conditions on the international level.

Both of above mentioned assumptions were incorporated into one of the most influential economic models referring to international labour migration, namely **Heckscher-Ohlin-Samuelson model** (Ohlin 1933, Heckscher 1949, Samuelson 1948, 1949). In its basic version the model explains mobility of goods and factors of production between countries engaged in international trade. From the model it follows that any given country will produce and export such commodities which are produced with the use of a relatively abundant (relatively cheaper) factor of production. Under a free trade regime we should expect equalization of factor prices just because of goods and services flows. The other way to equilibrate the markets is labour migration. Within this approach migration is perceived instrumentally only as a means to even out differences and imbalances on the labour market. Due to differences in factors' endowment there will be differences in factors' prices observed.

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<sup>3</sup> In the basic approach migration is not costly (or non-monetary costs associated with migration are neglected) and not risky (e.g. full employment is assumed). However, the latter assumptions are relaxed in more advanced approaches (Fisher, Martin and Straubhaar 1997).

These differences are responsible for movement of labour from lower wages countries (markets with relative abundance of labour) to higher wages regions (where labour is scarce and thus relatively costly). According to the theory, international migration leads to a convergence of real wage rates and the movement will take place until the difference in wages diminishes to the level of costs of migration (e.g. transportation costs). To conclude, following propositions result from presented approach: the international migration is caused by differences in wage rates between countries, the mobility of labour leads to equalization of imbalances on the global scale, international trade is a substitute for migration – one should expect wage equalization even with the absence of migration, analogous situation can be a consequence of capital flows<sup>4</sup>, international labour flows are influenced primarily by labour market mechanisms – other kinds of markets do not have important effects on international migration (Massey et al. 1999).

The presented model is very simple and provides purely mechanistic approach to migration as a response to wage differentials. Interestingly, the more advanced models based on the international trade theory call into questions its conclusions<sup>5</sup>. However, this simple model is usually used as a point of reference for public debate on migration and gave a basis for a broad range of forecasts related to the CEE countries and potential outflow to the Western countries. The major problem with the neo-classical approach results from its assumptions. First of all, the neo-classical migration theory is founded on the presumption that people are basically mobile. As a consequence, there is only a small incentive needed (e.g. wage differential) to make them move to another region or abroad. However, it is hard to acknowledge this as a universal paradigm: a population's mobility is a function of many different factors, including historical, cultural and structural ones. Within presented approach it is also assumed that there is only one mobility type possible, namely permanent migration. One has to keep in mind that to emigrate (permanently) is only one possible response to changing conditions and emigration is only one of many kinds of spatial mobility. The alternative to migration – to remain in the area of origin also includes different forms of mobility in time and space. That is the case of many less developed regions where temporary mobility is an important part of the economic and social organization of society and where empirical analyses of individuals' time-space mobility demonstrated the huge variety in human mobility – from commuting through circulation to permanent migration (Kaczmarczyk 2005, Malmberg 1997, Chapman and Prothero 1985). In this context, the neo-classical approach fails to explain the return migration and temporary mobility.

Moreover, the structural factors surrounding mobility are neglected. It is also forgotten that labour migration is primarily a function of demand. “[...] *There cannot be any emigration without immigration opportunities elsewhere [...] international migration is, explicitly or implicitly, determined by the economic demand for foreigners*” (Böhning 1981:

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<sup>4</sup> It is a postulate to treat the mobility of labor in the same way as capital movements. According to Bhagwati and Srinivasan (1998: 465): „*International migration [...] can be analyzed in the same way as international capital mobility*”.

<sup>5</sup> E.g. Modified H-O model, specific factors model, “new trade” theory (cf. Faini et al. 1999).

32). These issues are addressed by structural approaches, namely by the world systems theory and the dual labour market theory.

**The world systems theory** has its intellectual roots in Marxist political economy (Wallerstein 1997). Similarly to the so-called dependency theory, it is argued that because political power is unequally distributed across nations, the expansion of global capitalism acted to perpetuate inequalities and reinforce a stratified economic order. As a consequence, poor countries in reality were trapped by their disadvantaged position within an unequal geopolitical structure, which perpetuated their poverty. Immanuel Wallerstein presented a comprehensive analysis of the global expansion of the capitalist system from the 16<sup>th</sup> century onward. He attempted to reconstruct the historical processes by which unequal political/economic structures were created and extended throughout the world and the mechanisms by which the non-capitalist or pre-capitalist regions were incorporated into the global market economy.

According to Wallerstein, the root cause of contemporary structure of world system was specialization which led to growing diversification across the world. Because of many factors such as historical, economic and geographical ones North-Western Europe has being developed much faster than other parts of the world, began to specialize in industrial production and started to play a role of a “core”. The Eastern Europe and colonies specialized in agricultural production and played a “periphery role”. Southern Europe can be described as a “semi-periphery” – countries of this part of the world were somewhat wealthier and had slightly more independence in the global market. At first neither world systems theory not dependency theory had much interest in international migration. They tended to focus on the consequences of rural population growth, the displacement of agrarian workers by the penetration of market forces and the changes in urban agglomerations. However, it is possible to link migration or mobility to the macro-organization or socioeconomic relations, the geographic division of labour and the political mechanisms of power and domination (Massey et al. 1999). In general, world systems theory argues that the penetration of capitalist economic relations into non-capitalist or pre-capitalist societies creates a mobile population that is prone to migrate. As a consequence of the inclusion of less developed regions into the capitalist economy (direct investments of core firms, extraction of raw materials, international trade) the modes of production and social relations change completely. These changes contribute to creation of a mobile uprooted labour force with a weak attachment to the land and to the local communities. Additionally, in order to facilitate contacts with their peripheries, the core countries created manifold links to the peripheral countries (transportation, educational systems etc.). These links not only facilitate the movements of goods, information and capital but also promote the movement of people, e.g. by reducing the costs of movement.

The world systems theory stresses that international migration is a natural consequence of capitalism formation, particularly in the developing world. In opposite to the neo-classical approach, international migration has little to do with wage differentials between

countries, rather it follows from the dynamics of market creation and the political structure of the global economy.

Within **the dual labour market theory** (Piore 1979, 1986) it is argued that migration is not just a function of structural and/or demographic factors in the country of origin but it is, and perhaps it is mainly, a function of similar factors in the destination country. The theory is founded on the assumption that the structure of the labour markets in destination countries has a decisive influence on migration processes and on the thesis that international migration is caused by a permanent demand for immigrant labour that is inherent to the economic structure of developed nations. In Piore's approach following assumptions of neoclassical economics are challenged: position on the labour market is determined by qualifications and skill level, labour market is homogenous, entry to specific parts/sector of the market is not blocked, there is no discrimination. Within the theory it is argued that highly developed economies may witness the process of creation and stabilization of the two-tier structure of the labour market. This describes a labour market structure, where two sectors co-exist: a primary labour market with secure employment conditions, comparatively high wages and social security standards and a secondary labour market with low wages, little security and difficult working conditions. The boundaries between the markets/segments are to a large extent non-permeable for employees, what influences heavily their occupational mobility and professional careers. Obviously, the people in the labour force would like to find employment in the primary sector but the chances to enter this sector are very limited. On the other hand, the employment in the secondary sector can be attractive for only few groups, predominantly for people whose social position is not determined by their work and their employment is only temporary (students, housewives, farmers).

Yet in the process of socio-economic development after the Second World War the employment possibilities in the secondary sector have been seriously reduced. Paradoxically, the number of jobs in the secondary sector even increased due to the fact that very often the modern sectors are accompanied by "traditional" ones, mainly in services. Nationals rarely accept the positions offered by secondary sector, but they do meet migrants' expectations, especially those of temporary migrants who are willing to accept the rules and conditions of the sector. When there is a problem with filling the vacancies in the secondary sector there is a possibility to increase the wages or to improve working conditions. According to Piore and other authors the recruitment of foreign labour is a cheaper and easier way to find workers and allows avoiding structural inflation and motivational problems at the bottom of the hierarchy. The existence of bifurcated labour markets may be also attributed to the duality between labour and capital which is inherent to advanced industrial economies. Capital is a fixed factor of production that can be idled by lower demand but not laid off – labour is variable factor of production that can be released easily when demand falls. This dualism creates a distinction between workers: workers in the capital intensive primary sector get stable, skilled jobs. Their jobs are more sophisticated, often require specialized knowledge and experience related to firm-specific human capital. In the labour-intensive secondary

sector workers hold unstable, unskilled jobs; they can be laid off with little or no cost to the employer (cf. Kaczmarczyk 2005).

However, the secondary sector jobs can be attractive for immigrants. According to Piore (1979, 1986), that is mainly due to the fact that immigrants usually perceive their stay in the destination country as temporary. Because of the temporary character of stay and work they do not have to take into consideration such functions of the job as prestige or social position – in this way the employment is losing its social function and is being limited only to economic one. As a consequence, the productivity of migrants is usually very high and they can take up even “bad” or “dirty” jobs. The only incentive is income, not the hierarchy. Moreover, once recruited, migrants are becoming a structural part of the labour market in the receiving country. As a matter of fact, the employment of foreign workers can be very profitable for the receiving society. The secondary sector is absorbing main economic shocks and, as a consequence, the risk and uncertainty related to the functioning within market economy are passed on marginalized groups, i.e. migrants.

In general, Piore emphasizes how crucial for migration behaviour the structural factors associated with labour market can be. At the origins there is economic duality resulting from very fast industrialization and differences in use capital and labour. With time the state is becoming engaged, mainly through recruiting foreign labour to the secondary sectors. The inflow of immigrants may cause the structural change in society and economy which additionally deepens segmentation. The theory stresses that international labour migration is largely demand-based. Moreover, wage differentials are neither a necessary nor a sufficient condition for labour migration to occur. That is due to the fact that the employers have incentives to recruit workers while holding wages constant and are willing to fill the posts which are unattractive for native labour force.

According to many authors, the analysis on the macro level can not answer the question of factors causing migratory behaviour. On the macro-level i.e. structural level we can observe the so-called migratory potential. Such factors like income gap, difference in wages or unemployment rates are very important for potential migrants but do not determine their decisions. As a response to such doubts, few theories emerged which attempt to explain mobility on the micro-level.

In the neoclassical microeconomic approach, the so-called **human capital approach**, migration is viewed as an investment decision met with an intention to find maximal pay for given level of skills (investment which improves the productivity of human capital) (Sjaastad 1962). According to this approach every potential migrant compares costs and benefits related to mobility and immobility. Obviously the migration should be chosen when estimated benefits or returns are higher than costs associated with mobility. Because it is assumed that migration has a temporal dimension, so the migration decision making process may be treated similarly to other investments. The model postulates that potential migrant is taking into consideration such factors as unemployment level and probability of being employed, migration costs, earnings at home and abroad, additional skills gained and calculate the expected outcome of the move (net present value of the movement). The microeconomic

model is very attractive from the formal point of view but in fact provides only very intuitive conclusions. E.g. one can expect higher migration propensity for younger people (with longer time horizon), the costs associated with migration (which are borne in the present) have to be compensated with relatively higher benefits (to be gained in the future) etc. On the other hand, quantification of this approach faces serious problems while variables such as utility function have to be estimated or calibrated. However, the major shortcomings are related to the assumptions made (Fisher, Martin and Straubhaar 1997). It is assumed that labour is homogenous, which not holds true in most cases. People do not necessarily behave in unconditionally rational manner. Because of many factors, i.e. information costs and constraints, most migration decisions are therefore likely to be suboptimal from an unconditionally rational point of view. However, they are likely to be rational with respect to the decision maker's constrained situation. We can call such decisions conditionally (boundedly) rational because they are conditional on the incomplete information on which they are based. Moreover, within this approach the social context is neglected. The last point was addressed by the new economics of labour migration (NELM).

**The new economics of labour migration** (Stark 1991, Stark and Bloom 1985) constitutes relatively coherent and powerful (with respect to its explanatory value) theoretical framework for migration analysis. Contrary to the neoclassical approach, within NELM it is assumed that labour is a specific factor of production and thus the mobility of labour entails many specific costs, e.g. social and psychological ones. Moreover, one of the basis assumptions is that individuals are acting in a social context. Thus, it is necessary to analyze the migration decision on the individual level taking also into account the social context of decision-making process with main focus on the family or the household. The combination of costs and benefits is changing because most of them are shared with family members, relatives or friends. As a consequence migration is to be perceived as a complex social phenomenon<sup>6</sup>. With time the scale and dynamics of migration is changing due to interaction between migrants and non-migrants (migration networks). Additionally, it is assumed that migration does not have to be permanent – in contemporary world temporary mobility is very common and very often it can be more beneficial for an individual to move only temporary.

A key novelty within NELM is that migration decisions are not made by isolated individuals but by larger units of related people (families, households, communities). This approach focuses on the role of family and social environment. The family can be very important especially in the traditional societies as a key social and economic entity. Migration decision, as many other decisions related to such spheres as production, investment or consumption, is taken within family with active participation of friends and relatives. In such a framework people can act collectively not only to maximize expected income but also to minimize risk and to loosen constraints associated with various kinds of market failures (not only on the labour market). In this context, there is a fundamental difference between an individual and a household as an acting agent: households are able to control risks to their

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<sup>6</sup> „Migration can be looked upon as a process of innovation, adoption and diffusion” (Stark i Bloom 1985: 176).

economic well-being by diversifying the allocation of resources, mainly family labour. Precisely, household can easily diversify its aggregated income by allocating various family workers to different geographically labour markets. A natural consequence of above presented assumptions is a proposition that „*a person may migrate from one location to another to change his relative position in the same reference group, or to change his reference group*” (Stark i Bloom 1985: 173). As suggested by Stark and Taylor (1991) people rarely base their decisions on an evaluation of absolute income alone but also take into consideration their relative income, it means income *relative to* other people in his or her own local community. Migration can thus be perceived as a strategy driven by an intention to change position in a reference group or to change the reference group. Having this in mind we can easily explain why so many people tend to migrate only temporarily. When someone decides to move permanently he/she will change the reference group as well and very likely he/she will end in the lower strata of income distribution with higher relative deprivation. Moreover, in this context the wage argument – crucial for neoclassical approach – can be inadequate.

One of the major contributions of the NELM into the migration theory is that it creates a framework for analysis of labour migration from less developed countries. Their economies are characterized by significant market failures (with regard to agricultural production, labour market, credit market, capital market etc.) and, in consequence, a high level of risk. In well developed countries risks to household can be minimized through specific institutions: private insurance markets or governmental programs or agencies; in less developed countries these mechanisms are absent or imperfect (e.g. inaccessible to poor families). Thus, in the case of less developed countries one of the preconditions to survive in the market environment was to create given modes of behaviour (survival strategies). Part of these strategies can be the allocation of labour between different labour markets including international one (cf. Massey et al. 1999).

The approach proposed by Oded Stark differs significantly from the neoclassical one. Within NELM it is assumed that migration decision should be analysed in a given social context (family, community) which gives a chance to treat it as a group strategy. Secondly, the wage argument is of secondary importance when we assume people can respond to the incentives resulting from being relatively deprived. Thirdly, there is no trade-off between activity in the country of origin and abroad, in practice both of them can be combined and bring benefits. Fourthly, the economic development in sending regions need not to reduce the pressures for international migration, in opposite, it may intensify them due to changes in modes of behaviour or in income structure. Moreover, international migration does is possible even with very small or not existent wage differentials between different labour markets. Incentives for migration may arise if other markets (insurance, futures, capital, and consumer credit) are absent or imperfect. Last but not least, the state has only limited abilities to influence migratory behaviour, because the barriers are often only illusory. The only option is to change the socio-economic environment in the countries of origin by improving the quality of institutions and reducing the risk.

The new economics of labour migration argues that migration is far more complicated than it is foreseen by the neo-classical economics and should be perceived rather as a complex social process. Similar conclusions can be drawn from sociological theories of international migration, particularly from those based on the concept of **social capital**. Social capital is defined as a sum of the actual or virtual resources that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships with other individuals (Bourdieu and Wacquant 1992). The basic value of social capital is that it can be translated into other forms of capital – financial capital and cultural capital. People gain access to social capital through membership in networks and social institutions and then convert it into other forms of capital to improve or maintain their position in the society<sup>7</sup> (Gurak and Cases 1992; Bourdieu 1986). Networks make international migration extremely attractive as a strategy for risk diversification or utility maximization – they allow for reduction of migration costs and, perhaps more importantly, the risks associated with it. In that way, migration itself is becoming a natural part of social life and a widely-accessible alternative now opted for by the people who earlier would have never considered a risky trip. Migrant networks are the consequence of migration - once someone in a personal network has migrated, the existent relationships and ties can be used to gain access to foreign labour markets, secure employment etc. On the other hand, they make international migration extremely attractive as a strategy for risk diversification due to the fact that the costs of migration are relatively low and risk associated with the movement is minimized. As a consequence, the theories based on the concept of social capital or migrant networks can explain the perpetuation of migration even in the absence of massive wage differentials.

The above presented theoretical review proves that there exist no comprehensive and coherent theoretical systems which could explain the variety and complexity of labour mobility. The existent theories provide only partial explanations and are very often strongly bounded by scientific disciplines where they have been developed (cfr. Table 1).

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<sup>7</sup> In this context, “*migrant networks are sets of interpersonal ties that connect migrants, former migrants, and non-migrants in origin and destination areas through ties of kinship, friendship and shared community origin*” (Faist 1997: 193).

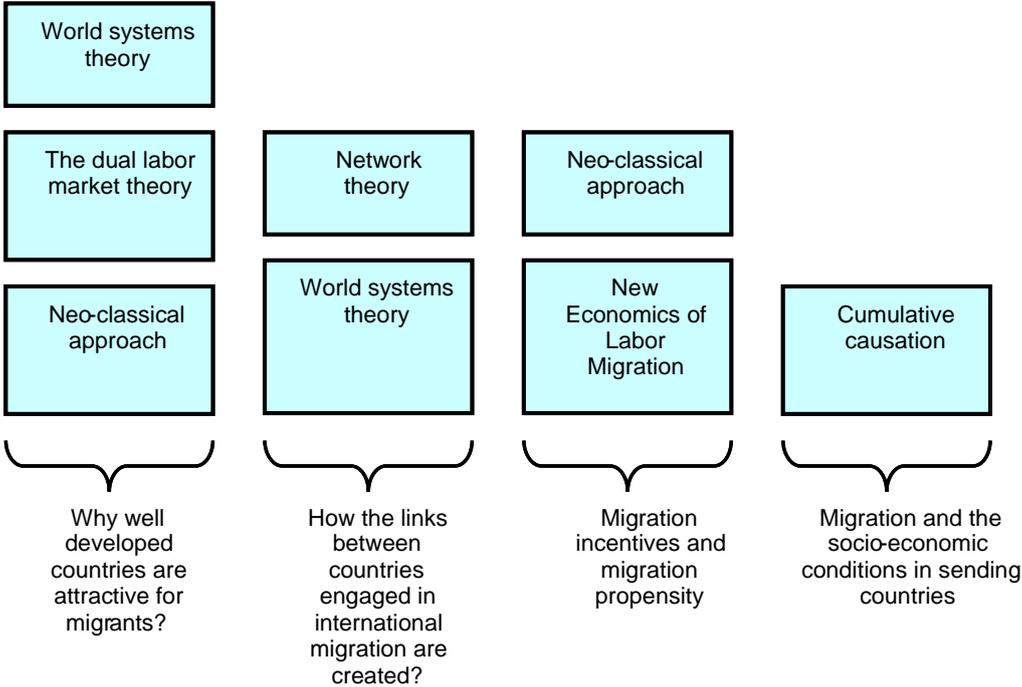
**Table 1. Major migration theories: assumptions and conclusions**

<b>Theory / approach</b>	<b>Level of analysis</b>	<b>Key assumptions</b>	<b>Main conclusions</b>
<b>The neo-classical approach</b>	Macro	<ul style="list-style-type: none"> <li>▪ People tend to maximize their utility</li> <li>▪ Potential migrant is an autonomic individual</li> <li>▪ People are mobile</li> <li>▪ Migration occur without costs (basic approach)</li> <li>▪ Potential migrant behaves in a rational way</li> <li>▪ No risk or uncertainty (basic approach)</li> </ul>	<ul style="list-style-type: none"> <li>▪ International migration is caused by differences in wages between countries</li> <li>▪ Mobility of labour leads to equalization of imbalances on the global scale</li> <li>▪ International trade and the flows of capital are substitutes for migration</li> <li>▪ International labour flows are influenced primarily by labour market mechanisms – other kinds of markets do not have important effects on international migration.</li> </ul>
<b>World system theory</b>	Macro	<ul style="list-style-type: none"> <li>▪ Socio-economic context of migration matters</li> <li>▪ Political and economic power is unequally distributed across nations</li> <li>▪ World system may be described in centre / periphery framework</li> </ul>	<ul style="list-style-type: none"> <li>▪ International migration is a consequence of capitalist market formation in the developing world</li> <li>▪ Penetration of capitalism into non-capitalist or pre-capitalist societies creates a mobile population that is prone to migrate</li> <li>▪ The international flow of labour follows international flows of goods and capital (but in the opposite direction)</li> <li>▪ International migration has little to do with wage differentials between countries, it reflects unequal distribution of political and economic power</li> </ul>
<b>Dual labour market theory</b>	Macro	<ul style="list-style-type: none"> <li>▪ Labour market is not homogeneous – there exist a few sectors with different characteristics</li> <li>▪ Jobs in specific sectors differ with respect to such characteristics as wages, working conditions, prospects of mobility and rules</li> <li>▪ Institutions of labour market matter</li> </ul>	<ul style="list-style-type: none"> <li>▪ International labour migration is largely demand-based</li> <li>▪ Employment in secondary sectors can be attractive for immigrants because they (usually) perceive their stay in destination country as temporary</li> <li>▪ International labour migration is usually initiated through recruitment (by employers or by governments)</li> <li>▪ Once recruited, migrants are becoming a structural part of the labour market</li> <li>▪ International wage differentials are neither a necessary nor a sufficient condition for migration</li> </ul>
<b>Human capital approach</b>	Micro	<ul style="list-style-type: none"> <li>▪ Individuals tend to maximize their utility</li> <li>▪ Individuals behave in an unconditionally rational way</li> <li>▪ Migration decision is taken individually, social context is neglected</li> <li>▪ Individuals have costless access to perfect information (basic approach)</li> <li>▪ Migration has a temporal dimension – preferences regarding time and risk are important</li> </ul>	<ul style="list-style-type: none"> <li>▪ People migrate due to international income or wage differentials, but also due to differences in employment rates (employment chances)</li> <li>▪ Migration/mobility is an investment</li> <li>▪ Migration does not occur in the absence of differences in earnings and/or employment rates</li> <li>▪ Migration stems from disequilibria between labour markets: other markets do not directly influence the decision to migrate</li> <li>▪ Individual human capital characteristics that increase the probability of employment in the destination (education, experience, training, language skills) will increase the likelihood of international movement, other things being equal</li> </ul>
<b>New Economics of Labour Migration</b>	Micro, meso	<ul style="list-style-type: none"> <li>▪ Labour is a specific factor of production</li> <li>▪ Individuals are acting in a social context</li> <li>▪ Migration is a complex social phenomenon</li> <li>▪ Migration does not have to be permanent – temporary migration is a common behaviour</li> </ul>	<ul style="list-style-type: none"> <li>▪ The appropriate units of analysis for migration research are families / households</li> <li>▪ A wage differential is not a necessary condition for international migration to occur – households may have strong incentives to diversify risk through migration even in the absence of wage differentials</li> <li>▪ Incentives for migration are to a large extent the consequence of market failures</li> <li>▪ The same expected gain in income may not have the same effects on the probability of migration – relative effects are important</li> <li>▪ There is no trade-off between mobility and activities in the country/region of origin</li> </ul>

<p><b>Network theory</b></p>	<p>Meso</p>	<ul style="list-style-type: none"> <li>▪ Social capital matters</li> <li>▪ Social capital can be translated into financial and/or cultural capital</li> <li>▪ People gain access to social capital through participation in networks and/or social institutions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Networks allow for reduction of costs and risks associated with migration and thus make international migration relatively easy and attractive</li> <li>▪ Networks influence to large extent migration choices</li> <li>▪ Migrant networks are consequence of migration</li> <li>▪ Thanks to networks migration becomes self-perpetuating phenomenon (even in the absence of massive wage differentials)</li> </ul>
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However, as it was stated by Douglass Massey (1999: 47) they offer not contradictory but rather supplementary views of migration: *“It is entirely possible for individuals to engage in cost-benefits calculations; for households to minimize risk or overcome barriers to capital and credit; for both individuals and households to draw on social capital to facilitate international movement; and for the socio-economic context within which migration decisions are made to be determined by structural factors operating at the national and international levels, often influenced by migration itself”*. The complementary character of contemporary migration theories is clearly indicated by Figure 1.

**Figure 1. Migration theories and their explanatory power**

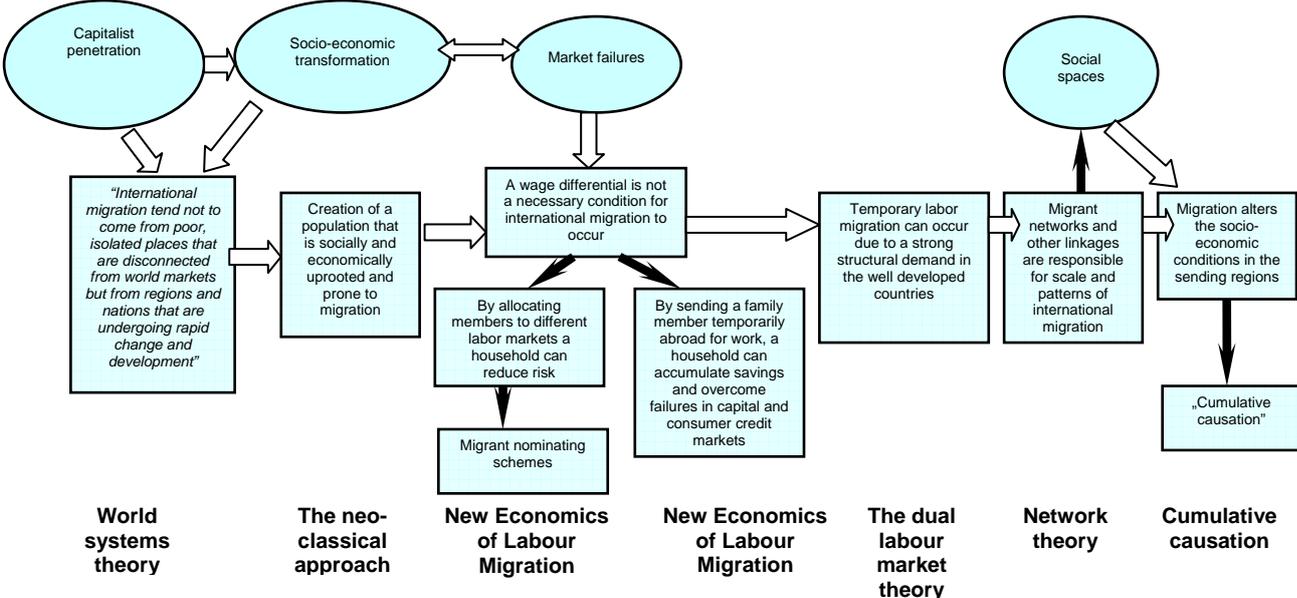


Source: Authors' elaboration based on Massey 1999.

According to Massey, at the very roots of international migration lies the economic development which, as it was proposed within the world systems theory, changes the socio-economic structures and transforms people into individuals more prone to migrate (cfr. Figure 2). Thus, *“international migration does not stem from a lack of economic developments but from development itself”* (Massey 1999: 48). To understand and explain international labour mobility it is necessary to refer not only to the wages differentials which are necessary but not sufficient precondition for migration. The decision to migrate may be very well a consequence of a situation of the household that is trying to overcome market failures and diversify risks associated with them. Similarly, migration offers solutions to failures in consumer and capital markets and gives an opportunity to develop. Migration is not only a consequence of a set of push factors. It is also a result of pull factors associated with the

situation in receiving countries, particularly on their labour markets. Last but not least, migration is a social process – the spread of migration modifies the initial conditions of mobility, development of migration networks is responsible for the self-perpetuation of labour mobility. All the factors make migration studies fascinating but on the other hand call into question a possibility of comprehensive explanation<sup>8</sup>.

**Figure 2. Why does migration occur – a synthesis of migration theories by Douglass Massey (1999)**



Source: Authors' elaboration based on Massey 1999.

<sup>8</sup> Moreover, according to Bijak et al. (2004), existing theories of international migration do not offer a decisive help in the forecasting of labour mobility. On the contrary, they make this process a very complicated task.

### **3. International migration in the EU8 countries – scale, trends and mechanisms**

#### **3.1. What we reliably know about the population movements from EU8?**

Assessment of migration trends in countries that are now EU8 continues to be a difficult task since the pre-transition (communist) times when a uniform and specific migration registration system had been introduced. The virtue of that system was a direct reference of the category of migrant to a documented permanent residence in the country. Thus an emigrant is a person who cancelled her/his permanent residence and declared an intention to leave for another country. In turn, an immigrant is defined as a person who was registered as a permanent resident and whose previous residence was in another country. Immigrants could be nationals and foreigners but the latter (as opposed to the former) need a special permission to be registered. The concept of migrant in no way relates to the duration (neither actual nor declared) of stay in the destination country. This makes migration statistics in EU8 countries incompatible with the respective statistics in a large majority of other countries (Okólski 1997).

It might be mentioned that thanks to restrictive entry and exit rules and efficient border and (in case of the nationals) passport control, the system provided for reasonably accurate statistics in the pre-transition period. With the re-introduction of democratic rules and a deep liberalization of migration policy, the system ceased to be a source of reliable statistics, especially with regard to emigration.

Over the 1990s EU8 countries developed various alternative sources of data related to international migration. Those sources, however, are hardly uniform, and they generate statistics of various scope, coverage and quality. Most of them pertain to the inflow of foreigners. In some countries (notably in Hungary) practically no information is available on emigration. Important data sources in EU8 that could be used in the present analysis of the flows from EU8 countries include: the central population register (still bound to the concept of permanent residence), the population census (carried out, depending on country, in 2000-2002) and (from 1994, exclusively in case of Poland) the labour force survey (LFS).

Thus in the analysis of the outflows from EU8 we by necessity need also to resort to data on the inflows collected by destination countries. The use of those data, however, may hamper the analysis due to international differences in the ways immigrants are defined and migration facts recorded. A key criterion in case of the population registers is the intention to reside for longer than a specific length of time, and this varies from country to country. In effect, an aggregation of inflows from EU8 recorded in various destination countries may bring about seriously biased estimates (ILO 2000).

In order to compare the availability of migration data Bijak et al. (2004) attempted to measure the quality and completeness of data on registered international migration. In all cases (if available) they examined two sides of the same process – the figures provided by the origin and destination countries and calculated two measures – quality of immigration coverage (QIC), and quality of emigration coverage (QEC). These measures can thus be treated as indicators of migration data validity.

**Table 2. Validity of statistics on registered migration - quality of immigration coverage and quality of emigration coverage**

Country	Emigration			Quality of emigration coverage (QEC, %)	Immigration		
	Migrants reported by receiving countries	Migrants reported by sending countries			Migrants reported by receiving countries	Migrants reported by sending countries	Quality of immigration coverage (QIC, %)
Czech Rep.	17 392	19 336	111	19 394	14 778	131	
Estonia	3 525	n.a.	n.a.	n.a.	1 547	n.a.	
Hungary	26 299	1 336	5	12 252	22 141	55	
Latvia	3 957	1 000	25	509	2 167	23	
Lithuania	8 496	1 892	22	964	3 494	28	
Poland	124 109	20 416	16	3 774	86 517	4	
Slovakia	31 369	1 171	4	1 177	29 858	4	
Slovenia	3 750	1 820	49	663	4 610	14	
Bulgaria	32 523	n.a.	n.a.	n.a.	10 503	n.a.	
Romania	108 495	5 020	5	652	22 205	3	
Germany	104 089	328 679	316	344 193	96 011	358	
France	83 580	n.a.	n.a.	n.a.	69 808	n.a.	
Italy	57 047	33 830	59	58 859	62 269	96	
UK	87 249	99 491	114	96 075	58 878	163	
EU-27	982 437	782 920	125	982 437	782 920	80	

Source: Bijak et al. 2004: 26-27.

The results presented in table 2 show huge differences with regard to migration data quality. Except of countries of very wide coverage of migration data (e.g. Germany) and countries with relatively good data coverage (countries of Western Europe, Southern Europe and the Czech Republic in case of the EU8 countries) there are countries with relatively poor data coverage. This situation refers predominantly to the EU8 countries, Bulgaria and Romania. In the latter group the worst migration data quality was indicated in case of Romania (QIC=5%<sup>9</sup>, QEC=3%), Poland (QIC=4%, QEC=16%), the Slovak Republic (QIC=4%, QEC=4%) and Hungary (QEC=5%). In few cases, namely Estonia and Bulgaria, there exists no reliable migration data at all, so it was impossible to create coverage ratios. This simple statistical exercise shows that the assessment of migration trends and mechanisms in the CEE countries is particularly different task.

Taking all this into consideration, the following description of migrant flows (and respective stocks) from EU8 will be based on scattered and not-very-highly reliable information. Nevertheless by confronting diversified data sources, and using them with due caution we will be able to accurately depict the reality and to arrive at valid interpretations and conclusions.

<sup>9</sup> This figure indicates that in the case of Romania only 5% of immigrants reported by sending countries were recorded by Romanian official statistics.

### 3.2. A general overview of migration trends in EU8

International migration in EU8 countries underwent profound changes in the period after 1989 compared to a pre-transition times. With a reference to Figures 3 and 4, we may conclude that in 1985-1989 those countries experienced a large variety of outflows and a few inflows<sup>10</sup>

The rare inflows included a strong immigration in the Baltic republics of the former USSR of those republics nationals from other ex-Soviet republics (more than compensated by outflow of non-nationals to those republics), a moderate immigration to Hungary (mainly ethnicity-based) and a moderate inflow of migrant workers to the former Czechoslovakia. The source of migrants in all those instances were the Central and Eastern European countries.

In 1996-2000 inflows have come to be greatly differentiated. The Czech Republic hosted a large number of regular migrant workers, Hungary – a large number of refugees and Poland – a large number of undocumented (predominantly seasonal) workers. In addition, the Czech Republic, Hungary and Slovenia became destination for moderate numbers of regular long-term migrants, while Poland received a substantial flow of returning Poles. Furthermore, Hungary was a target country for a moderate inflow of foreign workers whereas the Czech Republic, Poland, Slovakia and Slovenia were destination for many asylum seekers. Finally, the Czech Republic and Hungary also received noticeable numbers of undocumented migrants. Origins of a great majority of coming migrants were former communist countries and a handful of other (mainly Asiatic) countries.

Despite tough administrative restrictions, the outflow was a prevailing type of migration before the transition. In Poland it took many forms and in case of each forms a large scale. As already mentioned, Estonia, Latvia and Lithuania noted a strong emigration of other ex-Soviet nationals. Additionally, the ex-Czechoslovakia and Hungary were subject to a moderate outflow of asylum seekers.

After 10-year period the outflow became generally much lower and less diversified. Although by the year 2000 Poland was still sending considerable quantities of people to other countries, no longer ethnicity-based or asylum-seeker outflows from that country were observed. The only other country with a relatively strong out-migration remained Lithuania.

### 3.3. Migrations in the communist period

In general, in the communist period (1945-1989) the boundaries of EU8 countries were tightly closed. Emigration, both for political and economic reasons, took place in the lion share illegally or under the pretext of tourist trips. In extreme case, the movements of residents of the present Baltic states were practically limited to the territory of the former Soviet Union.

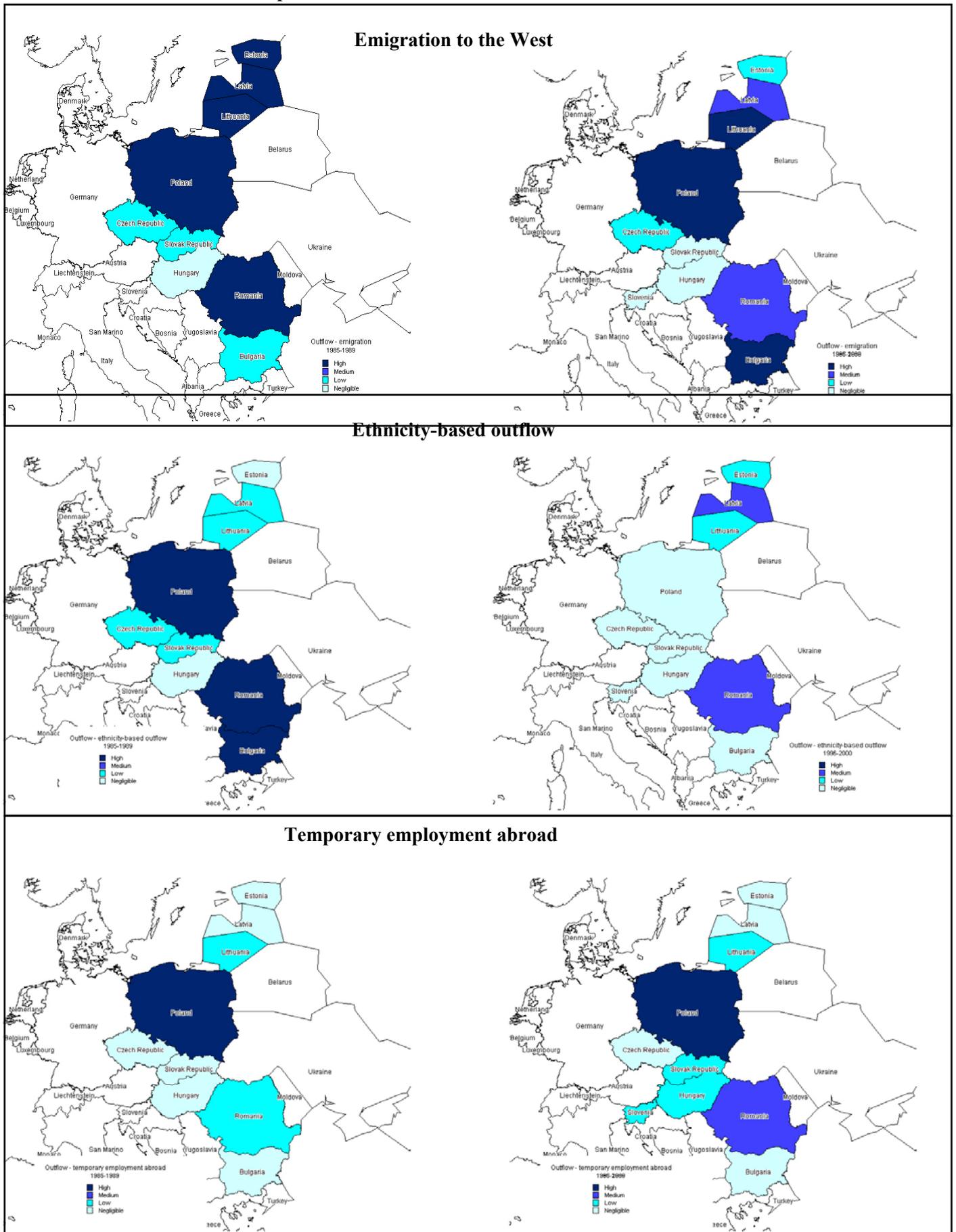
The outflow of ethnic Germans (*Aussiedlern/Spätaussiedlern*) as a means of family reunion was a typical loophole within the system of strictly controlled boundaries of the

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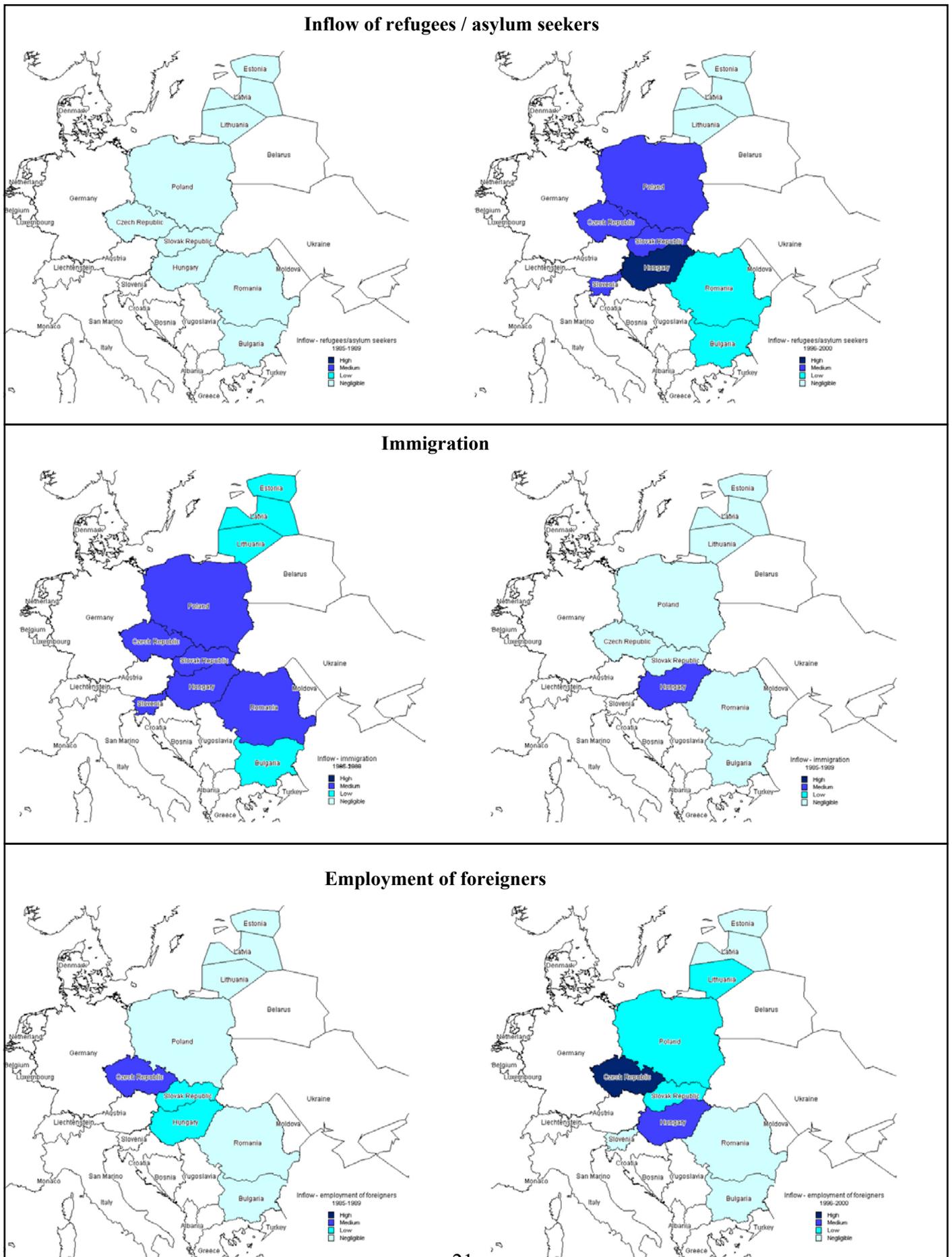
<sup>10</sup> The criteria used for categorizing particular flows were summarized in the annex.

European communist states. A few estimates may illustrate the magnitude of that flow. In the communist period as many as 500,000 unregistered and 65,000 officially registered migrants left Czechoslovakia (Kučera 1994), and 109,000 of those migrants (nearly 20%) were accepted as ethnic Germans in FRG. In turn, in just three-year span (1956-1958) Poland permitted 232,000 of its citizens (almost 80% of all documented emigrants) to leave the country only to instantly be recognized as *Aussiedlern* and become the citizens of FRG, and between 1980 and 1989 from 1.1 to 1.3 million Poles became

**Figure 3. Migration trends in the EU8 countries (plus Romania and Bulgaria) - outflow prior to 1989 and in the transition period**



**Figure 4. Migration trends in the EU8 countries (plus Romania and Bulgaria) - inflow prior to 1989 and in the transition period**



long-term emigrants of whom only 271,000 documented; this time 633,000 (approximately 50%) were given the status of ethnic Germans (Okólski 1994).

The 1956 Revolution in Hungary, the 1968 Prague Spring as well as the rise of *Solidarnosc* in 1980 (and the introduction of martial law on December 13, 1981) were followed by high numbers of political refugees. After the 1956 Revolution 194,000 Hungarians, in great part professionals and students, left the home country in almost three months (Juhasz 1996). In the years 1967-1969 82,000 citizens of Czechoslovakia fled (Pavlik, Maresova 1994)<sup>11</sup>. Estimated around 100,000 Poles were granted political asylum or temporary protection in various western countries in the aftermath of martial law declaration.

A range of push factors of political and economic nature were decisive in the formation of the migratory phenomena prior to 1989. In the course of time, the western European (and North American) labour markets absorbed migrants more and more easily and, simultaneously, the *de facto* “open door” policy for political migrants from Central and Eastern Europe allowed those migrants for easier functioning within host countries. On the eve of communism breakdown, in 1988 and 1989, virtually masses of fugitives from Czechoslovakia, Hungary, Poland, GDR and other Soviet satellite countries gained access to the western countries, mainly Germany and Austria.

Paradoxically, the lifting of the Iron Curtain and the opening of state boundaries at the beginning of the 1990s were not accompanied by mass permanent emigration from EU8 countries, contrary to what had been expected. As it will be shown further, the great part of migration potential from those countries was absorbed both by intra-EU8 or temporary mobility.

### **3.4. Internal migration in the communist period and its impact on international movements of the population in the transition period**

A distinct feature of migration in the pre-transition period was a strong internal (rural-to-urban or inter-regional) mobility of people. After 1989, however, all EU8 countries saw a rapidly declining incidence of internal movements of people, and many of those countries a shift from internal to international mobility. For instance in Poland, great masses of the low skilled, many of them the former commuting workers from underdeveloped regions, after being confronted with soaring unemployment, resorted to job-seeking in other countries (in the West).

As many as six countries of EU8 faced the re-birth of their statehood, and in effect, with regard to a great part of population movements, a change in formal status of migration – from internal to international, even if the movements continued to take place within the same territory.

Migration flows that shifted from internal prior 1989 to international afterwards are of great importance. Movements of people from Slovakia to the Czech Republic, from former Yugoslav republics to Slovenia and between what are now the Baltic States and CIS countries

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<sup>11</sup> Typical annual number of emigrants in the 1960s was 6,000 and in the 1970s 3,000.

were initiated well before the collapse of communism. Significantly, at the present time those flows account for a predominant part of migration in the said countries. The Czech lands, as a better developed region of Czechoslovakia, attracted Slovaks during the whole communist period: in first half of the 1950s as many as 33,000 persons left Slovakia for the Czech lands annually (Drbohlav 2004). Later that migration flow diminished but even after 1989 remained the most important<sup>12</sup> both for the Czech Republic and Slovakia. Similarly, the majority of immigrants living at the moment in Slovenia originate from other former Yugoslav republics (Zavratnic Zimic 2003). And to give another example – after 1991, when the three independent Baltic States were established, strong outflow from those countries was recorded (Table 1 in the annex), which, however, was dominated by return migration of Russians, Ukrainians and Byelorussians. In 1997 the nationals from the CIS countries accounted for 66% permanent emigrants from Estonia, 77% from Latvia and 64% from Lithuania (IOM 1999).

### **3.5. Documented emigration after 1989: misleading official statistics**

The data based on deregistration from the permanent residence in home country (being the only official source of respective information) to a small extent reflect emigration from EU8 countries. For instance, in the first half of 1990s, the official emigration from Lithuania were at the level of 3,000 people annually, but real outflow, estimated on the basis of population census, consisted of as many as 22,000 persons annually (Table 1 in the annex). According to the 2002 population census in Poland, the official emigration figures for 1989-2000 should have been at least tripled to arrive at plausible estimates.

What official statistics on emigration from EU8 suggest is generally its very low level. For instance, the Czech data indicate the outflow of merely 1,000 citizens annually in the years 2001-2004, while almost 2,000 returned to the home country (OECD 2005). In the years 1998-2005 the number of emigrants from Slovakia did not exceed 2,000 persons (regardless of their citizenship) annually and it was three times lower than the number of immigrants (Lubyova 2005). In the period 1997-2001 less than 1,500 Slovene citizens emigrated each year, which was almost equal to the number of immigrants (Zavratnic Zimic 2003). In the second half of 1990s fewer than 400 Lithuanian nationals left their mother country annually (Sipaviciene 2003) compared to 800 returning Lithuanians. Those data unequivocally point to a marginal scale of emigration from the EU8 countries during the transition period and a positive migration balance (with Poland being the sole exception).

This picture, however, drastically changes when other sources of information are used, especially the statistics on temporary inflow and immigration from EU8 countries compiled in the West.

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<sup>12</sup> In the years 1998-2004, every third Slovak emigrant would choose the Czech Republic as the final destination (Lubyova 2005).

### 3.6. Temporary flows: the dominant mobility type

Temporariness of residence in a destination country has been the main feature of migration from the EU8 countries since the very onset of political and economic transition. Three kinds of temporary migration have become prominent: flows resulting from seasonal demand for labour in the agriculture and construction sector in western countries, and regional cross-border commuter-type movements and migration of people for undocumented work under the guise of tourism.

As far as seasonal migration is concerned, the main destination countries are Germany, France, Spain and the United Kingdom. A predominant proportion of those movements is regulated by the terms of respective bilateral agreements with East European governments, Germany receives by far the largest numbers of seasonal workers. In 2004 over 330,000 persons from Eastern Europe were temporarily<sup>13</sup> employed in that country of whom over 90% from EU8 (Table 3).

**Table 3. Seasonal workers in Germany by nationality, 1993-2004**

Year	Total	Poland	former Czechoslovakia	Hungary	Slovenia	Other*
1993	174,053 100.0	143,861 82.7	19,808 11.4	5,346 3.1	1,114 0.6	3,924 2.3
1994	149,394 100.0	136,659 91.5	7,404 5.0	2,458 1.6	601 0.4	2,272 1.5
1995	187,192 100.0	170,576 91.1	9,165 4.9	2,841 1.5	600 0.3	4,010 2.1
1996	215,162 100.0	196,278 91.2	9,646 4.5	3,516 1.6	559 0.3	5,163 2.4
1997	220,112 100.0	202,198 91.9	8,712 4.0	3,572 1.6	466 0.2	5,164 2.3
1998	203,981 100.0	187,690 92.0	6,987 3.4	2,878 1.4	342 0.2	6,084 3.0
1999	225,244 100.0	205,439 91.2	8,187 3.6	3,485 1.5	302 0.1	7,831 3.5
2000	258,062 100.0	229,135 88.8	11,810 4.6	4,139 1.6	311 0.1	12,667 4.9
2001	280,783 100.0	243,405 86.7	12,967 4.6	4,783 1.7	264 0.0	19,364 6.9
2002	301,269 100.0	259,615 86.2	13,445 4.5	4,227 1.4	257 0.0	19,364 6.4
2003	318,549 100.0	271,907 85.4	11,813 3.7	3,504 1.1	223 0.0	31,102 9.7
2004	333,690 100.0	286,623 85.8	10,969 3.3	2,784 0.8	195 0.0	33,119 9.9

\*Bulgaria, Romania, Croatia

Source: Dietz, Kaczmarczyk 2006, Bundesamt für Migration und Flüchtlinge 2005

While the number of workers migrating seasonally from EU8 to Germany has been increasing every year since 1993, the structure of migrants according to their citizenship has remained more or less constant: Poles constitute the vast majority of seasonal workers (86% to 91%). The seasonal flow of over quarter million persons a year from Poland alone is currently the largest individual flow in the region.

With regard to cross-border movements, the most significant flows take place in the junction of Western and East European countries. For instance, in the beginning of the 1990s the number of Czechs commuting to Germany, and employed mainly as irregular workers, was as high as 50,000 persons, which, due to restrictions introduced by German labour administration dropped to 30,000-35,000 in 1995 (Drbohlav 2004).

<sup>13</sup> Up to 3 months a year.

Another meaningful instance are cross-border movements of people from Slovenia to Austria and Italy. Slovenians migrated temporarily as guest workers to Austria and Germany already in the second half of the 1960s but at present the scale of temporary migration, especially to Germany is negligible. Plausibly a majority of migrant workers have been attracted by less distant countries: Austria and Italy, in particular by their regions neighbouring with Slovenia. In 2000, the number of Slovenians crossing borders to work on daily commuter basis has been estimated at almost 13,000 (Zavratnic Zimic 2003). Most of them take up jobs in tourism, agriculture and forestry. Two tourist centres alone: Graz in Austria and Triest in Italy employ daily over 4,000 Slovenians.

A popular form of temporary flows has emerged in the 1990s in keeping with the lifting by many western European states of tourist visas for the citizens of EU8 states. Many false tourists from EU8, predominantly from Poland, have devised “commuting” between their usual residence and a work place in the West as a viable way of making a living. It was subordinated to a three-month legal tourist stay under visa-free regime. In a relatively short time the communities of undocumented temporary workers from Poland mushroomed in western cities, such as Berlin, Brussels, London, Rome and Vienna. Surveys conducted in Poland in mid-1990s revealed a wide existence of micro-regions (as a rule of peripheral location) where from one-third to more than a half of households lived on incomes earned by those “commuter-tourists” (Jazwińska, Okólski 2001).

Post-accession flows from the EU8 countries to Western Europe (mainly EU15) will be described in section 3.8. The main form of these flows should be, however, mentioned here in the context of temporary migrations. As evidenced by British data, workers from the EU8 countries who were employed in the United Kingdom in the period May 1, 2004 – December 31, 2005 belong in a great majority to young age brackets (83% are aged 18-34) and are not accompanied by the dependants (only 6% migrants declared having a dependant in the United Kingdom) (Accession Monitoring Report 2006). According to the ONS International Passenger Survey, 47% of EU8 citizens who visited the United Kingdom from February to April 2006 came for non-leisure purposes (work or study). 90% of them did not intend to stay longer than three months. This indicates intentionally short-lasting (temporary) and non-residential migration to those EU15 countries that have opened labour markets to the immigrants from the EU8<sup>14</sup>.

### **3.7. Population movements within the EU8**

Due to a successful economic transition, low unemployment and relatively liberal migration policies the labour markets, such countries as the Czech Republic, Hungary and Slovenia have become a magnet for migrant workers. A majority of those migrants originate from nearby East European countries, mainly from Ukraine, Romania, Russia, Albania and Bosnia, and from such distant countries as Afghanistan, China, India, Vietnam and Mongolia.

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<sup>14</sup> Similar conclusion can be drawn from the data on visits to the UK. From the International Passenger Survey (IPS) it follows that over 90% of visits of the EU8 nationals were intended to last for less than three months.

Nationals of EU8 countries play a minor role in intra-regional population movements although by all means Polish and Slovak migrant workers are visible in the Czech labour market.

As far as immigration to the Czech Republic is concerned, already in 2002 over 230,000 foreign residents (with long-term and permanent residence permits) were living in this country (2.2% of the total resident population). The number of nationals of the main sending countries: Slovakia, Ukraine, Russia, Poland and Vietnam, has been estimated at 190,000 persons (Horakova 2004). Immigration of Slovaks, dating back to the communist period, has been driven mainly by the economic factors, but the family reunion and language similarity facilitating adaptation also contributed to its endurance. The total number of Slovaks living in the Czech Republic rose from 50,300 persons in 1996 to 53,300 in 2001. In addition, in the years 1999-2002, 22,000 Slovaks acquired the Czech citizenship. In contrast, the stock of Polish citizens in the Czech Republic declined - from 24,500 in 1996 to 16,500 in 2001 (OECD 2004).

Except for the migration of Slovaks and Poles to the Czech Republic, the flows of people within the EU8 countries are in fact marginal. To illustrate, in 2002 less than 1,900 long-term immigrants from Poland and 1,500 from Slovakia were the residents of Hungary<sup>15</sup>, which accounted for 2.9% and 2.3% of all immigrants (Illés 2004). The number of foreign workers from other EU8 countries in Hungary is negligible, except for a still modest number of 2,400 Slovaks (5.4% of all foreign workers). In Poland all foreign residents from EU8 group amounted to only 1,200 persons, according to the 2002 population census. Another evidence provides data on the migration of Lithuanians, Latvians and Estonians within the Baltic States: since 1991 neither inflows, nor outflows have exceeded several dozen of persons annually.

### **3.8. Flows to other European countries, in particular to EU15**

In the communist period and afterwards Germany has been the main destination country for emigrants from the present EU8 countries. Movements of people from EU8 have been intensified and in many ways encouraged due the fact that the German demand for labour could not be satisfied by the national supply only. Recruitment programs developed in the 1960s, after the Berlin Wall was erected, were a clear manifestation of that deficit. After the cessation of recruitment of foreign workers in 1973, the inflow of people from present EU8 countries has been gaining importance for the labour market in Germany

The post-war expulsion of ethnic Germans and the following process of family reunification paved the way for mass emigration both of German and non-German nationals from Central and Eastern Europe. What is significant, till the mid-1980s *Aussiedlern* originated mainly from Poland, Czechoslovakia and Romania, and afterwards the role of dominant sending countries was increasingly played by the Soviet Union and (after 1990) the

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<sup>15</sup> The total number of immigrants from the remaining five EU8 countries was just above 250.

CIS countries and the Baltic States. The number of ethnic Germans from EU8 decreased from 255,000 in 1989 to 42,000 in 1991 (and 700 in 2001)<sup>16</sup>. That was *inter alia* because of that in 1990 a new era in labour migration from EU8 to Germany has been initiated. The virtue of that new era was a limited opening of German labour market subordinated to a series of bilateral agreement with EU8 countries on seasonal employment, project-tied employment, on-the-job training and guest working.

At the present, the most numerous diasporas of the EU8 nationalities are located in Germany. The country is inhabited by over 291,000 citizens of Poland, 53,000 of Hungary, 20,000 each of the Czech Republic and Slovenia, more than 12,000 of Slovakia, and almost 20,000 citizens of the Baltic States taken together (Table 4). Still, to compare, several other minorities in Germany are much larger in numbers: 2 millions Turks, over 600,000 former Yugoslav nationals, 600,000 Italians and 360,000 Greeks (Fröhlich 2003).

With regard to other EU15 countries, important diasporas of EU8 nationals are: Polish in France (33,700), United Kingdom (27,900), Italy (24,700), Austria (22,500) and Sweden (16,300); Hungarian in Austria (13,000) and Estonian in Finland (14,000) (Table 2 in the annex). Two general conclusions may be derived from the cited, very scattered information: first, with over 400,000 residents from the EU8 region Germany has been the most important destination country for the East Europeans. This applies not only to permanent, but also to temporary and seasonal migration. Second, with over 400,000 nationals living in the Western Europe Poland has been the most significant sending country in the group of the EU8. Unlike other citizens of the EU8 countries, Polish nationals can be found in the lists of top 5 groups of foreign residents in Germany, and in the list of top 20 in Italy, France and Sweden.

According to the Labour Force Survey (LFS) carried out in the United Kingdom, before the accession to the European Union (in 2003) as many as 21,000 immigrants from the Czech Republic and Slovakia and 34,000 from Poland lived in the that country, and the trend was clearly rising, especially in case of Poland. The number of residents from other EU8 countries was too low to be mentioned in official statistics (Salt 2005). Moreover, these magnitudes were undoubtedly under-valued. The actual number of migrants from EU8 countries living in Britain was undoubtedly considerably higher as according to a definition adopted in LFS in that country, only those residents are counted as migrants who one year before the survey date had been living abroad. Thus, foreigners living in the UK for longer than one year have been excluded from the count of migrants. In any case, the LFS data indicate that the EU8 nationals have migrated to the Western Europe already before the accession.

On May 1, 2004, when the British labour market was opened to new EU countries, thousands of Czechs, Slovaks and Poles have already been working in the British Islands. For most of them the applying with the Workers Registration Scheme (WRS) was the only way to legitimize their employment in the United Kingdom. In May 2004 almost 6,000 applications

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<sup>16</sup> Corresponding numbers of *Aussiedlern* from the ex-USSR were as follows: 98,000 in 1989, 147,000 in 1991 and 97,000 in 2001.

were made, but only one in four belonged to newly arrived EU8 citizens (Portes, French 2005). In two months, however, newly arrived migrants dominated the group of applicants.

To great extent the accession into EU has intensified visits of EU8 citizens into the UK. The International Passenger Survey (IPS) tracks all visits to the UK and it may serve as a proxy of labour mobility, though it includes not only persons who arrived with an intention to undertake job.

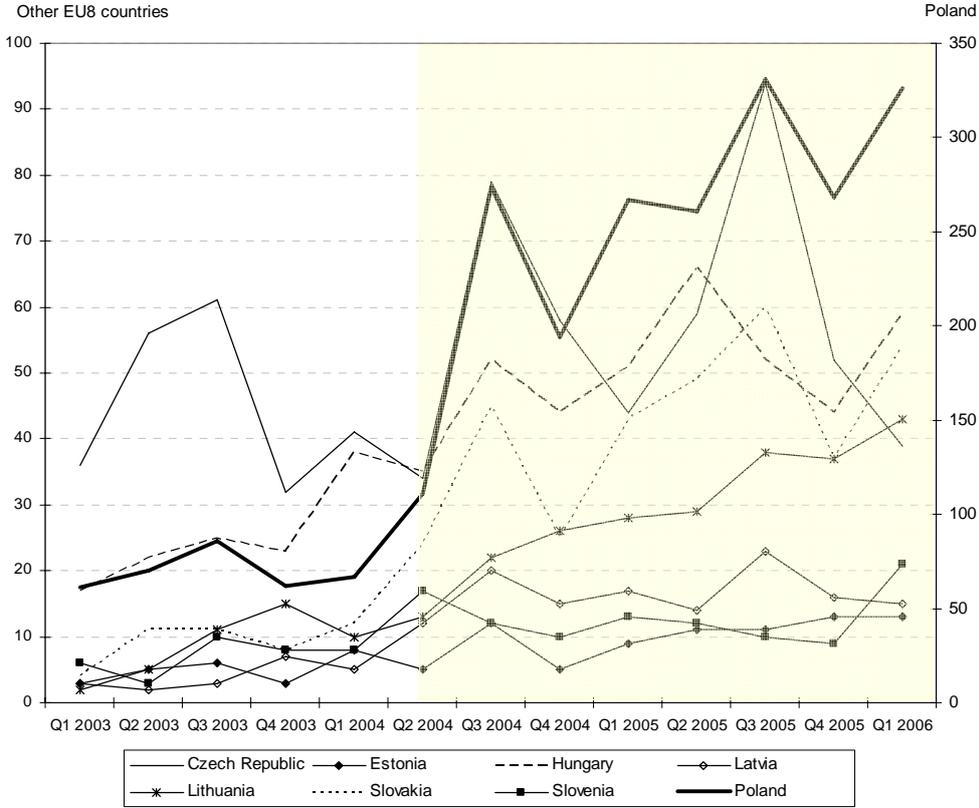
**Table 4. Number of visits to the UK by the nationals of the selected EU 15 and the Accession countries, 2003-2005 (in thousands)**

<b>Country</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2005/2003 (in %)</b>
France	2 845	3 149	3 224	113,32%
Germany	2 490	2 573	2 674	107,39%
Ireland	2 206	2 147	2 388	108,25%
Spain	855	1 047	1 163	136,02%
<b>EU 15</b>	<b>13 346</b>	<b>14 522</b>	<b>14 996</b>	<b>112,36%</b>
Czech Republic	185	212	249	134,59%
Estonia	17	30	44	258,82%
Hungary	87	169	213	244,83%
Latvia	14	53	72	514,29%
Lithuania	34	70	133	391,18%
Poland	278	646	1 127	405,40%
Slovakia	34	106	189	555,88%
Slovenia	27	47	45	166,67%
<b>A8 Accession countries</b>	<b>677</b>	<b>1 334</b>	<b>2 071</b>	<b>305,91%</b>

*Source: Authors' elaboration based on the IPS data*

From the data presented in table 4 it follows that the dynamics of visits to the UK by the nationals of selected EU8 countries was 3-5 times higher than EU15 average. The highest increase was recorded in case of citizens of Slovakia, Latvia, Poland and Lithuania. Over 1.1 million Poles visited the UK in 2005 only (as compared to less than 300 thousand in 2003). The dynamics of visits to the UK is also shown below:

**Figure 5. Number of visits to the UK by the nationals of the Accession countries, 2003-2006 (in thousands)**



Source: Authors' elaboration based on the IPS data

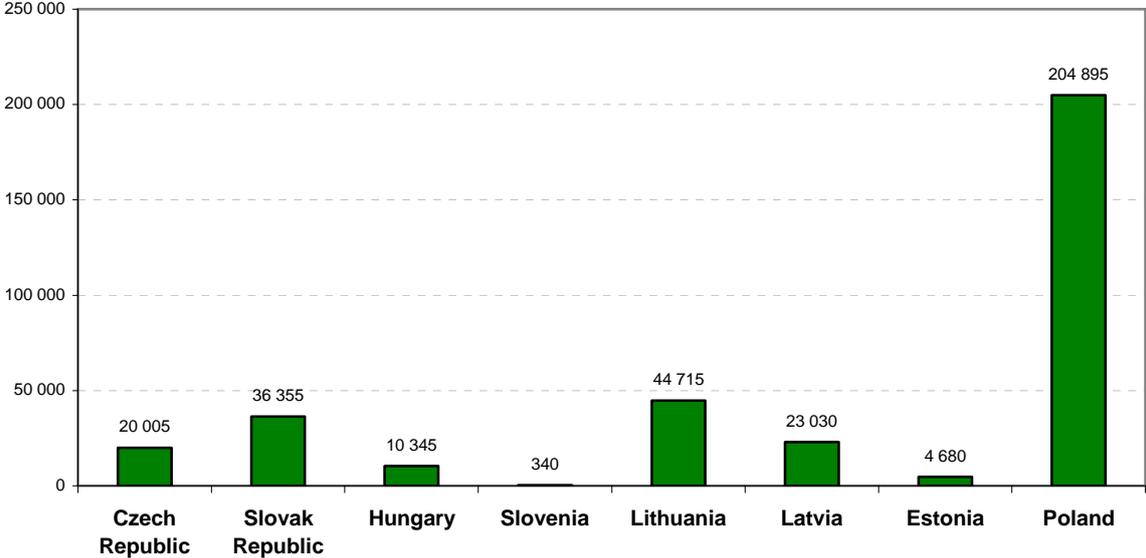
The above presented data should not be used to analyze labour migration from the EU8 countries. In case of the UK and Ireland the data on labour migration are provided by specific registers applied after accession. WRS is the register of all migrants from the EU8 countries wishing to take up employment in the United Kingdom. It was set up on May 1, 2004 in order to provide at least basic information on post-accession migration flows. The data are far from being perfect as only the applications/applicants and not the migrants are recorded, and there is no way to find whether the applicant is still staying in the United Kingdom<sup>17</sup>. Nevertheless, WRS allows for tracing migration trends and at least estimating the scale of migration from EU8 countries.

From May 1, 2004 to March 31, 2006, as many as 375,000 migrants from the EU8 countries applied for a job in the United Kingdom (Figure 6). Poles constituted a vast majority of applicants (61%). In that period not only the absolute number of Poles increased, but also their proportion in all migrants from the EU8 countries (Figure 1 in the annex). Other significant migrant groups originated from Lithuania (13%) and Slovakia (10%); those two countries, though less populated, have sent many more migrants than the Czech Republic or Hungary. As far as Slovenian workers are concerned, they seemed to show no reaction to the opening of British labour market. The routes for Slovene migrant workers have remained

<sup>17</sup> In addition, an application costs 50 pounds, which might be a disincentive to register.

limited to the regional areas: Austria, Italy, Balkan states and, further, Germany and Switzerland.

**Figure 6. Number of WRS applicants in the United Kingdom in the period May 1<sup>st</sup> 2004 - December 31<sup>st</sup> 2005; by source country (citizenship)**



Source: Accession Monitoring Report (2006).

With regard to skills and sector of employment, the newly arrived migrants constitute a very heterogeneous group. On the one hand, the vast majority of EU8 nationals are employed as low-skilled workers in manufacturing, agriculture, hospitality and catering<sup>18</sup> (Accession Monitoring Report 2006). On the other hand, the outflow of high-skilled workers from Poland, to mention physicians, scientists and students, has become a marked phenomenon. According to the Polish population census of 2002 and the LFS data, the United Kingdom more than other destination countries tends to attract highly educated migrants from Poland (Kaczmarczyk, Okólski 2005). To a significant degree, however, the human capital of migrants from EU8 seems presently misused in Britain.

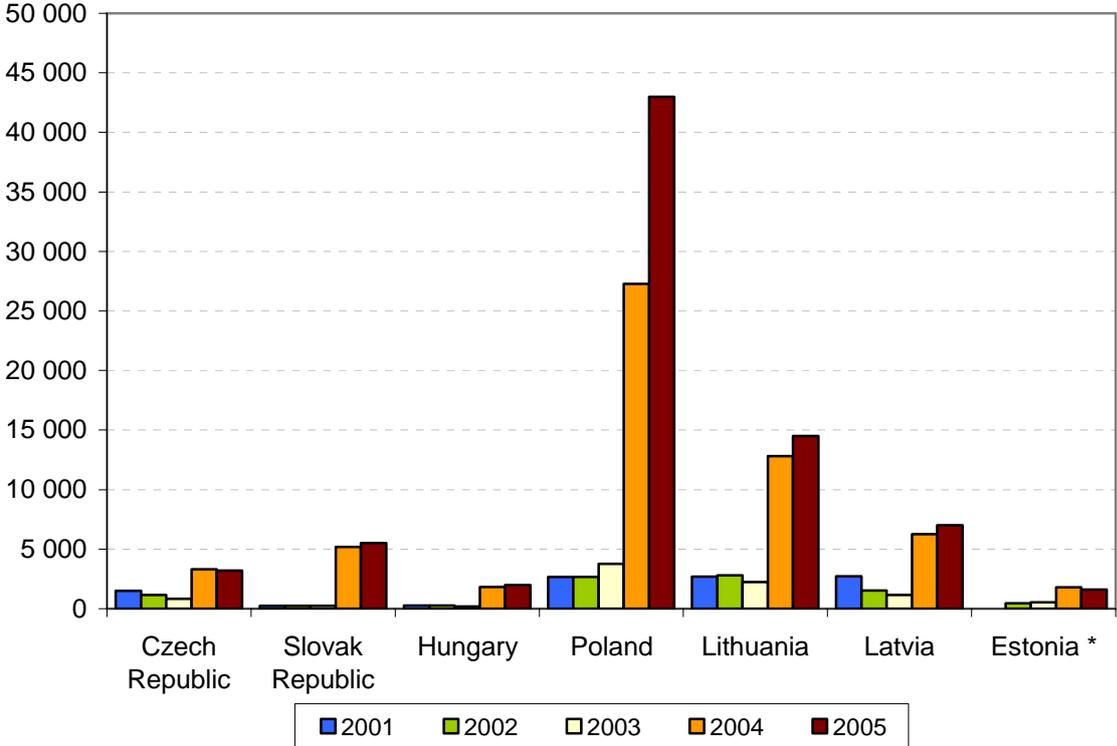
Ireland, another EU15 country that opened its labour market to the citizens of new accession countries on May 1, 2004, has been relatively open to the inflow from those countries already since 2001. The scale of immigration to Ireland is reflected by the Personal Public Service numbers (PPS) data (Figure 7)<sup>19</sup>. The total of PPS numbers issued to the EU8 nationals increased from 10,000 in 2001 to 75,000 in 2005 (in the period 2001-2005 162,000 PPS numbers were issued to EU8 citizens). In 2001 the shares of PPS numbers issued to Poles, Lithuanians and Latvians were almost equal to 27% in case of each group. In the following years a relative position of Polish migrants has been rapidly increasing to 47% in

<sup>18</sup> To illustrate, the top 5 occupations are: factory process operative (70,500), packer (18,700), kitchen and catering assistant (18,200), warehouse operative (17,400), cleaner and domestic staff (14,400).

<sup>19</sup> The number is acquired by every migrant worker.

2004 and 57% in 2005 (Figure 2 in the annex). Similarly to the evidence from Britain, Poles (43,000 workers registered in Ireland in 2005) proved to be by far the most highly prone to migration for work of all EU8 nationals. The number of Lithuanian workers in 2005 (15,000) was only one-third of that of Poles (43,000), and of Latvians (7,500) only one-sixth. The number of Slovaks, Czechs, Hungarians and Estonians varied between 1,000 and 5,000 whereas the number of Slovenians was below 100. Unlike in Britain, migrant workers from EU8 are employed in considerable proportions both in low-skilled sectors (construction industry, tourism, agriculture and food processing) and high-skilled sectors (financial, information and communication technology, healthcare).

**Figure 7. PPS numbers issued to labour migrants in Ireland, by year and country of citizenship**



*\*data for 2001 are not available.*

*Source: Skills needs in the Irish economy: the role of migration 2006*

The prevalence of Polish nationals in the group of migrants from the EU8 countries is also marked in Scandinavian countries, especially in Norway (a non-EU member!). In the period from May, 2004 to August, 2005 the number of first-time work permits issued to the Polish citizens was as high as 8,900 in Norway, 3,800 in Sweden and 1,700 in Denmark (Table 3 in the annex). Out of all 29,000 migrants from the EU8 countries who were permitted to work in that period in Denmark, Sweden and Norway 61% came from Poland. In turn, Finland has registered an exceptionally high number of immigrants from its neighbour, namely Estonia (2,600).

To conclude, migration from the EU8 countries to the Western Europe did not begin on May 1, 2004. A large scale of that flow, which was recorded afterwards: 345,000 in the

United Kingdom, 162,000 in Ireland and 29,000 in Scandinavian countries, seem at least in part to result from the registration (legalization) of undocumented migrants who arrived in these countries prior to May 1, 2004. The opening of a number of labour markets in the European Union did not bring about a mass migration. Only in Poland followed by Lithuania, and to lesser extent Slovakia and Latvia migration potential has been triggered off, with the remainder of EU8 being almost unaffected.

### **3.9. Migrations to non-European countries**

In the post-war period three non-European countries used to be destinations for migrants and refugees from EU8: the United States, Canada and Australia. At the present, the dominant role plays the United States while the other countries register marginal inflow of people from EU8. In 2002 only 500 citizens from the EU8 countries became immigrants in Australia (Rizvi 2002); their proportion in the total immigration was close to zero. In Canada 3,200 persons from the EU8 were admitted as permanent residents in 2004 (Justus 2005), which was as low as 8% of all immigrants from Europe and 1.3% from all over the world.

However, even for the United States the scale of immigration from the EU8 is very modest in comparison to inflows from other parts of the world. According to the U.S. Department of Homeland Security (2003), in 2002 18,000 citizens of the EU8 countries were granted the permanent residence, which is almost equal to the number of immigrants from the United Kingdom alone and less than the overall immigration from Ukraine or Russia. The EU8 nationals constitute only 10% of European and 1.7% of all immigrants (Table 4 in the annex). The scale of temporary workers', trainees' and students' inflow is also marginal, even in comparison to the inflow from other European countries, such as the United Kingdom, Germany and France.

### **3.10. The outflow of highly skilled persons**

Very little is known about educational attainment, skill level or, generally, human capital of migrants from EU8 countries. A rare estimate pertains to Hungarian-born people whose propensity to migration, it should be added, is very low. Around the year 2000 among those persons aged 15 or more years the share of highly educated (at least at tertiary level) was nearly three times higher when the residence was a foreign country (29.6%) than when it was Hungary (10.7%). In case of western European countries the difference (and thus the selectivity of outflow with respect to educational attainment) was much lower, e.g. in case of Germany around 50%, Sweden around 80% and France around 100 % (Dumont, Lemaitre 2005).

Official statistics of EU8 countries are misleading not only because that source tends to greatly underestimate the outflow scale but above all because the omissions are much more frequent in case of the highly educated. As a result, as a rule the proportion of people with

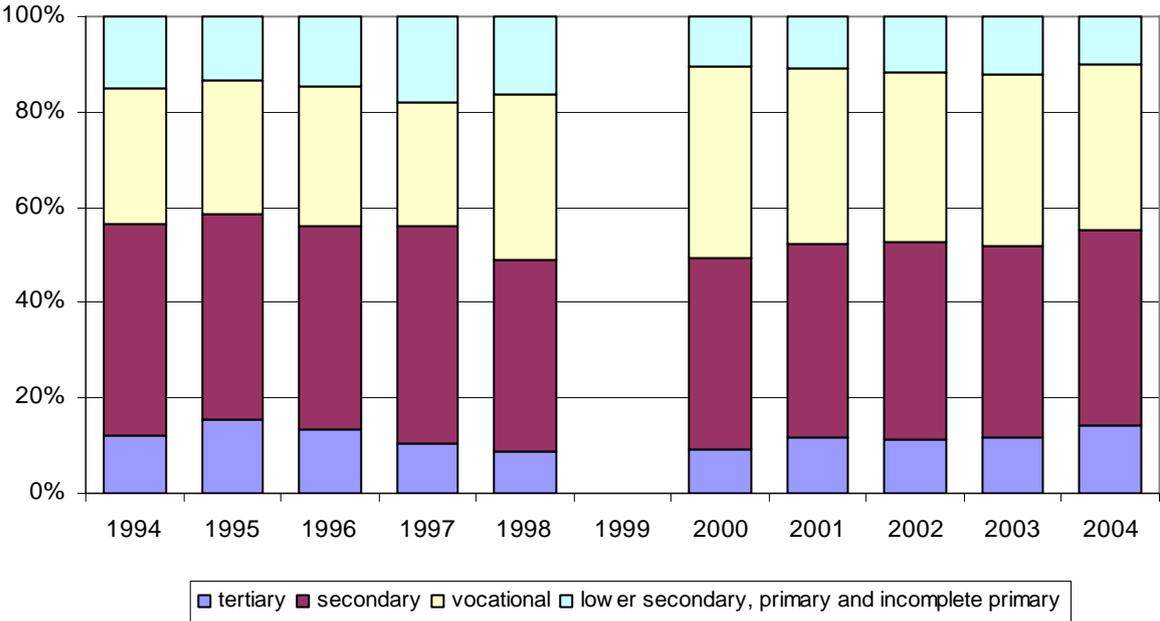
post-secondary education appears to be much higher among the resident native population than among emigrants, and the brain drain seems to be non-existent.

Quite different picture emerges from the population census data. According to the Polish census of 2002, among 576,000 permanent residents aged 15 or more years who at the census date lived abroad for at least 12 months<sup>20</sup>, 0.7% held a doctor's degree, 10.1% a university diploma and 3.2% other tertiary education diploma whereas in the general population: 0.3%, 7.4% and 2.7%, respectively. Altogether the education of migrants was much better than actual residents (14.0% vs. 10.4%). As might be seen in Table 5 in the annex, the share of highly educated migrants was the highest among those who left Poland before the onset of transition (15.6%), then it became rather low among those who emigrated in 1989-1991 (11.8%), and rose among those leaving in the following years. The same conclusion can be drawn on the basis of the LFS data which shows that since the late 1990s the share of migrants with tertiary education increased significantly (cf. Figure 8).

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<sup>20</sup> That was 1.8% of the total number of permanent residents of Poland aged 15 or more years.

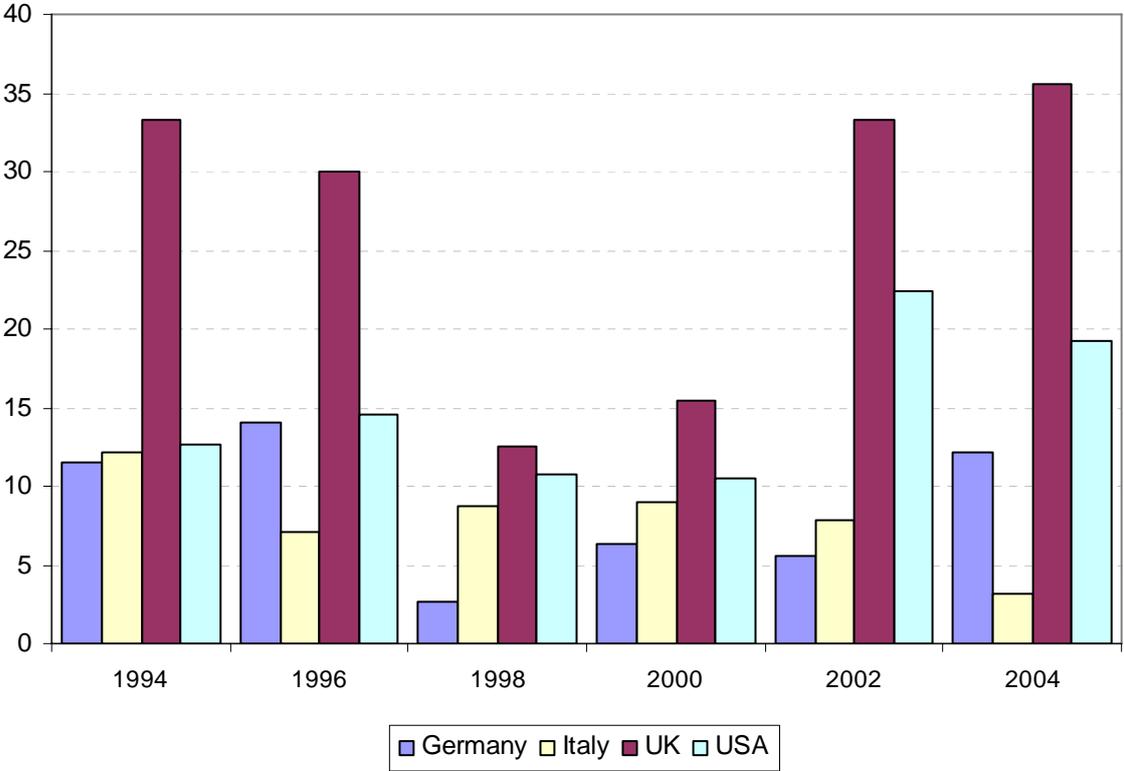
**Figure 8. Polish migrants by the level of education, 1994-2004 (3<sup>rd</sup> quarters, in %)**



*Source: Authors' elaboration based on the LFS data*

The highly educated were under-represented among those migrating to Germany and Italy, and over-represented among those migrating to other countries, especially to the United Kingdom (cf. Figure 9).

**Figure 9. Share of migrants staying temporarily abroad (for longer than 2 months) with tertiary education in four most important receiving countries, 1994-2004, 3rd quarters (in %).**



*Source: Authors' elaboration based on the LFS data*

**3.11. Poland as the most important migrant sending country among the EU8**

Poland is usually perceived and described as a typical emigration country. In fact, since 19<sup>th</sup> century, Poland has been playing an ever more significant role in the global migration system as one of the most important sending countries. In the 19<sup>th</sup> century Poland, which was deprived of statehood and was underdeveloped both economically and socially, found itself on the peripheries of an increasingly dynamically developing western world. That position (in both the political and economic fields) became further entrenched after 1945, in a large part due to political decisions made by the victors of the World War II. However, apart from mass movements of population caused by the redrawing of state borders and related international agreements, migration from Poland after the World War II was seriously limited. The increase in migration was associated first with the political “thaw” in the mid-1950s and then with liberalisation in cross-border movements and the normalisation of Polish-German relations in the 1970s (see Figure 3 in the annex). By the end of the 1960s, opportunities for legal employment in other countries of the region (mainly in Czechoslovakia and the German Democratic Republic) had arisen. Nevertheless, migration to the West constituted the most

numerous flow even prior to 1989. A range of push factors of political and economic nature<sup>21</sup> were decisive in the formation of the migratory phenomena prior to 1989. Simultaneously, the western European (and North American) labour market absorbed migrants easily, and, on the other hand, the declaring “open door” policy for political migrants from Central and Eastern Europe allowed for easier functioning within host countries. According to official statistics annual emigration figures in the 1970s ranged between 20,000 and 35,000 but number of short-term flows mainly undertaken by false tourists was much higher. The total number of long-term emigrants from Poland in the 1980s is estimated to be between 1.1 and 1.3 million people (3% of the total population). The more than one million people who spent between more than three but fewer than twelve months outside of Poland should also be taken into account (Okólski 1994; Kaczmarczyk and Okólski, 2002).

Considering the aim of this report it would be highly interesting to analyze trends in the outflow from Poland in the pre- and post-accession period. However, this is hardly possible. Contrary to the situation in 1980s, there are no unambiguous nor exhaustive data on migration from Poland in the 1990s and early 2000s<sup>22</sup>. Few existing sources of data capture only a part of the phenomenon, they are to some extent complementary but should be interpreted with caution<sup>23</sup>.

Official statistics data gathered by the Central Statistical Office are based on the Central Population Register (so-called PESEL), which records permanent residents of Poland<sup>24</sup>. Data show that we can observe a clear stabilization in the number of departures abroad associated with the declared change in the place of residence – at 20,000-25,000 annually (cf. Figure 3 in the annex). In total, over 216,000 people left Poland between 1990 and 1999 with the intention to settle abroad. That figure is by over 50,000 lower than in the respective figure for the preceding decade<sup>25</sup>. The most recent data, for 2004, indicate that 19,000 people emigrated from Poland while almost 9,500 immigrated to the country. In 2004 the emigration from Poland reached the lowest level since the mid-1980s. In 2004 two traditionally most important destination countries (Germany and the United States) further lost their importance (16% decrease in case of Germany) while the highest positive dynamics was recorded in case of such countries as the United Kingdom (93%), Spain (45%) or Sweden (49%). The data from the Central Population Registers reveal that Polish migrants are highly concentrated as far as regions of origins. Similarly as in the previous years, over 60% of all

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<sup>21</sup> Including: increasing feeling of the sheer improbability of reforms to the decrepit system, notorious shortages in the supply of basic goods and the dramatically rising value of the dollar that made foreign employment exceptionally profitable.

<sup>22</sup> A very good source of information of Poles international mobility in previous decades was police register of cross border movements. However, this register was eliminated in late 1980s.

<sup>23</sup> The provided analysis is based on the following data sources: 1) data compiled by the Central Statistical Office on the basis of the Central Population Register; 2) data from 2002 National Census; 3) Labour Force Survey data; 4) data compiled by Polish Ministry of Labour on the seasonal migration to Germany and 5) data on Polish migrants as registered in the Workers Registration Scheme in the United Kingdom.

<sup>24</sup> According to the assumed definition the population of emigrants includes only permanent residents of Poland who left Poland in order to settle abroad and, additionally, have registered their departure with an administrative unit. Therefore, the official data on migration portrays only a small fraction of the phenomenon, i.e. departures related to the permanent change of residence.

<sup>25</sup> One has to remember that in contrary to the previous period when data reflected only a small fraction of emigration from Poland (emigration was treated as illegal, so there was a strong incentive to “hide” real purpose of departure), actual data depict the scale of settled migration more finely.

permanent migrants originated from three (of sixteen) Polish provinces, namely Upper Silesia (33%), Opole Silesia (20%) and Lower Silesia (8%) (Kepińska 2006). All those provinces are marked by significant connections to Germany, including extensive migration traditions and migrant networks.

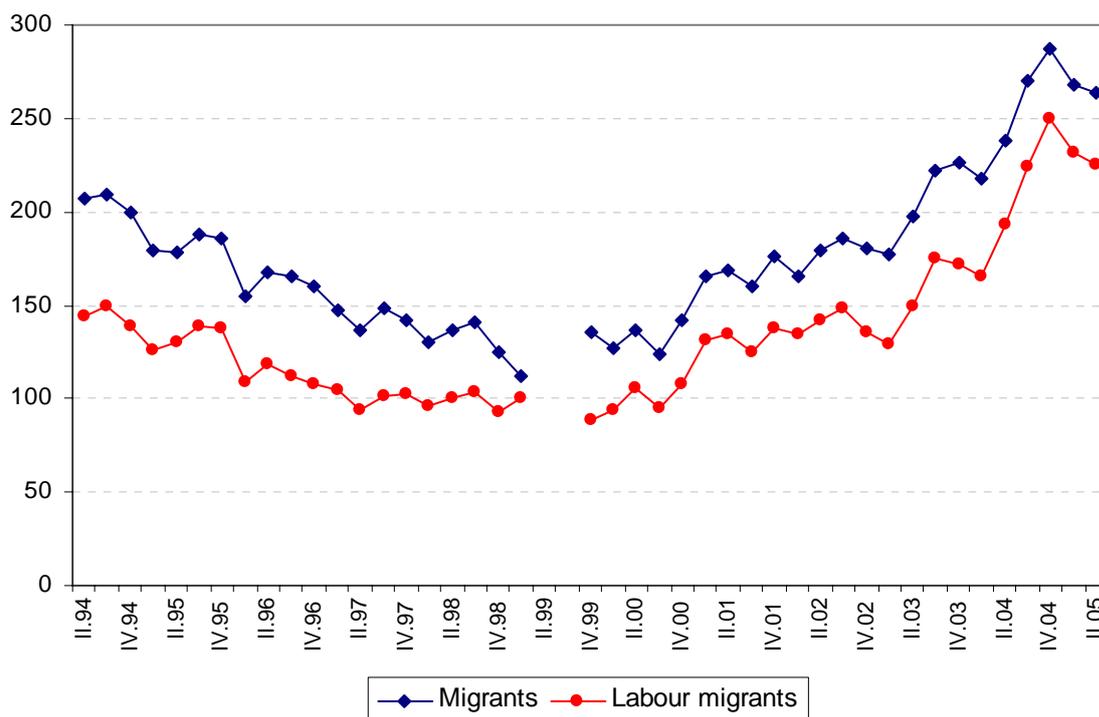
More reliable data concerning migrants staying abroad in the 1990s and early 2000s may be obtained from registries and surveys. The 1995 Microcensus data showed that about 900,000 permanent residents of Poland who temporarily, i.e. over two months, stayed abroad what amounts to about 2% of the total population. According to the 2002 Population Census data, at the time of the survey as many as 786,100 Polish citizens, counted as members of households in Poland, were staying abroad for longer than 2 months (1.8% of the population). From the data by the year of departure it follows that the number of migrants who went abroad in 1989-1990 was approximately 50,000 per year, than it dropped to 20,000-25,000 (1993-1996) and started to rise again in 1997. According to this data source the annual number of emigrants reached 61,000 in 2000 and 80,000 in 2001 (Kepińska 2006).

The best source to monitor intertemporal changes in Poles' mobility is the quarterly Labour Force Survey (LFS) which, since 1994, has recorded Polish citizens who are staying abroad<sup>26</sup>. LFS data indicate that 130,000-290,000 adult people stayed abroad during each year between 1994 and 2005 (2<sup>nd</sup> quarter) – cf. Figure 10. According to LFS data, there is a steady increase in the number of Polish migrants observed since 1998. This trend continued after Poland's accession into the EU: in 2004 on average 250,000 Poles stayed abroad for at least two months and it constituted over 20% increase in comparison to 2003. Additionally, in each of the first two quarters of 2005 the number of migrants was higher than in the corresponding quarters of 2004.

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<sup>26</sup> This data pertain only to adult persons who at the time of the survey have been abroad for longer than 2 months and, at the same time, who had at least one household member still living in Poland. It is necessary to note that LFS data have serious limitations with regard to migration analysis. First of all, it was gathered primarily for the purposes of the labor market analysis. As a consequence, the sample is not adapted to the needs of international mobility analyses. Central Statistical Office can not assure the representativeness of the data and therefore they are not presented as official statistics. However, I decided to use this data because it constitutes the only data set showing the dynamics of Poles' international mobility prior to and past the EU accession (as a proxy of the trend rather than of the size of migration).

**Figure 10. Polish migrants staying abroad for longer than 2 months, 1994-2005 (in thous.)**



Source: Labour Force Survey

As follows from the LFS data (cf. Figure 4 in the annex), the distribution of major destination countries did not change dramatically since May 1<sup>st</sup> 2004. Germany remained the major receiving country of Polish migrants<sup>27</sup>. In every second quarters of the years 2000-2005 migrants to Germany dominated among all migrants from Poland. However, their share is gradually decreasing from 35% in 2000 to 25% in 2005 (among all migrants and migrant workers). Since Poland's accession to the EU, the migrants to Germany have still been accounting to approximately one-fourth of the total, but the most striking feature is the large increase in number of migrants to the United Kingdom and Ireland, i.e. countries which decided to open their labour markets for migrants from Poland and other accession countries. In the second quarter of 2005, the UK and Ireland registered the largest increase in migration in comparison to the second quarter of 2004: 221% and 150% respectively. Consequently, in the second quarter of 2005 the share of migrants to the UK in the total number of temporary migrants from Poland reached 20% (in 2000 – 4%) and to Ireland 6% (0%).

Due to the fact that LFS data encompass only those migrants who are staying abroad for longer than 2 months, it is necessary to add to above presented numbers about 300,000-350,000 Poles, who each year find legal employment abroad on the basis of bilateral international agreements. An overwhelming majority of these are seasonal workers employed in Germany. Polish workers are allowed to take up legal job in selected sectors<sup>28</sup> of German

<sup>27</sup> Even if the data on Polish seasonal workers is not considered (see below).

<sup>28</sup> Polish workers were allowed to take up jobs in such sectors as agriculture, construction and exhibitions. In 1993 due to the German labor market conditions construction has been excluded from the sectors available for the Polish seasonal workers.

economy according to a series of bilateral agreement concluded in 1990 between the governments of Germany and Poland. Soon after the bilateral agreements on labour migration between Germany and Poland came into force, the flow of seasonal migrants from Poland increased rapidly. Already in 1991 approximately 78,600 seasonal Polish workers entered Germany, while in 1992 - 137,000 arrived. Since 1994 a steady increase has been observed – in consequence, in 2002 over 300,000 and in 2005 over 320,000 seasonal workers were registered. Nowadays, seasonal workers' flow to Germany constitutes probably the most significant form of migration from Poland.

After the May 1<sup>st</sup> 2004 the above presented data can be supplemented by immigration related data from countries which instantly opened their labour markets for Polish workers. The WRS data – published regularly by the Home Office - shows that the total number of workers from the EU8 countries registered in the UK between May 2004 and March 2006 amounted to 392,000.<sup>29</sup> Migrants from Poland constituted over 60% of above presented numbers, making it thus the most important sending country (cf. Figure 5 in the annex) – as of 31 March 2006 the number of applicants from Poland was 228,235. The WRS data provided quite precise picture of the contemporary migration to the UK (at least if we assume that the number and structure of application may serve as a proxy of “real” migration to the country). The data revealed that migrants to the UK are predominantly young persons, among them more than 80% aged 18 to 34 and males. Only 5% of the registered workers moved with their dependants what, in fact, suggests that it is a short-term migration only<sup>30</sup>.

From the above presented data it follows that it would be hardly possible to draw a comprehensive and reliable picture of contemporary migration from Poland. Almost all quoted data sources are marked by serious shortcomings. There is no reliable data on illegal migration to such countries as Germany, the UK or Ireland<sup>31</sup>. One has to remember that irregularity was one of the most important features of Polish migration in the 1990s. The British example shows clearly how complicated is to forecast migration in a dynamically changing environment. Prior to the decision on the labour market opening, British government attempted to estimate the potential post-enlargement labour flows. The outcome was rather low – number of annual inflow from all accession countries was estimated at

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<sup>29</sup> German Economic Institute (DIW) made an evaluation of the above presented data and reached a conclusion that, in fact, in the period May 2004 – April 2005 only 50,000 instead 175,000 migrations were recorded. The difference is due to the fact that each registration represents one job and not necessary one migrant and that according to the estimates of Home Office more than 40% of registered migrants were present in the UK prior to the accession and just used the opportunity to legalize their stay abroad (Traser 2005). However, based on the Labor Force survey data Portes and French (2005) showed that the WRS depicts the migration phenomenon quite precisely although they suggest that many of the newcomers left country after few months.

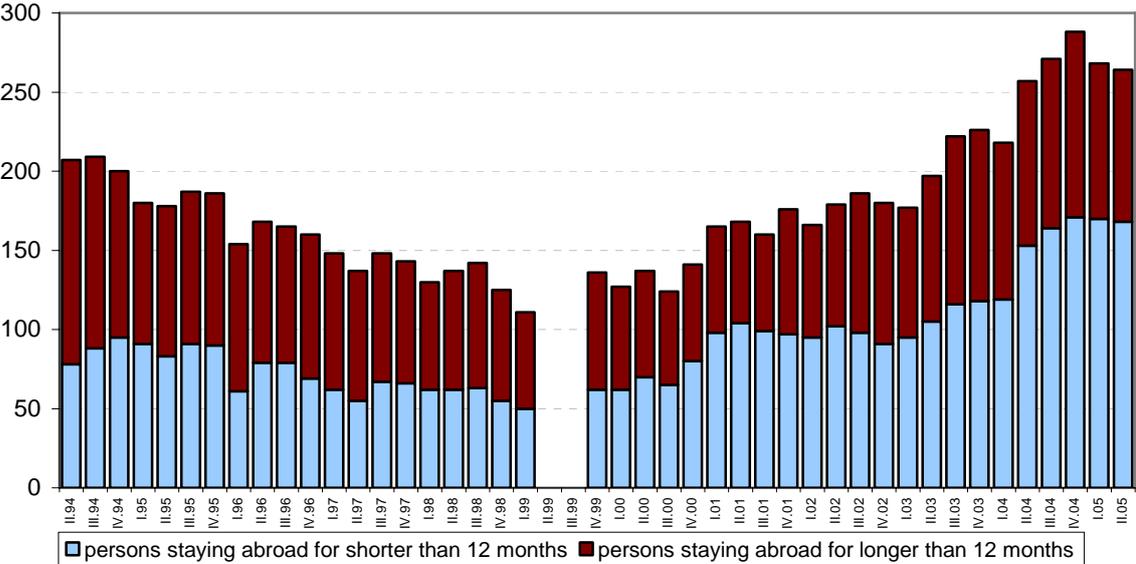
<sup>30</sup> Similar program was applied in the case of Ireland. The registration obligation refers to the Personal Public Service Number (PPS) which is necessary to be employed legally. From the data provided by Irish Ministry of Social Affairs and Family it follows that between May 1<sup>st</sup> 2004 and the end of February 2005 more than 30,000 Polish citizens have registered with the system. The increase was spectacular – comparing with 2003, the number of applications from Poland was 7 times higher. Moreover, when comparing to the Irish population it turns out that in proportion to its population Ireland became top destination for migrants from CEE countries. Most recent data indicates over 75,000 Polish workers registered in Ireland since May 2004. In case of the third country which opened its labor market for Polish citizens – Sweden – there exist data on registered immigrants only. The data indicates that the inflow is marginal in both absolute and relative terms (Kaczmarczyk, Okólski 2005).

<sup>31</sup> In the late 1990s, various studies estimated the scale of irregular employment of Polish migrants in Western host countries at a minimum of 150,000-200,000 annually.

5,000-13,000 which constitutes less than 10% of recorded registrations to the WRS. This difference is partly due to methodological problems with the data base – e.g. we do not know how many applicants stayed in the UK prior to the accession and how many decided to leave after completion of the registry – but the major argument relates to the very fact that only three countries decided to open their labour markets for citizens of “new” member countries. Nevertheless, few important features of contemporary migration from Poland are obvious while analyzing the existing data on migration:

- The first one is the predominance of labour migration. LFS data imply that between 70 and 80% of migrants work during their stay abroad, and the share of migrant workers in the 1990s thru 2005 was relatively stable (cf. Figure 10). Studies conducted in 1990s and 2000s by CMR have shown that economic motivation is by far the most important among all reasons to migrate from Poland.
- Secondly, more and more evident is the predominance of short-term migration - a significant part of all temporary migrants (60-70%) stayed abroad for shorter than 12 months (cf. Figure 11).

**Figure 11. Polish migrants by length of their stay abroad, 1994-2005 (in thous.)**



Source: Labour Force Survey

The number of such people increased considerably, particularly in the late 1990s and in early 2000s. To compare: short-term migrants (staying abroad for longer than 2 months but shorter than 12 months) amounted to 60% in 2004, 53% in 2003 and 48% in 1995. It follows from Figure 5 that in the early 2000s the increase in outflow volume was almost exclusively a result of raising short-term mobility: the number of migrants who were staying abroad for shorter than 12 months more than doubled between 2000 and 2005. At the same time the number of persons staying abroad for longer than 12 months remained relatively stable. If we take into consideration the fact that LFS data do not include seasonal workers who usually

stay abroad for less than 2 months, we can conclude that temporary mobility has become an important feature of contemporary Polish migration.

- Despite of institutional changes concerning the openness of labour markets in the “old” EU member states, the structure of migrants as far as the destination countries have not changed much. That is particularly true if, again, we take into consideration seasonal migration to Germany – still, the most important (in absolute terms) migration stream from Poland. However, the portfolio of destination countries is changing slowly with Germany as losing its top position and the UK and Ireland as gaining from the newest migration from Poland. Figure 4 in the annex shows that while the number of migrants heading to Germany remains more or less stable over time, the number of people choosing other destinations increased dramatically since 2000 and then after the EU accession and opening new labour markets for Polish citizens. This refers particularly to migration to the UK, Ireland, Italy and Spain.
- Traditionally, an important role in Poles’ mobility was given to the emigration of individuals carrying high quality human capital<sup>32</sup>. The various data shows that situation has changed during transformation. According to the official data 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. The same results provided studies conducted both in Poland and in the receiving countries. (Kaczmarczyk 2005, Korczyńska 2003). However, the structure of migrants has changed in the second half of the 1990s as a consequence of the educational breakthrough and to the economic crisis, particularly the deteriorating situation on the Polish labour market. According to the 2002 Population Census, 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 (or equivalent) was by 2.7 points (36%) higher, and the percentage of migrants having another type of higher degree (engineers etc.) was by 0.7 point (26%) 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. The UK case is particularly unique – among the migrants who left after 1997 (aged 15+) the share of the university graduates was 25% (for Germany – 11%) (cf. Figure 9).
- Regardless of the fact that Polish migrants are, at least to some extent, positively selected with respect to the human capital, they are concentrated predominantly in the secondary sectors of receiving economies and taking jobs in “typical” migrant sectors

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<sup>32</sup> According to Sakson (2002), of almost 700,000 emigrants, who left Poland between 1981 and 1988 15% had higher degree and further 31% had completed a secondary school. At the same time the share of people holding university degree in the total population was ca 7%, so there has been a great overrepresentation of emigrants with a good quality of human capital in relation to the whole population of Poland.

such as construction, agriculture, cleaning, restaurants, hotels (Kaczmarczyk 2001, Grzymała-Kazłowska 2001, Kaczmarczyk and Łukowski 2004).

### **3.12. The Baltic states – an area of newly revealed migration potential**

With regard to emigration flows from the Baltic States, the period since gaining the independence can be divided into several phases. The first, from 1990 to 1995, may be characterized by mass outflow of Russians, Ukrainians and Byelorussians and by intensive, but short-lasting labour migration to West European countries. The latter flow may be viewed as a “reconnaissance” migration once the freedom of movement has been restored. In the second phase, 1996-2003, migration forms and routes have already been established. In fact, individual commercial migration, which was previously the dominant pattern of labour outflow, has been replaced by both legal and illegal, but temporary work trips into West European countries. For instance, out of Estonians who have worked abroad, 47% returned to the home-country in three months (Kallaste, Philips 2004). Main destination countries are spread all over Europe: from Scandinavian countries, such as Sweden, Norway, Denmark and Finland, then West European countries, such as Germany, France, Ireland and the United Kingdom, until, at last, South Europe represented mainly by Spain.

The exception for temporary labour movements in this period is consistent flow of Estonian citizens to Finland. In the years 1995-2004 over 9,000 Estonians have permanently moved to this neighbouring country and Estonian Diaspora is estimated at 14,000 persons (Vilkama, Keskinen, Sorainen 2005). Despite such a marginal number, that would constitute 1% of Estonian society. Of great significance is that this migration flow did not consist of ethnic Ingrians only, but also of Estonian labour migrants, recruited by Finnish companies. Several recruitment programs, especially among high-skilled workers (Vörk, Kallaste, Priinits mention physicians and nurses), have been conducted by Finnish, Swedish and Norwegian companies.

Several survey studies unravel large labour migration potential in these countries. Migration potential in surveys can be defined in different ways: as percentage of respondents who would like to migrate, of respondents who plan to migrate, or of respondents who have already made some first preparations to migrate, which can approximate the volume of future migration stream. The following examples focus on the two last categories:

- According to the Survey of Living Conditions, conducted in 1999, 2.5% of Lithuanian citizens intended (planned) to go abroad both for living and labour purposes in next three years (Gruzevskis 2004);

- According to the survey on health care workers<sup>33</sup> conducted by PRAXIS Centre for Policy Studies in 2003, 5.4% Estonian physicians and nurses had definite plans to work abroad (Vörk, Kallaste, Priinits 2004);

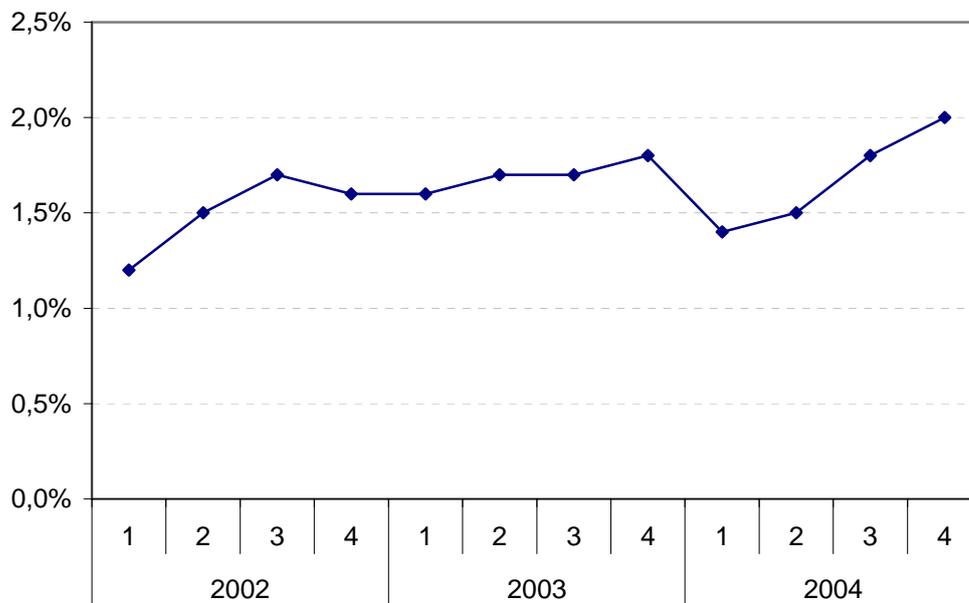
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<sup>33</sup> Entitled: „The emigration potential of health care workers from Estonia: the extent of potential emigration, impact on the additional need for health care workers, and policy alternatives”.

- To compare, 3.1% of the Estonian population aged 15-64 wanted to emigrate definitely and permanently according to the survey conducted by PRAXIS Centre for Policy Studies in 2003 in Estonia (Kallaste, Philips 2004).

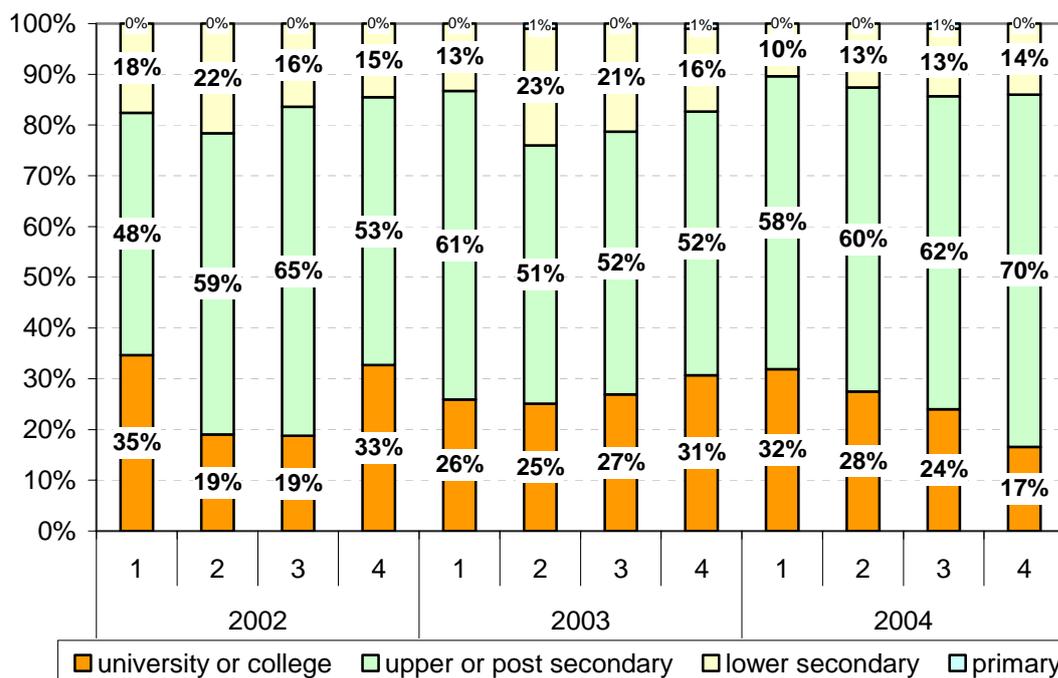
According to the Labour Force Survey (LFS), in 2002-2004 the labour migration of Lithuanians oscillated around 1.6% of economically active population (Figure 12). Although this percentage only slightly increased in the second half of 2004, directions of migration have drastically changed. Germany, Estonia, Russia, Ireland and the United States, the main destination countries in 2002, became dominated in 2004 by the United Kingdom and, at the second place, Germany. Migrants are young (on average 10 years younger than non-migrants) and well-educated, though the percentage of those who has finished university or college fluctuates from 17% to 35% (Figure 13). This fluctuation may result from nonrepresentativeness of this study for the labour migrants.

**Figure 12. Labour migration as percentage of economically active population, Lithuania**



*Source: Authors' calculation on the basis of LFS.*

**Figure 13. Education structure of international labour migrants, Lithuania 2002-2004**



Source: Authors' calculation on the basis of LFS.

Undoubtedly the May 1, 2004 has started a new phase in labour emigration from the Baltic States. According to the International Passenger Survey (IPS) that tracks all foreigners entering the United Kingdom, the number of Lithuanians, Latvians and Estonians visiting this country increased in the years 2003-2005 almost four times (from 65,000 to 249,000). Next, the total of WRS applicants in the United Kingdom was at the end of 2005 over 44,700 for Lithuanian, 23,000 for Latvian and 4,600 for Estonian workers. These numbers constitute in respective countries 1.9%, 1.4% and 0.4% of population aged 15-64. Out of all EU8 citizens Lithuanians possess the greatest propensity to migrating to the United Kingdom (Table 5).

**Table 5. Number and percentage of WRS applicants from the EU-8 countries in the United Kingdom, 1<sup>st</sup> May 2004 - 31<sup>st</sup> December 2005**

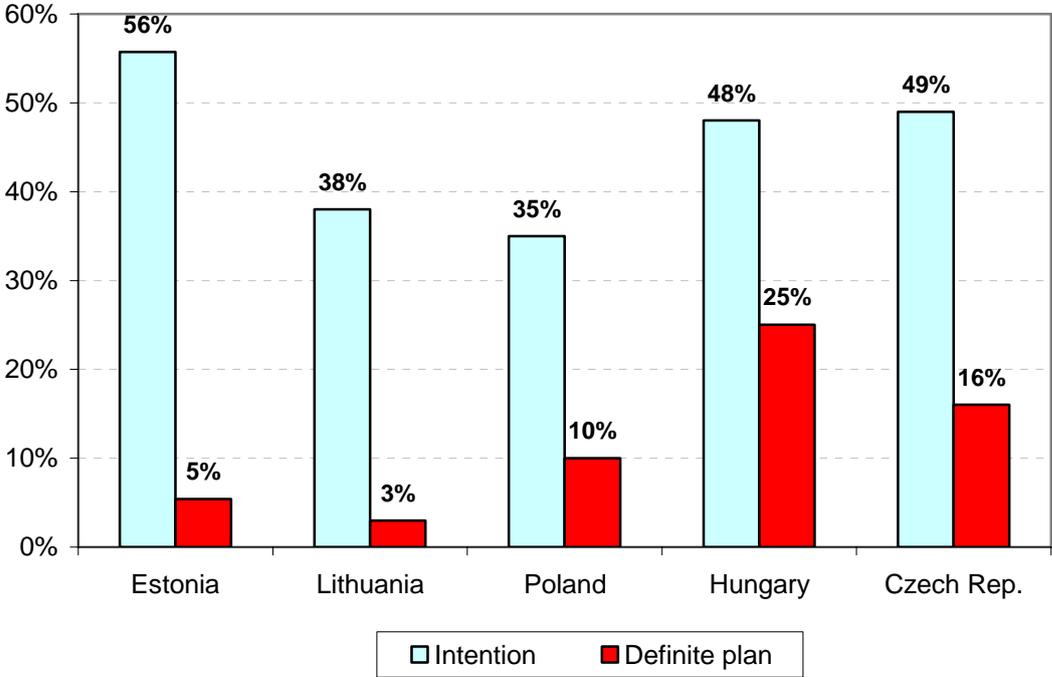
Nationality	N	As % of sending population aged 15-64
Total	344,630	-
Czech Republic	20,005	0.3
Estonia	4,680	0.4
Hungary	10,345	0.1
Latvia	23,030	1.4
Lithuania	44,715	1.9
Poland	204,895	0.7
Slovak Republic	36,355	0.9
Slovenia	340	0.0
Other	265	-

Source: Accession Monitoring Report May 2004 – December 2005 (2006).

The mass emigration from the Baltic States may have negative consequences for labour markets of sending countries. If many highly-skilled and employed persons leave the home-country for permanence, labour shortages will arise at labour market. A first warning signal for the Lithuanian labour market was already observed in May 2004, when for the first time national labour office registered more vacancies (16,500) than unemployed individuals (15,700) (Aidis, Krupickaitė, Blinstrubaitė 2005).

The research on Polish migrants working seasonally in Germany reveals that most migrants are constantly employed in the home-country. No such survey has been conducted in the Baltic States. Estonian survey conducted in 2003 among the persons at working age unravels only intentions for future migration (Kallaste, Philips 2004). Students and employed persons are more prone to migrating (61% and 53%, respectively, would like to work abroad for some months) than the unemployed and economically inactive (34% and 27%). As far as the high-skilled persons are concerned, in 2004 almost 26% of Lithuanian doctors and nurses planned to seek employment abroad. Already quoted research conducted among Estonian health care professionals gave the result of 5.4% respondents (which is about 700-800 individuals) who had definite plan to work abroad, 17.9% who developed such plans and 32.3% who had vague plan. All in all, 44.4% of respondents did not take the migration into account. Migration intentions of medical professionals are even stronger in other EU8 (Figure 14).

**Figure 14. Migration intentions of health care professionals in selected countries, 2004.**



Source: Vörk, Kallaste, Priinits (2004).

From the above-presented results emerges a dramatic picture of mass students' and professionals' outflow. Paradoxically, the same surveys reveal temporary character of intended emigration. Out of all Estonian medical professionals who want to work abroad, 6.5% want to leave the home-country for permanence, while 44.5% for couple of years and 22% for couple of months. The percentages of physicians and nurses who want to emigrate permanently (in those who want to emigrate at all) are for Poland 25%, Czech Republic 11%, Hungary 7% (Vörk, Kallaste, Priinits 2004) and Lithuania 5% (Aidis, Krupickaitè, Blinstrubaitè 2005). According to the survey research of Estonian working age population, in 2003 out of total at working age 3% would definitely like to work abroad permanently, while further 6% for some years.

To conclude, the Baltic States citizens, especially Lithuanians and Latvians, possess the greatest propensity to working abroad out of all EU8 nationals. Baltic migrant workers are well-educated and young. Still, the key factor that determines possible consequences for the Baltic labour markets is duration of stay abroad. Past migration trends and survey research results indicate a temporary character of labour migration. All in all, there are already specific labour shortages in the Baltic States, for instance of qualified workers, engineers and programmers, and, thus, these countries will face the need for importing foreign labour force.

### **3.13. Common features of migration in the EU8 countries**

By all means the outflow from EU8 in recent 10-15 years has been relatively low. It was lower in the transition period than before despite the fact of much greater freedom of international travelling. Only one country in that group (Poland) matters in migration to EU15, and from no country is the outflow significantly high to within the region or outside of the European Union.

There is a strong propensity among people leaving EU8 countries to become a temporary migrant and a low propensity to settle abroad. Many forms of the outflow that were popular in the pre-transition period, such as migration of ethnic minorities (notably *Aussiedlern*) and out-movement of asylum-seekers have become non-existent, and even the movements of false tourists that gained importance in the early years of the transition have recently (especially after May 1, 2004) found themselves in the decline (cf. Figures 3 and 4). The problem with migration from EU8 can justifiably be reduced to the problem of migratory potential of Poland. The crux of the matter here is still a very large number of low skilled residents of stagnant small towns and villages for whom Poland alone can offer no career prospects. Another problem, although of more conjuncture-type, is presently limited employment opportunities for the young and well educated.

Generally, looking at migration data it is possible to distinguish few important features of contemporary migration from the EU8 countries:

- The most important feature is the predominance of short-term movements as it was clearly indicated by Polish case – this country only sent around 300,000 – 350,000

seasonal workers abroad on annual basis and this particular migration constituted probably the most important migration stream till the May 2004.

- The majority of all movements since 1990 constitute labour migration. Other flows, such as repatriation or ethnicity-based migration were important in a few countries only, particularly in Poland and the Baltic States. However, even in those cases not economically driven flows have been almost exclusively eliminated in the second part of 1990s.
- Another important trait of migration in EU8 countries is its two-tier legal status. Due to institutional (migration policy) and economic factors (profitability of migration, see below) only a relatively small portion of all labour movements can be channelled into the regular sphere and thus migrants very often fell into irregularity.

### 3.14. The economics of East-West migration

The theoretical overview presented in an earlier part of this report provided a picture of contemporary migration theories. The literature on migration is plentiful and offers a variety of approaches based on different scientific disciplines. However, the most influential one refers to the neo-classical economics. According to this approach, labour migration is to be perceived as a response to labour market disequilibria manifesting themselves in wages/incomes disparities and differences in employment opportunities. Looking at the East-West migration from this perspective, we can easily explain at least part of observed movements.

The GDP per capita is perceived as a relatively good measure of the level of economic development (or development gap) and at the same time as the proxy of individual incomes supposed to be major factor in migration decision-making process. Table 6 provides information on basic macroeconomic aggregates – GDP per capita and growth of real GDP – for the EU8 countries and major destination countries.

**Table 6. GDP per capita and growth rate of real GDP in the EU15 and EU8 countries**

	GDP per capita in Purchasing Power Standards (PPS) (EU-25 = 100)				Growth rate of real GDP		
	1996	2000	2004	2005	2000	2004	2005
EU-25	100.0	100.0	100.0	100.0	3.9	2.4	1.6
<b>E-15</b>	<b>109.5</b>	<b>109.8</b>	<b>108.6 (f)</b>	<b>108.2 (f)</b>	<b>3.9</b>	<b>2.3</b>	<b>1.5</b>
France	112.8	113.6	109.3	108.9 (f)	4.1	2.3	1.5 (f)
Germany	118.0	111.9	108.6	108.1 (f)	3.2	1.6	0.9
Ireland	102.2	126.1	137.0	138.4 (f)	9.2	4.5	4.7
Spain	86.9	92.3	97.6	98.3 (f)	5.0	3.1	3.4
United Kingdom	109.0	112.5	116.2	115.9 (f)	4.0	3.1	1.8
Czech Republic	70.0 (e)	63.7	70.3	73.3 (f)	3.9	4.7	6.0
Estonia	34.7 (e)	41.0	51.2	55.8 (f)	7.9	7.8	9.8
Hungary	48.4 (e)	52.9	60.1	61.9 (f)	6.0	4.6	4.1
Latvia	30.2 (e)	35.4	42.8	46.8 (f)	6.9	8.5	10.2
Lithuania	34.7 (e)	38.1	47.8	51.0 (f)	3.9	7.0	7.5
Poland	42.1 (e)	46.8	48.8	49.8 (f)	4.2	5.3	3.2
Slovenia	68.9 (e)	72.8	79.1	80.9 (f)	4.1	4.2	3.9
Slovakia	45.5 (e)	47.1	51.9	54.2 (f)	2.0	5.5	6.0

(e) estimated value

(f) forecast

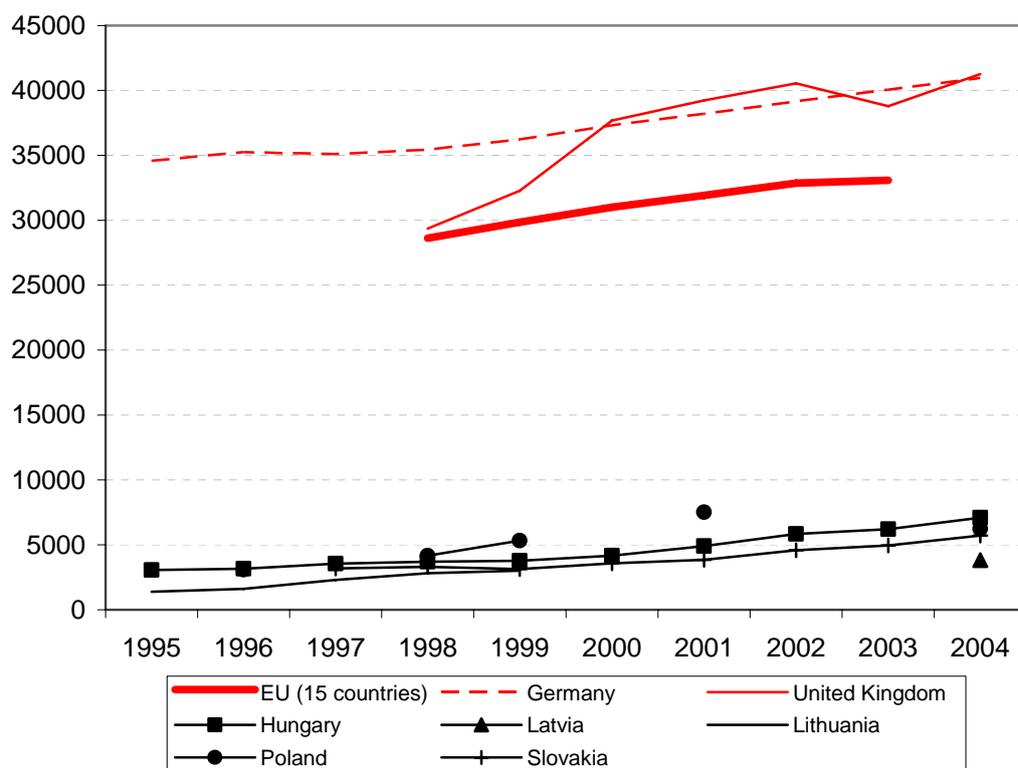
Source: EUROSTAT

If we confront the above presented data with the data on migration intensity from a given country we can conclude that both groups of factors may be responsible for observed East-West migration streams. All EU8 countries are seriously lagging behind the major destination countries. It is particularly true in case of Poland, Slovakia and the Baltic States where GDP per capita is more or less the half of the EU25 average. However, they experience extraordinary economic growth as indicated by the growth rates of real GDP. This, in turn, decreases the migration potential of the region and should influence expectations concerning future economic prospects which additionally impact propensity to migrate. On the other

hand, rising incomes may create additional migration streams because bigger numbers of potential migrants are able to bear entry costs (so-called migration hump).

According to the major migration theories a key pro-migratory factor is wage differentials. In case of East-West migration we face some difficulties with proving this thesis. A majority of all migrants is employed in the secondary sectors of receiving economies, and additionally very often illegally, so there exist no reliable data on wages differentials. Figure 15 includes information on average gross earnings in the EU8 countries and major destination countries.

**Figure 15. Average gross annual earnings in industry and services in the EU8 countries and major destination countries (in ECU/EUR)<sup>34</sup>**



Source: Authors' elaboration based on the EUROSTAT data

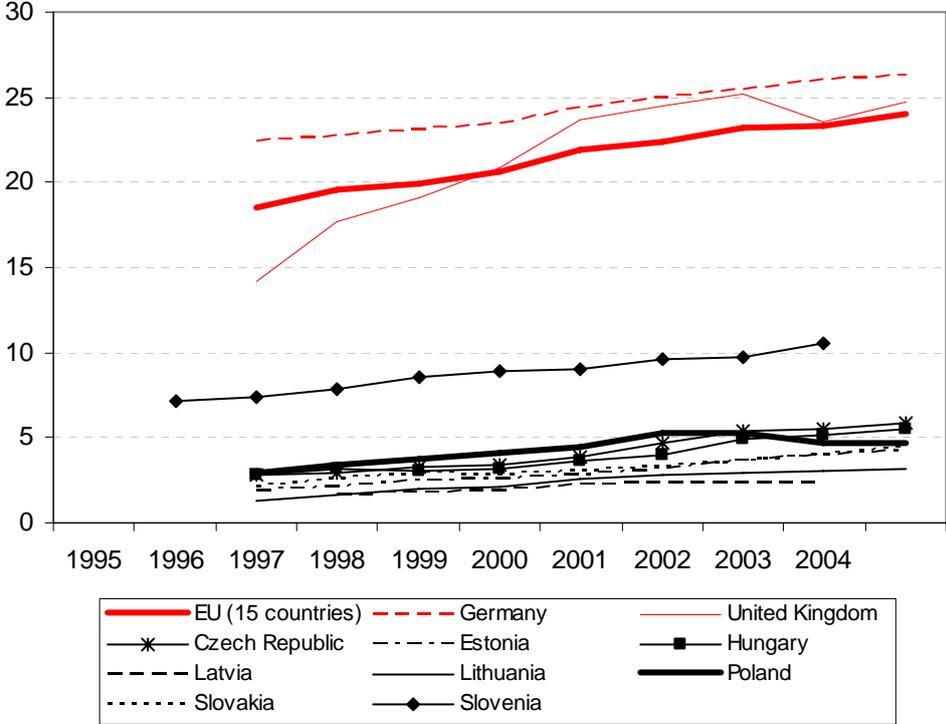
From the figure 15 it follows that serious earnings differentials still exist – in case of most important sending countries in the region (Poland, Slovakia, Baltic countries) earnings abroad are six-seven times higher. These differentials may be even higher in case of particular professional groups. As a perfect exemplification medical professionals may serve. The average annual earnings of doctors in Poland amount about 4 500 GBP; in the UK and Germany they can earn even 50 000 GBP annually. This, in turn creates a huge migration potential.

The same holds true in case of labour costs. Figure 16 includes data on hourly labour costs in CEE countries and selected EU-15 countries. The pattern is similar as observed in case of annual earnings. Additionally, from the presented data it follows that employers in

<sup>34</sup> Earnings of full-time employees in enterprises with 10 or more employees.

Western Europe face serious benefits when employing workers from the EU8 countries, particularly in illegal way.

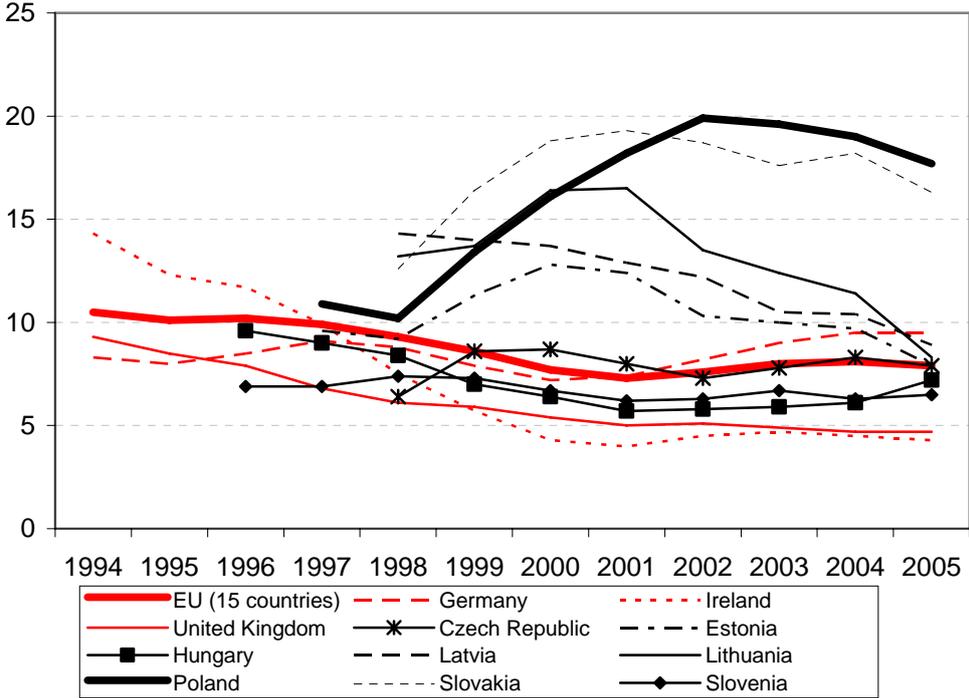
**Figure 16. Hourly labour costs in the EU8 countries and major destination countries (in ECU/EUR)**



Source: Authors' elaboration based on the EUROSTAT data

The other group of factors relates to the situation on the labour market. According to the human capital approach, the unemployment rate can be perceived as a proxy of a probability of finding a job and thus is treated as a major push factor. From the data presented in figure 17 it follows that the most serious disequilibria on the labour markets face Poland, Slovakia and the Baltic States.

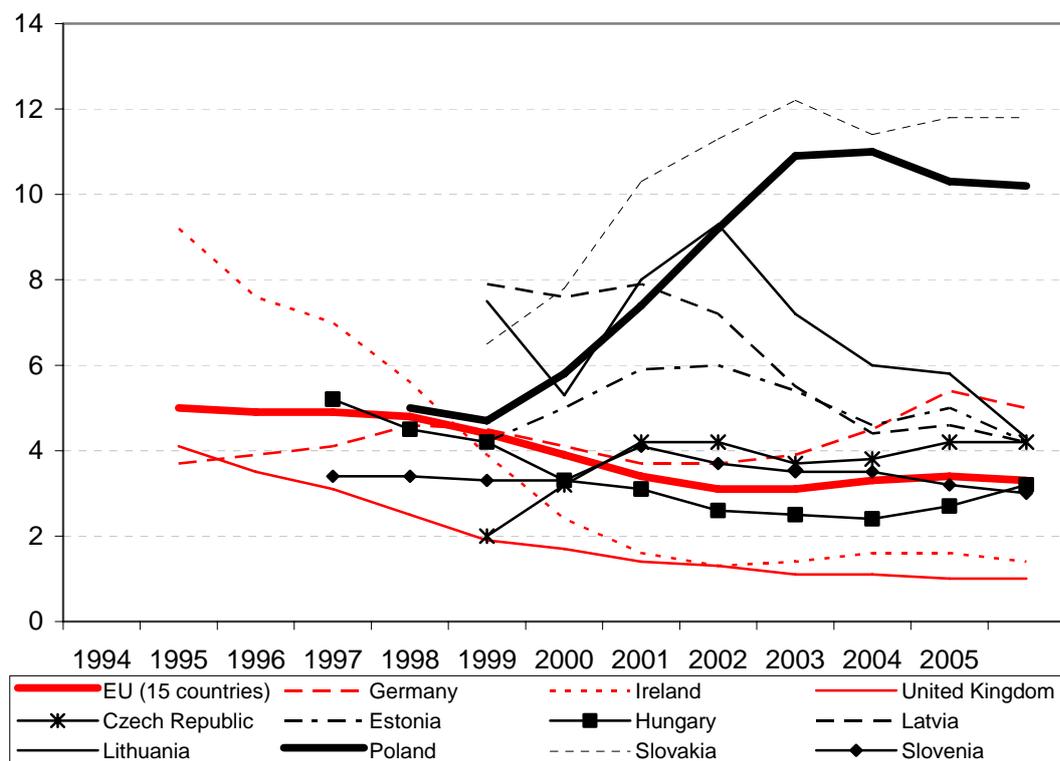
**Figure 17. Unemployment rates in the EU8 countries and major destination countries (in %)**



Source: Authors' elaboration based on the EUROSTAT data

The economic transition in the CEE countries was closely linked to the worsening of the situation on their labour markets. A typical example is Poland, where unemployment reached very high level in the early 1990s, then decreased slightly and started to rise again in the second half of the 1990s. Recently, the unemployment rate for the whole country exceeded 15%, in a few regions it was as high as 25 or 30%. Additionally, a large part of unemployed constitute people who are without job for more than 12 months (Figure 18). The analysis of current situation clearly suggests that Polish labour market is marked by serious structural mismatches of skills or geographical distribution of available jobs and unemployed.

**Figure 18. Long-term unemployed (12 months and more) as a percentage of the total active population in the EU8 countries and major destination countries**



Source: Authors' elaboration based on the EUROSTAT data

From the above presented data it follows that in case of few EU8 countries, particularly Poland and Slovakia, situation on the labour market worsened significantly since late 1990s. This, in fact was reflected in increase in migration streams from the region. Thus, unemployment (or risk of being unemployed) can be easily presented as the major push factor. However, the situation on the labour market did not coincide with the increase in rate of permanent migration. In contrary, as it was stated above, the rate of registered out-migration stabilized at relatively low level. It does not mean that people unable to find employment in the country did not seek job abroad. Migration studies conducted in Poland and other countries of the region showed that citizens of the CEE countries engage on a massive scale in short-term or even pendular movements and take up jobs abroad even on a very short-term basis (see below).

Bijak et al. (2004) emphasized that in the case of CEE countries, two other factors related to the labour market may have significant impact on migration propensity: the scale of employment in agriculture and in the heavy industry (under privatization since 1990). Both sectors are technologically backward and marked with very high employment rates (as for European standards). The restructuring of these sectors generate additional unemployment which, in turn, may inflate the migratory potential. This point seems to be particularly well taken with regard to agriculture: countries from the region with the highest share of

employment in agriculture are marked with relatively high rates of migration<sup>35</sup>. These push factors are operating in the same direction as pull factors associated with the receiving countries, namely strong structural demand on foreign labour in agriculture (see below).

The above presented issues were addressed in the econometric model presented by Kaczmarczyk (2005). The author tested the impact of selected macroeconomic variables on the scale of migration from Poland to Germany in the pre-accession period (1993-2002)<sup>36</sup>. As dependent variable data on Polish labour migrants staying in Germany for longer than 2 months was used (LFS data), as explanatory variables served: GDP per capita in Poland and in Germany, unemployment rates in both countries and export from Poland to Germany. The outcomes of the model generally proved the propositions resulting from the neo-classical approach. First and foremost, the scale of migration between Poland and Germany to a large extent can be explained by macroeconomic factors related to both countries. There exists long-term relationship between situation on the labour market, both in Poland and in Germany, and migration. Moreover, the factors associated with the Polish labour market turned to be the most powerful explanatory variables. As in many other studies, the relationship between GDP per capita and migration was insignificant (but positive which suggests that there is a migration hump observed).

From the previous part it follows that macroeconomic factors – per capita incomes differentials and labour market incompatibilities may be treated as responsible for major migration trends in the EU8 countries. However, few important factors fail to be explained, particularly stable demand on labour in Western countries and mechanisms of mobility (e.g. short-term migration strategies).

An important factor influencing scale and forms of migration from the CEE countries is strongly related to the situation on the labour markets in the receiving countries. The case of the German labour market and employment of seasonal workers, in particular, may serve as a perfect exemplification of this argument. The thesis is that foreigners are concentrated in the secondary segment of the German labour market, and that they follow career/occupational mobility patterns different from those of the native population. This situation is a direct consequence of guest working system of 1950s and 1960s, but it has also far-reaching consequences for contemporary labour migration to Germany.

Various studies have shown that the position of immigrants and natives on the German labour market differs significantly (Szydlik 1991, Constant and Massey 2003). Moreover, these differences cannot be easily explained by different skill levels or human capital quality. Studies conducted by the German researchers have shown that overrepresentation of foreigners in the lower segments of labour market is not a result of qualification gap, but of systematic discrimination in the access to more qualified jobs. This was particularly true in the case of the so-called “new immigrant groups” – ethnic Germans and immigrants from

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<sup>35</sup> The share of those employed in agriculture in 1998 equaled 19.2% in Poland, 21.0% in Lithuania, 18.8% in Latvia, on the other hand 5.3% in Czech Republic and 7.7% in Hungary (Bijak et al. 2004).

<sup>36</sup> Regarding the methodology, a long-term equilibrium between migration and macroeconomic variables with error correction mechanism was estimated.

CEE countries (Seifert 1996, Szydlik 1991, Velling 1997). Constant and Massey (2003) found that foreigners are less able than natives to translate their human capital into occupational status. They concluded that in the case of the German labour market there is a significant degree of ethnic discrimination in the allocation of people to sectors and jobs, but there is no evidence of earnings discrimination.

When an excess demand for workforce in the secondary sector cannot be satisfied, the demand for migrant workers is supposed to increase. That was one of the most prominent reasons for signing a set of bilateral agreements with selected CEE countries. In theory, this opening of labour market was regulated in a very restrictive and precisely defined way - workers can only be recruited if no German or foreigner, residing in Germany, is available for the respective job, a German employer can hire East European workers for up to three months a year – many of the rules remind the guest-worker system as known from 1950s and 1960s.

Data collected through nationally representative survey of Polish seasonal workers and through qualitative research among German employers shows very special place this migrant group occupies on the German labour market (Kaczmarczyk and Lukowski 2004, Dietz 2004). Polish seasonal workers are concentrated in only few sectors of German economy, particularly in agriculture (over 90%). Jobs are very simple and do not demand any qualifications, they are performed in difficult conditions and can be easily described as 3-D jobs. Although seasonal workers from Poland do not have an important weight in the foreign labour force in Germany (approximately 2.5%), their share in the seasonal agricultural labour force is very significant (nearly 90%) – according to German estimates they constitute a crucial factor for functioning agriculture in few German regions (cf. Dietz, Kaczmarczyk 2006). A number of studies proved that situation of Germany is not unique, rather, demand on foreign labour is a structural feature of most Western labour markets<sup>37</sup>.

From the data presented in previous part, it follows that, at the first sight, the situation of CEE migrants in the UK might be quite different. The data revealed that migrant workers from the “new” member countries tend to concentrate in a few sectors only, namely in administration, business and management (32%), hospitality and catering (22%), agriculture (12%), manufacturing (8%) and agriculture related sectors (5%)<sup>38</sup>. In absolute terms, the most migrants applied for work in the administration, business and management sector (63,000). However, the above presented picture may be misleading. Considering the information on the occupations of applicants from accession countries it turns out that they undertook predominantly simple jobs which do not demand high skills. Among the top occupations we found first of all such posts as process operative (over 70,000 applicants till December 2005), packer (19,000), kitchen and catering assistant (18,000), warehouse operative (17,000), cleaner, domestic staff (14,000), farm worker (13,000), waiter/waitress (13,000). The biggest

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<sup>37</sup> That the heterogeneous structure of the contemporary labour markets truly exists has been proved through analyses conducted for the US and Canada (cf. e.g.: Rivera-Batiz 1998, Borjas 1994, Card 1990, Grossman 1982), as well as for the Western European countries (cf.: Fassman et al. 1995, Velling 1997, Werner 1996, Fassman, Münz and Seifert 1997, Biffi 2002).

<sup>38</sup> Due to the very nature of work, the employment in agriculture is strictly seasonal – during the summer time the share of employment in this sector was higher than 20%.

group of workers was classified as process operatives (other factory worker) (36%) and was followed by catering assistants (10%) and packers (9%) (Accession Monitoring Report 2006). Thus, the mechanisms of this migration seemed to be quite typical to contemporary mobility from Poland, at least when looking from the demand side.

Massive inflow of migrant workers to the UK raises the question on absorptive capacity of the UK labour market. In fact, information about a huge potential of this market as reported by the media played an important role in creation of an additional migration potential in the EU8 countries. E.g. prior to the EU enlargement Polish media reported on a few million vacancies in the UK economy waiting for immigrants from CEE. According to the data from the UK National Statistical Office, these numbers were largely exaggerated. In January 2004 the number of vacancies in industry amounted to 560 thousand. Interestingly, this number remains more or less stable since early 2000s – in June 2001 about 667 thousand were recorded, in May 2006 nearly 600 thousand. The latter number shows that, firstly, there is a strong demand for labour in the UK economy and, secondly, despite of massive inflow of migrant workers from the EU8 countries the equilibrium has not been reached. It may suggest that relation between migration and receiving labour markets is far more complicated than foreseen by the neo-classical approach, and is near to the vision proposed by the dual labour market theory (channels into labour market for foreigners and native labour force may differ significantly).

Summing up above presented arguments, we can assume that in case of major destination countries migrants from the CEE countries face relatively unlimited demand on (mostly unskilled) labour which cannot be easily filled by the native labour force. This explains why in the case of the CEE countries push factors are of relatively bigger importance than pull factors (Orłowski 2000).

The CEE countries used to be perceived as net emigration countries and the "permanent emigration" to the West was their most typical characteristics. Those movements were practically the only form that counted in the past migration statistics in the region (i.e. prior to 1988), although it was a massive process in a few cases only. However, probably the most striking feature of the migration in the transition period is the shift from settlement migration to temporary or even circular movements. The shift described above can be interpreted in with regard to political, economic and social factors.

The first group of factors is related closely to changes in migration policies, in both sending and destination countries. In the pre-transition period (1950-1988), many Western countries occasionally opened "side doors" for the immigration from the CEE and although they did it for specifically defined and exclusive groups of migrants, it in fact created particular mechanisms of settlement migration. Since 1989, the West has gradually undertaken steps to close the doors for the people arriving from the CEE countries. As it follows from the data presented above, these changes appear to have had only moderate impact on mobility of e.g. Polish population (cf. Figures 10 and 11). It is mainly due to the fact that in many countries of CEE emigration is no longer the only mobility option. One of the reasons for this has been the

adoption of liberal exit rules which enable migrants to go and return at any time, and to do so as many times as they wish. This, in turn, opened the way for short-term migration strategies.

Moreover, in that period a deep change in the migration-related cost-benefit ratio took place. With the dramatically rising cost of permanent migration (removal of institutional protection of migrants, increased risk of deportation, etc.) and the lack of any meaningful rise in benefits (the likely increase in earnings was unlikely to match a sharp decrease in the purchasing power of money remitted by a migrant to a home country, income / wage gap is getting smaller), movements involving short distances and a relatively short stay abroad became much more profitable.

Temporary migration can be hardly described in terms proposed in the neo-classical economic framework where it is assumed that there is only one migratory option available, namely settlement one. On the contrary, temporary or circular mobility seems to be obvious consequence of rationale proposed by NELM where it is postulated that people can act collectively not only to maximize expected incomes but also to minimize risk and to loosen constraints associated with various kinds of market failures. In fact, migrants sending countries are usually characterized by serious market failures, i.e. markets are absent or do not work properly. This is particularly true in case of the most CEE countries that are experiencing shift from socialist to free market economy. The new reality is therefore marked by significant market failures (particularly labour market, but also credit market, insurance market etc.) which result in many risks for all participants of the process of change. Migration can be perceived as a means to reduce such risks and thus become a kind of social protection strategy. In the context of the relative deprivation approach, the decision to move permanently will change the reference group and very likely lead to such a situation that migrant will end in the lower strata of income distribution with higher relative deprivation, and thus with lower satisfaction (utility). This argument seems well taken with regard to CEE societies. On the one hand, since the beginning of transition the inequality as measured for example by Gini coefficient increased dramatically<sup>39</sup>. On the other, labour migration remains an effective way to improve the economic (and social) position within sending society. Both arguments easily explain why so many people tend to migrate only temporarily.

Another theoretical argument showing why temporary mobility can be more beneficial than permanent migration relates to the very nature of mobility / immobility. Mobility is usually perceived as natural and very beneficial process (e.g. according to economic theory). Within the so-called insider-advantage approach Fischer, Martin and Straubhaar (1999) claimed that an important part of the abilities and assets of every human being is location-specific – it can be only used in a specific macro-level unit and is not transferable to other locations. A part of these abilities can be obtained within a location-specific learning process but it requires time, information and at least temporary immobility. Consequently, migration means additional costs or losses related to location-specific assets. In this context, temporary migration does not necessarily require acquiring new location-specific abilities or assets and,

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<sup>39</sup> In case of Poland, Gini coefficient is on the rise since 1989. In late 1990s it equaled 0.3 – to compare, in Germany: 0.25 (Kaczmarczyk 2005).

at the same time, does not lead to depreciation of already possessed, related to country / region of origin.

This point seems significant particularly in the case of the CEE societies. All of them are experiencing an essential social and economic change which, in turn, requires to be present, to participate in the process of transition. Temporary migration gives a chance to benefit from mobility without abandoning social or economic system related to the country of origin. More or less permanent migration creates, in contrary, significant opportunity costs.

Summing all characteristics presented above and placing contemporary migration from CEE countries in a specific social and historical context, Marek Okólski (2001) described it as “incomplete migration”. He pointed out that the most striking feature of population movements observed within CEE after 1989 is that a majority of those movements does not only escape registration, but also their substantial proportion does not match the definition of migration. In fact, the virtue of incomplete migration is its semi-migratory character. People involved in mobility of this kind hardly fulfil preconditions which are generally set for permanent migrants, but are able to realise an economic function of migration, and they might spend a considerable portion of time outside of the home country. What also seems characteristic for many individuals in the CEE engaged in incomplete migration is that their survival to a large degree depends on the migration- conditioned job activity, and quite frequently those persons do not have a regular employment nor do they receive any regular incomes or benefits in the home country. Migration can become also a particular “survival” strategy for those involved and their households.

Incomplete migration can be easily described in terms of NELM. Migrants involved in that form of mobility are usually poorly skilled and live in peripheral regions (or countries). They are attracted by pay abroad not just because it is higher than in their home country, but principally because the major part of earnings is being spent in sending country where the cost of living is much lower. For this reason, migrants are not accompanied by family members and their households stay in home country. Moreover, because migrants’ stay abroad tends to be short, they are ready to accept relatively harsh working conditions in the host country. Individuals engaged in the incomplete migration are a highly valued supplement to the flexible and partly informal labour markets in the receiving countries, and are employed mainly in the secondary sectors. The example of German agriculture proves clearly that such a demand exists. Additionally, permanent move and settlement would result in legalization of employment and all costs associated (taxes, medical insurance, social insurance). This, in turn, could seriously limit expected gains from migration.

## 4. Future trends in international migration from EU8 countries

### 4.1. Selected estimates of future migration from EU8 countries

The accession of selected CEE countries into the European Union was preceded by a discussion of the potential consequences of the enlargement which focused mainly on the introduction of free movement of labour rule. There were concerns among the “old” EU member states that abolition of existing barriers to labour mobility may have a number of undesirable effects on receiving economies. Consequently, as part of the planning and preparation for the accession of the CEE candidate countries to the EU, there were attempts to estimate the migratory potential from this area and to assess the potential impact of inflows on the EU labour markets. Majority of these estimates comprised model-based estimates, which estimated the scale of future migratory streams based on the analysis of factors influencing current migratory movements and trends. Outcomes of selected studies are summarized in the table below.

**Table 7. Selected estimates of the East-West migration**

<b>Study</b>	<b>Sending countries</b>	<b>Destination countries</b>	<b>Estimated number of migrants</b>
Layard et al. 1992	10 CEE countries*	EU-15	Potential: 3,000,000
Franzmeyer and Brücker 1997	10 CEE countries*	EU-15	Yearly: 590,000-1,180,000
Orłowski 2000	10 CEE countries*	EU-15	Potential: 1,800,000-3,500,000
Boeri and Brücker 2001	10 CEE countries*	EU-15	Yearly: 335,000 down to 100,000 by 2030
Alvarez-Plata et al. 2003	10 CEE countries*	EU-15	Yearly: 367,000 down to 0 by 2030
Fassman and Hintermann 1997	PL, CZ, HU, SK	EU-15	Potential: 770,000-9,560,000
Lundborg 1998	PL, EE, LT, LV	EU-15	Potential: 1,900,000
Bauer and Zimmermann 1999	PL, RO, BG, CZ, SK, SE	EU-15	Total in 15 years: 3,000,000
Salt et al. 1999	PL, CZ, EE, HU, SE	EU-15	Potential : 500,000
Fertig 1999	PL, CZ, EE, HU, SE	Germany	Potential : 400,000
Fertig and Schmidt 2000	PL, CZ, EE, HU	Germany	Total in 20 years: 300,000-1,200,000
Sinn et al. 2001	PL, RO, CZ, HU, SK	Germany	Yearly: 250-270,000 down to 60-150,000 by 2020

\* BG, CZ, EE, HU, LT, LV, PL, RO, SE, SK

*Source: Bijak et al. 2004.*

The above presented estimates focused predominantly on neo-classical approach to migration and applied more or less sophisticated econometric models. As a dependent migration net migration or stocks of migrants were used and as the most important explanatory variable served incomes or incomes differentials. Generally, the above presented results illustrate the difficulties in estimating so-called migration potential. The outcomes are very sensitive to the assumptions made and to the data used for calibration of econometric models. Therefore, the outcomes of analyses varied significantly and provided hardly acceptable data.

According to the model estimated by Franzmeyer and Brücker (1997), the annual outflow from Poland should achieve a level of about 500,000 persons annually. Kupiszewski stressed that this number equalled about a half of all Polish migration in the 1980s and one has to remember that the 1980s were a period of mass movements which took place under totally different conditions than now (in Poland and in the target countries). Moreover, according to the upper scenario of this estimate, one could expect a cumulative outflow of about 10 million people, i.e. one quarter of Poland's total population (Kupiszewski 2001). Similar numbers were generated by the model used by Sinn and others (2000). Based on these data, one could expect a 48-50 times greater annual outflow from Poland than the average for the years 1993-1997. Fassman and Hinterman (1997) attempted to estimate migration potential of the region by polling a sample of Poles, Czechs, Slovaks and Hungarians and asking them questions on declarations with regard to mobility. They differentiated between potential migration based on unsubstantiated self-declarations (the "general migratory potential") and the migratory potential of those who have made certain steps towards going abroad (the "real migratory potential"). Their results showed, as can be expected, an immense contrast. The general migratory potential of the four countries was estimated to be 9 560 000 persons whereas the real migratory potential was estimated at about 770 000 persons aged over 14. In the case of Poland, the general migratory potential was estimated to be 16.6% of the populace (aged over 14), or about 5 million people, whereas the real migratory potential was estimated at 1.33%, or only 400 000 people. This example shows that the survey-based approach is also significantly biased – the outcomes give rise to questions about to what extent they reflect genuine and realistic intentions rather than wishes and vague expectations. Recently, the research team of the CEFMR attempted to assess the future intra-European migration using slightly different approach (Bijak et al. 2004). In contrary to above presented models, an assumption has been made that the analysis should take into consideration not only historical trends and macroeconomic variables but also developments in migration policy. Consequently, the authors distinguished three phases of migration process:

- 1) Pre-opening period when migration patterns were supposed to follow the overall trend.
- 2) Post-opening period with increasing East-West migration as a consequence of the full implementation of the free movement regime.
- 3) Period of long-term stabilisation when migration is supposed to return to the trend.

Countries under analysis were divided into 3 clusters: Western Europe (EU15, Norway and Switzerland), Central Europe (EU8) and South-Eastern Europe (Bulgaria and Romania). As a

dependent variable the rate of registered permanent migration was used<sup>40</sup>. The forecast was formulated with respect to three development scenarios<sup>41</sup>:

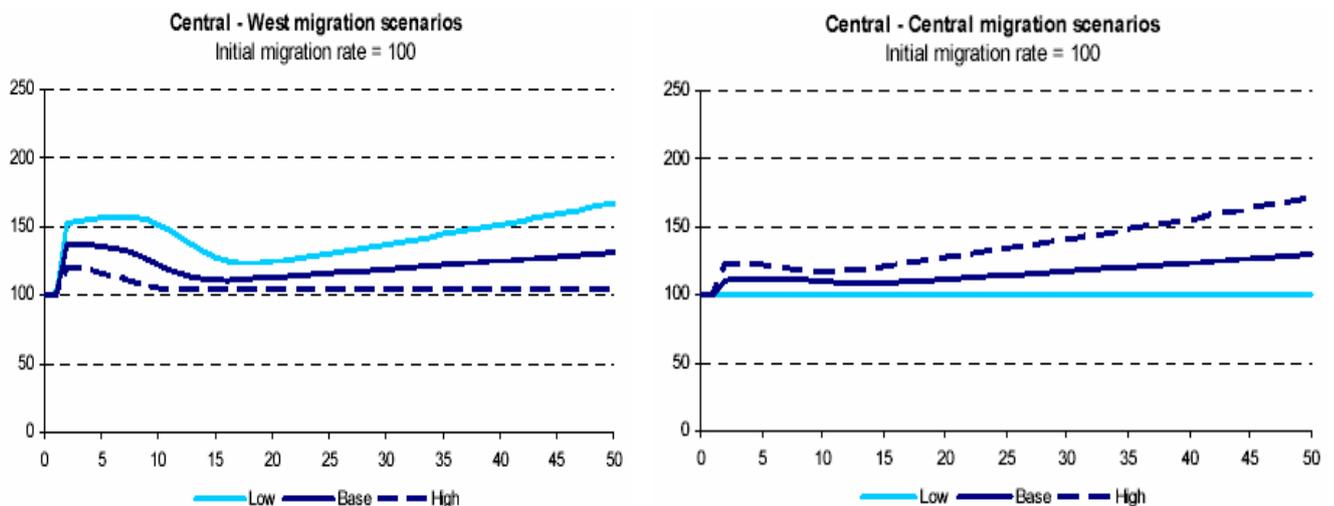
- the base scenario: a sustainable economic growth in Europe and a long-term convergence of income in all European countries assumed;
- the low scenario: economic decline (especially in the pre- and post-opening periods) in Central and Eastern Europe, including structural labour market problems, slow income growth, and pertaining of income disparities assumed;
- the high scenario: substantial economic growth and fast convergence, increase of the overall mobility due to wider job opportunities but also reduction of the push factors assumed.

Further, the model was based on an assumption that migration rate in the period t+1 satisfies following condition:

$$TMR_{t+1} = TMR_t \cdot m_{t+1}$$

where m is a multiplier which consists of two components: the overall trend and the post accession deviation (assumed to diminish within a given period of time after the EU enlargement). The outcomes of the forecasts for migration from EU8 to EU15 and between EU8 countries are presented below:

**Figure 19. Forecast of post-accession intra-European migration for the period 2002-2052**



Source: Bijak et al. 2004: 51.

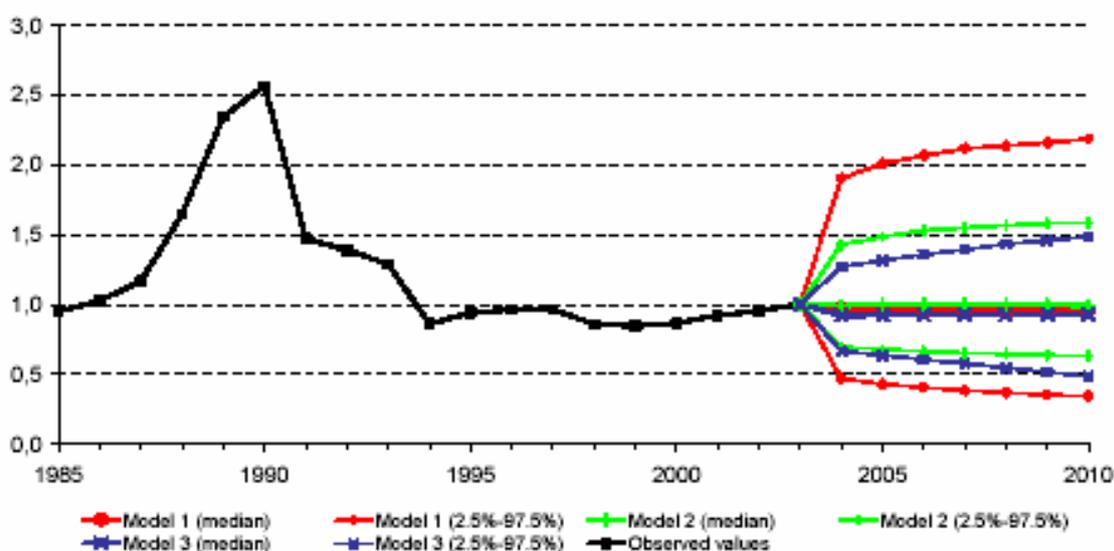
According to the presented forecast one could expect significant increase in East-West migration rate directly after the EU enlargement (post-opening period) and then stabilisation of the trend at relatively low level. With regard to the intra-regional mobility one should expect that migration between EU8 countries will gradual increase as a consequence of overall mobility growth, job creation and labour markets integration. Interestingly, according to the presented estimate, the intra-regional mobility was supposed to rise more quickly than out-migration.

<sup>40</sup> Data was based on the values registered by sending and receiving countries.

<sup>41</sup> The assumptions of low and high scenarios were supposed to provided lower and upper bound of possible migration.

Bijak (2005) applied the Bayesian approach to estimate long-term international migration between Poland and Germany in the period 2004-2011 (i.e. prior to expected opening of the German labour market for Polish citizens). As dependent variable migration rate between both countries, based on the numbers of registered long-term migrants was used. Bijak considered three types of models: an autoregressive process (1), a vector autoregressive process with GDP per capita ratios as the main explanatory factor (2) and a vector autoregressive process with unemployment rate in Poland as the main explanatory factor (3). From the estimations it follows that the best fit has been obtained in case of model 2 and 3. As a consequence, a conclusion can be drawn that both factors, i.e. GDP per capita differentials and situation on the labour market in Poland play a role in contemporary migration from Poland to Germany. Based on the outcomes of the model a migration forecast was presented (Figure 20).

**Figure 20. Emigration from Poland to Germany, forecast for 2004-2010 (rates per 1,000 population of the sending country)**



Source: Bijak 2005: 20.

According to the outcomes of the model, a stable trend in the future migration from Poland to Germany is expected, however, the dispersion (uncertainty) is very high as indicated by the range of confidence intervals. The base model predicted a stabilisation in migration rate between Poland and Germany around 2.65 in model 1, slightly declining tendency in model 2 and 3 (from 2.90 to 2.84 and from 2.42 to 2.34 respectively). The most interesting thing is that the provided outcomes suggest a continuation of previous trends rather than a drastic change in migration rates (with regard to permanent and long-term migration).

## 4.2. Future short- and long-term migration from Poland

In the following part a different approach than presented above will be applied. The proposed econometric model is based on the propositions of neo-classical framework but the data used go beyond typical approach. First of all, due to the fact that contemporary migration from EU8 countries are marked by high share of short-term movements, the data on registered or permanent migration can not show the real scale of the phenomenon. Thus, as the dependent variable the number of Polish labour migrants who were staying abroad for longer than 2 months was used (specifically, a migration ratio was used i.e. number of labour migrants in relation to the population at working age). The quarterly data comes from the Labour Force Survey and, as it follows from the analysis presented above, shows quite precisely recent trends in Polish migration. Additionally, according to discussion presented above, we assumed that in Poland, similarly to other EU8 countries, the most important role is played by the push factors. In fact, we assume that there is a steady and relatively unlimited demand for foreign labour of specific quality (low skilled) in destination countries.

In order to verify the aforementioned hypotheses an OLS regression has been built. There was also a try to build an Error Correction Model (ECM) capable of showing separate short-run as well as long-run effects of changes of explanatory variables. This feature is especially useful in the analyzed issue, because it would be possible to answer the question whether given factors have the ability to affect the level of migration permanently or is their impact only temporary, possibly due to their mostly psychological effect. However the use of an ECM was not statistically justified. Although a series of Dickey-Fuller and Augmented Dickey-Fuller tests indicated integration of order one of the variables under consideration the result could as well stem from a small sample size. As for the dependent variable – migration to population at working age ratio – one can argue that it is a stationary series, i.e. a series that has its expected value stabilized at some constant level. The ratio cannot increase or fall infinitely. A strong external factor in the shape of EU accession changed the mean value drastically which makes the dependent variable a trend stationary series. That is the reason why it is further modelled using an OLS regression.

The variables used are as follows<sup>42</sup>:

1) Dependent variable – labour migration from Poland divided by population at working age (based on the LFS data, in percentage points). The dynamics of the process is shown on the figure 6 in the annex. The data shows that the migration process gains momentum after 2000, where the trend is reversed. It indicates also that there were two periods where migration was boosted substantially: the first starting in mid 2001 and ending at the beginning of 2003, the second from mid 2003 until the end of the sample period. The first one can be attributed to the worsening situation on Polish labour market (measured by means of the unemployment rate), while the second can be seen as an impact of pre-accession expectations and joining the

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<sup>42</sup> The migration data is based on the LFS, data on GDP, unemployment rate and demographic variable come from EUROSTAT and Central Statistical Office. All the data used has been seasonally adjusted using a multiplicative X11 method.

European Union<sup>43</sup>. In the following part the dependent variable is also called migration share, migration-to-population ratio or migration ratio.

2) Explanatory variables:

- Unemployment rate in Poland (U\_PL). Figure 7 in the annex indicates an upsurge from 1999 to 2002 which should have a devastating psychological effect: a move from 10% to 20% of unemployment had to add to the motivation of those considering migrating.
- Ratio of Polish GDP per capita in constant prices to German GDP per capita in constant prices, both expressed in euro terms.
- Ratio of Polish GDP per capita in constant prices to English GDP per capita in constant prices, both expressed in euro terms. This item was excluded from the model due to co-linearity with the previous variable (with correlation coefficient at 0.93)<sup>44</sup>.
- Exchange rate (PLN/EUR) as a proxy of purchasing power of remittances sending home.
- The fraction of population aged 18 to 44, which oscillates around 40%, indicating the part of the population which is the most prone to migrate (PL1844).
- A step dummy (UE) indicating the period prior to (0) and after the EU accession (1) was added to capture the extra effect of a move of the Polish labor market towards the common European labour market.
- Another step dummy (RP) was used to see if a more profound impact of the deteriorating situation on the Polish labor market on migration can be detected, apart from the one tied to the unemployment rate changes.

The results (Table 6 in the annex) can be interpreted as follows:

1) An increase in the ratio of per capita GDP in EUR in Poland and in Germany by 10 pp. leads to a 0.213 pp. increase in migration-to-population ratio. This outcome may reflect the so-called migration hump effect, quite commonly revealed in migration studies in less developed countries under transition. On the early stage of development, the GDP growth looses liquidity constraints and creates a series of additional effects related to income inequality, market failures etc.

2) A 1% rise of the unemployment rate will result in a 0.013% increase in the migration ratio which indicates that the situation on the labor market in the sending country has a significant impact on the scale of migration.

3) Changes in the demographic variable seem to have an outstanding impact of a 0.159 pp. increase in migration-to-population ratio for every extra one percentage point of fraction of the 18-44 years old in the population<sup>45</sup>.

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<sup>43</sup> Mean value of the dependent variable in the sample period equals 0.44 percentage points, while the standard deviation is 0.13 pp., minimum value is 0.30 pp. and the maximum is 0.79 pp.

<sup>44</sup> Each of the variables when included separately into the model was highly significant with a similar parameter estimate, but when jointly included the UK variable became insignificant.

4) The parameter by the UE dummy shows the quantitative impact of joining the EU. In this study it is estimated at 0.118 pp. increase in migration share due to the sheer fact of accession. At the same time the second dummy used proves to be insignificant meaning that there was no statistically visible impact of the deterioration of the situation on the labour market apart from the impact captured by the changes in the unemployment rate – for that reason this variable was removed from the final regression.

5) A 10% depreciation of the EUR/PLN exchange rate would move the migration ratio by 0.096 pp. (standard deviation of the exchange rate in the sample is equal to around 5%). As it was expected, higher purchasing power of remittances is supposed to increase propensity to migrate and this increase scale of mobility.

6) The autoregressive term with its parameter estimated at 0.470 indicates that the analysed process is characterized by strong inertia or, to put it another way, present values of migration ratio depend heavily on its past values, which is an empirical argument supporting a hypothesis of migration networks that encourage migration. If in this period migration share would be 0.100 pp. higher than the actual figure then it would result (*ceteris paribus*) in next period's migration share being higher by 0.047 pp.

In general, migration from Poland can be explained in terms of its demographic and economic situation (assuming stable demand on Polish labour in western European countries). The most important role should be attributed to the labour market situation and effects associated to the accession into the EU. There is also some evidence of the “migration hump” as well as the dependence of the decision to migrate from the perception of wealth measured by the exchange rate (and also purchasing power of the remittances). The general feeling is that factors related to the economic situation of the sending country can explain most of the variance in migratory behaviour.

Based on the outcomes of above presented model, the forecast for years 2006-2013 was attempted. The scenario assumes a reduction of the unemployment rate to 15.8% in 2007 (on average) and a further drop to 13.2% at the end of the projection period (2013).

All the underlying assumptions are presented in the Table 8.

**Table 8. Variables used for the migration forecast for Poland, 2006-2013<sup>46</sup>**

Variable	2006	2007	2008	2009	2010	2011	2012	2013
Unemployment rate	16.5	15.8	15.4	14.9	14.1	13.6	13.5	13.2
GDP growth -Poland	4.8	5.6	5.2	5.6	6.1	5.6	5.2	5
Demographic variable	0.40056	0.40149	0.40246	0.40344	0.40402	0.40427	0.40415	0.40325
GDP growth -Germany	1.4	1.5	1.5	1.75	2	2	2.25	2.5
Exchange rate	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

*Source: Central Statistical Office, Ministry of Economy and Labour, Federal Ministry of Economy*

<sup>45</sup> The figure looks less extreme if one gets to know that in the sample period (an 11-year period) the difference between the maximum (40.46%) and the minimum values (39.78%) is lower than 1 pp and the standard deviation in the sample is 0.2237%.

<sup>46</sup> The assumed values are taken from macroeconomic (National Development Strategy) and demographic forecasts for Poland. Forecast for Germany comes from the German Federal Ministry of Economy.

Assuming that the population of Poland and Germany grow at the same speed or do not grow at all one can calculate movements of the per capita GDP ratio used in the model using the data from Table 8. However, the final version of the forecast was estimated on the assumption of stable relation between GDP per capita in Poland and in Germany. This decision was a consequence of two factors:

- according to the outcomes of the model, at the early stage of transition (which is captured by the model) relation between GDP per capita in sending country and migration may be positive due to the so-called migration hump and other effects; we are not able to predict how durable this effect may be but assume it is rather temporary
- according to the official forecasts we should expect very dynamic growth of Polish GDP as compared to the situation in Germany.

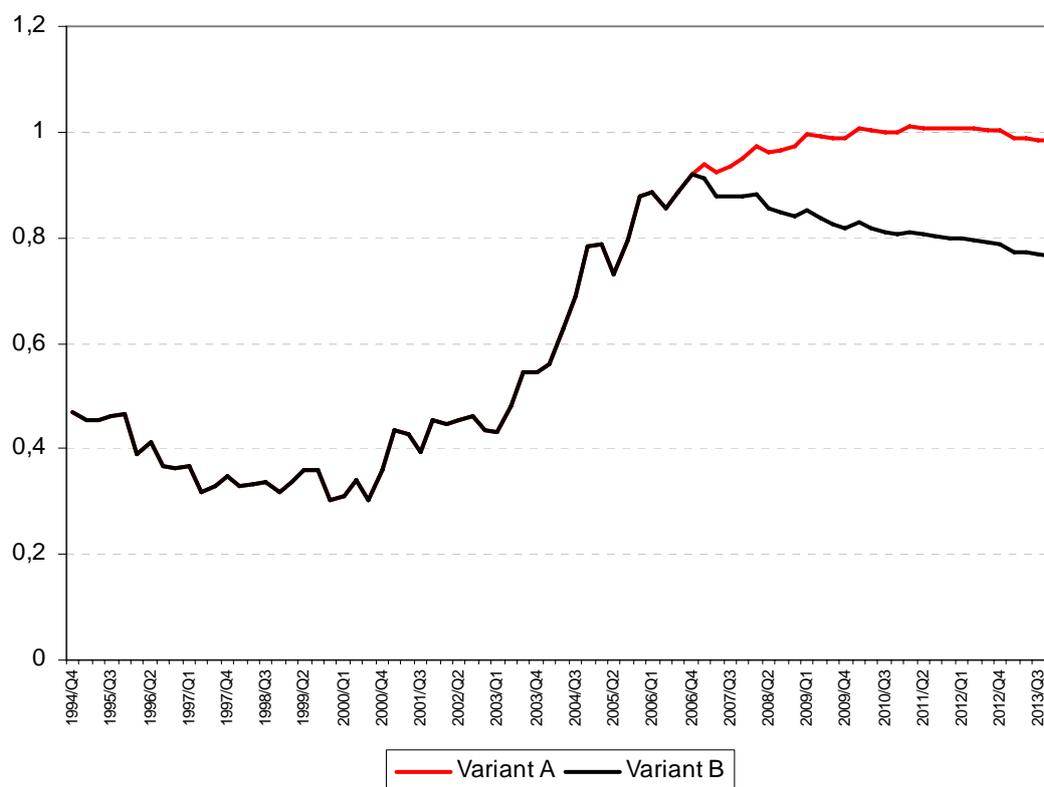
The impact of two above mentioned factors made forecast completely not reliable – one may expect dramatic increase in migration ration predominantly due to the economic growth in Poland.

Finally, two variants of the forecast were tested with different assumptions with regard to the EU dummy:

- Variant A – a constant impact of the EU dummy (i.e. impact of the EU enlargement and labour markets opening) is assumed
- Variant B – it is assumed that the full effect of the EU enlargement will be observed till the end of 2006 (as a consequence of new labour markets accessible for Polish workers since May 2006) and then will diminish following a logistic curve.

Figure 21 summarizes outcomes of both variants.

**Figure 21. Labour migration from Poland, forecast for 2006-2013 (in thousand)**



*Source: Authors' elaboration*

From the above presented data it follows that if we assume gradually improvement of the situation on the Polish labour market (decrease of the unemployment rate to about 13% in 2013), stable exchange rate and dynamics between GDP per capita in Poland and Germany, we should not expect a dramatic increase in labour migration from Poland. The same holds true in case of both variants. However, two presented variants differ significantly with respect to future scale of labour mobility. If we assume that recent migration is to some extent a consequence of psychological effect associated with the EU accession (variant B), the scale of labour mobility will decrease significantly in next few years. If not, i.e. the effect of EU labour market opening will be long-lasting we may observe further increase in migration ratio over the next few years. Summing up, the outcomes of the model indicate that, firstly, migration process is marked by a good deal of inertia and, secondly, that its dynamics depends not only on economic but also on political or psychological factors.

### **4.3. Future migration from EU8 countries - discussion**

The above presented examples of migration forecasts show clearly controversies associated with estimating of future international movements of labour. Both approaches to

international human mobility – model-based and survey (intention/declaration)-based bring about ambiguous and far from uniform results.

In the model-based approach the major problems arise from:

- the quality of migration data – the migration data are scarce and of questionable value, in case of EU8 countries time series are usually too short to estimate an econometric model; as a consequence, models are being calibrated on the basis of historical data related to migration to Western countries (e.g. to Germany) which happened under completely different conditions<sup>47</sup>;
- the quality of other data (e.g. data on wages or salaries) – e.g. it seems rather disputable to use the official data on earnings in destination countries while migrants are frequently employed in the shadow economy;
- independent variables (labour market situation indicators, GDP etc.) are equally or even more difficult to predict than labour mobility; in consequence, it becomes necessary to formulate various scenarios for the development of the economic situation; for that reason the derived predictions often vary enormously, and it is not always possible to determine which are the most plausible or reliable;
- heterogeneity of migrant population (legal / illegal, long-term / short-term) – different groups may respond to various structural factors;
- the focusing on permanent migration and data on documented migration which seems not appropriate in case of many less developed countries (also EU8 countries);
- the theoretical framework applied, namely the fact that migration is perceived purely instrumentally as a response to wage differential and is analyzed in the context of neo-classical economic approach – such variables as demographic, sociological (e.g. related to migrants' networks) or political ones (e.g. related to the immigration policy) are usually omitted.

Serious criticisms have also been directed against the second approach, which resorts to the measurement of desire or willingness to migrate rather than to actual plans to do so. The doubt has been substantiated by Fassman and Hinterman (1997) and the concept of “real” and “general” migratory potential introduced by those authors. The research experiences suggest that an analysis of the conditions underlying mobility is possible *a posteriori* only, mainly due to the fact that there exists a huge gap between declarations and actual preparations for going abroad (between intention and action).

All above arguments question the value of migration forecasts. This holds true with regard to EU8 countries as well. It was shown in a relatively recent study (Alvarez-Plata et al. 2003) that in most migration forecasts to date the numbers of future migrants from CEE countries were significantly overestimated.

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<sup>47</sup> It is rather problematic that most models made use of quite long time-series data for Germany – a country with a very rich immigration history but, more importantly, which has had many immigration-supporting programs as well (e.g. its guest-worker system). There is also a question, whether an accurate, predictive model based on past German immigration experience should be treated as plausible under current and probably conditions.

On the other hand, the migration forecast for the UK (inflow from the EU8 countries) seriously underestimated the number of immigrants. Prior to the decision on the labour market opening, British government attempted to estimate the potential post-enlargement labour flows. The outcome was rather low, i.e. the number of annual inflow from all accession countries was estimated at 5,000 – 13,000 which meant less than 10% of recorded registrations by the WRS during the first 12 months after the accession (Portes and French 2005). This difference is partly due to methodological problems with the data base but the major argument is of political nature as it relates to the very fact that only three countries opened their labour markets for citizens of “new” member countries.

In our opinion, recent experience makes it possible to suggest that international mobility is too complex process for the formulation of reliable migration forecasts. As a complementary method an analysis of mechanisms and factors underlying current migratory flows should be applied. Looking at the recent trends in migration from Poland from that perspective it would be very hard to estimate future scale of migration. The post-EU enlargement events have proved it doubtlessly. The post-accession migration from Poland includes a few processes which differ with respect to causal factors and migration mechanisms. The best exemplification would be a comparison of recent trends in migration to Germany and to the UK – currently two most important receiving countries for migrants from Poland and other EU8 countries. The Figure 8 in the annex shows the crucial difference between migration to the UK and to Germany. The data reveals that a “closed door” policy continued after the May 2004 had no “adverse effect” on migration to Germany. In fact, the scale of migration to Germany has been slowly rising, which points to the continuation of previous trends.

In sharp contrast to Germany, however, mobility to the UK “boomed” only after Poland’s accession into the EU. That may suggest that both processes are ruled by different sets of causal factors. Migration to Germany is constituted of more or less mature processes. In fact, the most important role is played by the ethnically driven migration of largely low skilled persons, mostly from the regions which have had strong historical links to Germany, such as Silesia or Mazury (East Prussia). Seasonal migration has also over 15 years tradition now and has been deeply entrenched in economic strategies in at least few Polish regions. On the other hand, migration to the UK is marked by a relatively high share of young and well educated people who originate from a rich mosaic of regions and legal status in the destination countries. Taking this into account, it would be rather naïve to consider labour mobility as a homogenous process and to venture its interpretation by means of a standardized set of explanatory factors. This makes migration forecasting extremely complicated task.

## **5. Impact of migration from the EU8 countries on sending and receiving economies**

The effects of out-flow on receiving countries are certainly less pronounced and more difficult to ascertain compared to the effects on sending countries. In general terms, that negligible impact results from a very small proportion of the citizens of EU8 countries in immigrant population (or in migrant in-flow) anywhere in the world. Among exceptions to that rule two seem noteworthy since they present a formidable illustration of two popular views, that: firstly, in-flow of foreign workers helps in the survival or restructuring declining economic sectors or branches by lowering the cost of labour (suppressing wages) in those sectors or branches, and secondly, it supplements the domestic labour at times of economic upturn, especially when that labour is scarce or non highly mobile.

After the late 1980s fruit and vegetable growers in EU, in view of a challenge posed by international competition and monopolistic structure of the wholesale trade, desperately sought to decrease production costs. One of the means of cost reduction proved increasing employment of cheap seasonal labour. As evidenced by Dietz (2004), in Germany that could only be done through the recruitment of foreign workers. In order to achieve that in 1990 German labour market was opened to seasonal migrants from Central and Eastern Europe. In effect, German agriculture was able to retain its competitive position, especially on German foodstuffs market, and even to expand. Dietz's analysis suggests that it was mainly cheap and abundant seasonal foreign labour thanks to which many agricultural farms flourished and still many others survived for recent dozen or so years.

The other illustration pertains to the most recent movements from EU8 to those EU15 countries who on May 1<sup>st</sup> 2004 allowed for a free access of labour from the new member states. For instance, the Britain's decision to do so was taken at the time of its outstanding economic performance. It was influenced by a perceived labour gap estimated at more than a half million vacant jobs, in situation characterised by a very low unemployment rate and a very high employment rate (Rushton 2004). The opening up of the labour market to migrants from EU8, and a massive in-flow of people from those countries that followed did not affect the unemployment level in the United Kingdom, and it probably helped the economy to continue its rapid growth (Accession Monitoring Report 2005).

The impact of migration for work from EU8 on the sending economies and societies appears even more obvious. It mainly manifests itself in gains or losses related to transfers of money, human capital or demographic resources. The respective empirical evidence, however, is scattered and does not allow for any sound generalisations (Okólski 2006).

Migrant remittances to EU8 are rather low but seem to have a statistically significant positive impact on consumption and investment in sending countries (Leon-Ledesma, Piracha 2001)<sup>48</sup>. Recent reports from Poland point to a sharp rise in remittances after May 1<sup>st</sup>, 2004, which between October 2004 and September 2005 reached to the value of monthly export

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<sup>48</sup> An estimate by Leon-Ledesma and Piracha (2001) of the (gross) money transfers through banking system amounts to USD 7 billion a year in the late 1990s. It pertains to a group of 10 Central and East European countries that include only five members of the EU8 (the Baltic States omitted).

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). Those effects are by no means evenly distributed across the EU8 territory and its sub-regions. The by far most successful area is Opole sub-region in Poland whose approximately one-third of the population holds double German and Polish citizenship and thus (unlike most of other EU8 population) benefits from unlimited access to EU labour markets.

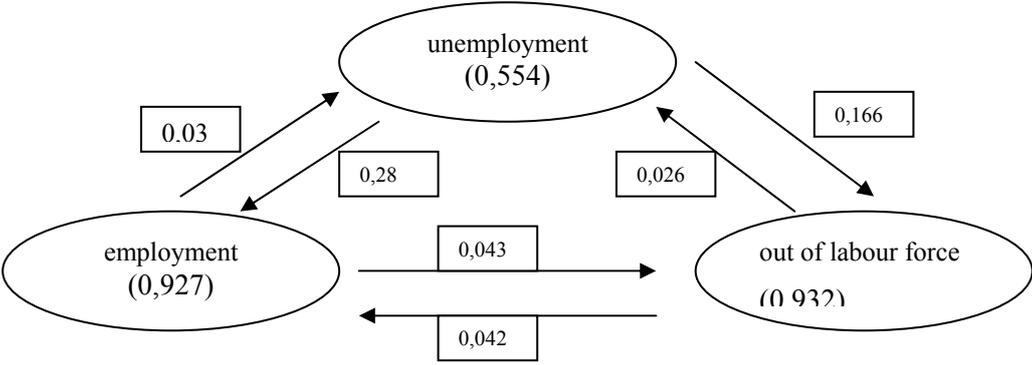
Migrant money transferred to EU8 countries is largely used to augment migrant household consumption, and for that reason mainly affects settlements (or micro-regions) with a relatively high share of migrant households. The effects of remittances with regard to investment, however, are hardly visible on the level of sub-regional economy. In Poland a trend is being observed of increased spending of remittances on migrant's or her/his children's education (Jazwinska, Lukowski, Okólski 1997; Kaczmarczyk 2004).

Although small in terms of numbers, the inflow of highly skilled professionals (originating mainly from western countries) to EU8 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 EU8 (Rudolph, Hillmann 1998; Golinowska 2004).

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 (Drbohlav 2003; Hars, Kovacs 2005).

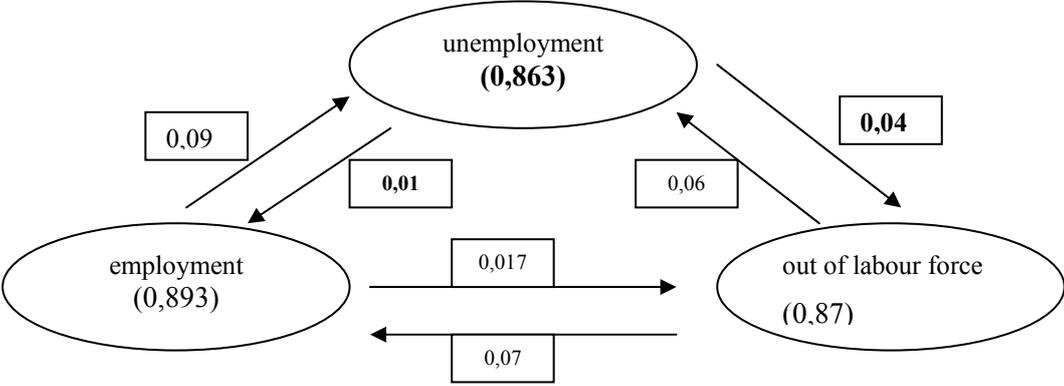
Recent evidence points to perverse effects of native workers' migration on labour market allocations in Poland, a major EU8 sending country. For instance, instead of expected positive impact of migration to Germany within the framework of bilateral agreements (concluded in 1990) on local labour markets in Poland, over time the unemployment rate remains high in areas of massive outflow while the employment rate tends to decline. With regard to seasonal migration, upon return to Poland the migrants are rarely able to return to the labour force or to find employment (Fihel 2004). 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 (cf. Figure 21 and 22). 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 Polish labour market as a whole 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 21. Average annual probabilities of labour market status change, total labour force, 1995-2000**



Source: Fihel 2004.

**Figure 22. Average annual probabilities of labour market status change, seasonal workers, 1995-2001**



Source: Fihel 2004.

The analysis provided by Fihel (2004) has shown that 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). Consequently, in the long term seasonal migration has negative impact on employment prospects in Poland and 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 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 (Jonczy 2003).

In general terms, no significant emigration from EU8 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 (Kaczmarczyk, Okólski 2005).

In the late 1980s and early 1990s all EU8 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 (Inzelt 2003).

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 (Kaczmarczyk, Okólski 2005).

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 (Jonczy 2003). 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 (Giza 1998; Jazwinska, Okólski 2001).

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 (Jazwinska, Okólski 2001; Kaczmarczyk, Lukowski 2004).

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 (Lukowski 1998; Rauzinski 2002).

As evidenced by many studies, also an inflow of foreigners to EU8 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 (Horakova 2000; Iglicka 2000; Juhasz 1999).

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 (Sword 1999).

## 6. Conclusions and policy recommendations

1. Labour migration from EU8 countries is a very complex problem whose analysis and interpretation requires a solid degree of thoroughness and caution. It is deeply rooted in those countries recent history, especially migration tradition, the nature of on-going political and economic transition, specific links with the global economy and individual third countries, underlying demographic factors, and so on. The existing migration theories are not necessary of great help in pursuing the relevant analytical tasks or they might even be misleading (it refers particularly to the neo-classical approach to labour migration).
2. The transition period and the period since EU8 countries' accession to the European Union in particular has seen a radical departure from a relative uniformity in migration regime which was marked by strict and centralized control over the population movements, a departure towards liberalization, pluralism and intraregional differentiation of country-specific migration patterns. International mobility has come to involve more people than before and take many more forms and many more geographical directions.
3. The knowledge about migration from EU8 countries is at present far from satisfactory, mainly due to inadequate official data and underdevelopment of migration studies in those countries. In addition, for those countries' governments migration presents a second-priority issue, which manifests itself in a neglect of monitoring the migration trends, the lack of consistent efforts to develop or improve migration policy, a small demand for migration-related reports and a low propensity to finance the research.
4. Deficiencies in information about migration notwithstanding, certain basic migration trends in the region are rather obvious and can be identified in an accurate way. Probably the most distinct characteristic of migration from EU8 countries in the transition period is its temporariness. The by far largest individual flow is that of seasonal workers to jobs in agriculture and, to lesser extent, construction or tourist industry in such countries as Germany, Spain, France, Austria, Greece, Norway and the United Kingdom. Other sizeable migration of similar character takes a form of false tourism, and the migrants involved typically find employment in the household sector (cleaning, care for children or elderly). In that case Italy seems to be a major recipient country. Temporariness of migrants' work and stay and their separation from dependants remains in a sharp contrast to a trend observed in the pre-transition period, when a large majority of movements took a form of emigration (long-term migration) of entire families.
5. Relatively strong population movements within the EU8 (or within a larger Eastern European region) are another important current migration trend. Those movements seemed to contain a great part of the potential, which during early years of the transition was expected to spill all over the western countries.

6. Until May 1<sup>st</sup>, 2004 continuous flows from EU8 countries were also directed to western countries where due to historical reasons people originating from Eastern Europe live in Diaspora (e.g. Poles in Germany, USA, France, Britain and Italy, Hungarians in USA, Austria and Germany, Slovenians in Austria and Germany, Estonians in Finland). People involved in those movements exploit extensive ethnic networks which i.a. divert them into undocumented employment in the destination countries.
7. Unconditional opening of labour markets in the United Kingdom, Ireland and Sweden on May 1<sup>st</sup>, 2004 brought about two significant phenomena: a change of employment status in case of migrants from EU8 who arrived prior to the accession date from irregular to regular, and an intensification of labour mobility between those countries and EU8. The increase, however, was much below expectations voiced in the preceding years and based on various projection models or surveys. A surprising effect of that opening was a relatively strong flow of people from the Baltic States. Although Polish citizens constituted dominant group among the new migrants, migration from Poland, a EU8 country with the largest demographic potential, did not increase substantially. Interestingly, a rise in the inflow of Poles to Britain and Ireland coincided with a slight decline in migration to Germany and USA, which for decades attracted a majority of migrants from Poland.
8. The inflow of workers from EU8 countries to the United Kingdom, Ireland and Sweden was mainly of complementary rather substitutive nature. As a rule, the migrants, irrespective of their skill level (which was satisfactory), took jobs that did not require high qualifications and were avoided by the natives. Preliminary assessment of the social and economic impact of that new wave of migration from the East is overwhelmingly positive.
9. In turn, EU8 countries have generally been favourably affected by the outflow of migrant workers, both before and after the accession date. While the effects for labour market imbalances are likely to be rather moderate, the outflow of people is paired with a high inflow of money remitted by migrants to their home countries. So far the fears about brain drain have not been substantiated.
10. A projection of future outflow of people from EU8 countries (prepared for Poland as the most important sending country in the region), based on the assumption that a set of push factors including situation on the labour market and income gap will be a major driving force, suggests that we should not expect a dramatic increase in migration. The outcomes of the model estimated show also that migration process is marked by a good deal of inertia and depends not only on economic but also on political or psychological factors.
11. Conclusions that would be more substantive, more deeply and more precise than those presented in this report are unwarranted in the light of available empirical evidence. Certainly, one would need a more in-depth analysis of the current labour mobility in EU8 countries, at least to the extent that would match analyses routinely pursued in

many western countries. Thus it is imperative and top priority to decisively improve statistics of migration and to foster migration studies in the EU8 region.

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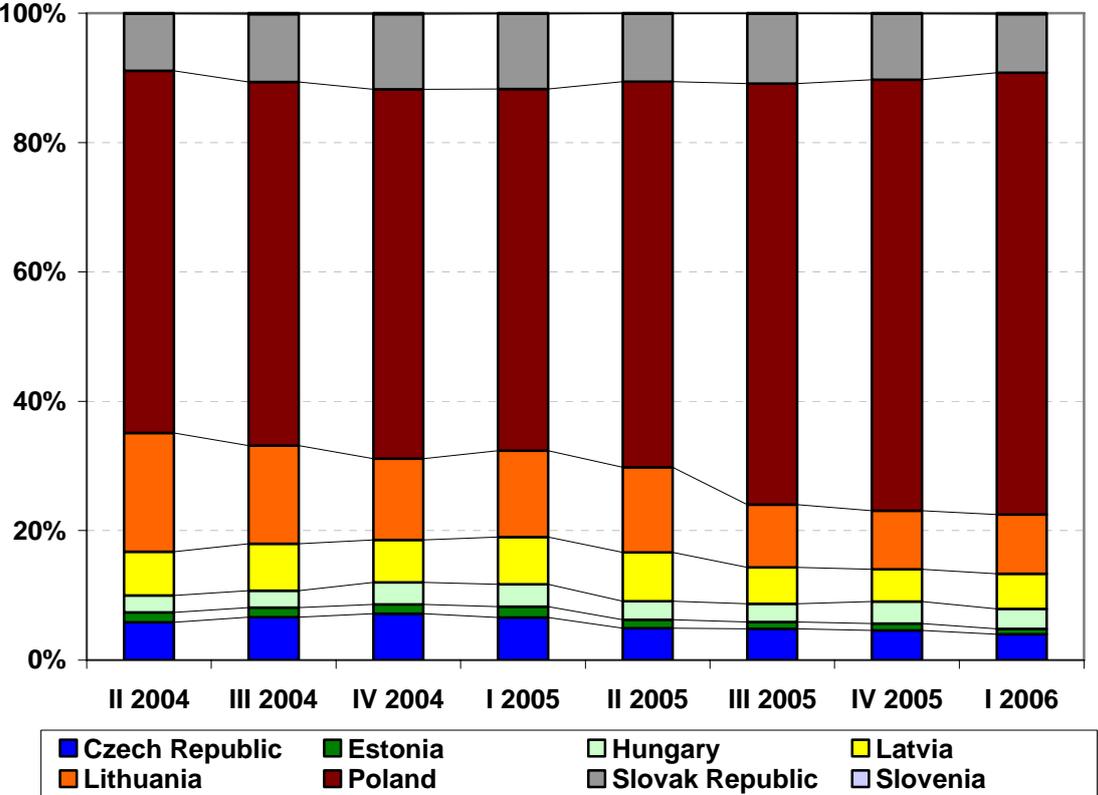
**Statistical annex**

**The criteria used for categorizing particular flows – figures 3 and 4**

Presented migration types comprise flows or stocks (temporary employment) recognised as regular (legal) ones in the respective host countries. Intensity of migration measured in absolute terms:

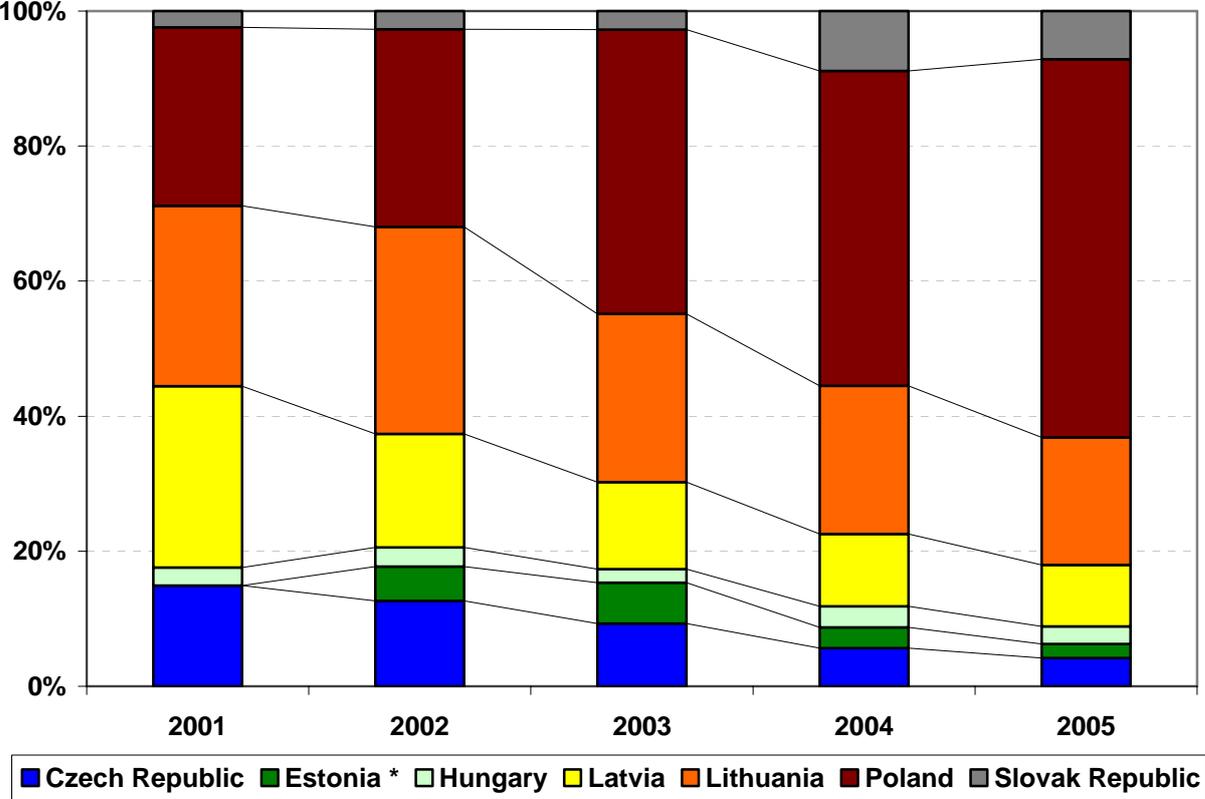
- Emigration/immigration (flow; average annual number of persons)
  - high: 20,000 or more
  - medium: 5,000-20,000
  - low: 1,000-5,000
  - negligible: fewer than 1,000
- Temporary employment (stock; average annual number of workers)
  - high: 75,000 or more
  - medium: 25,000-75,000
  - low: 10,000-25,000
  - negligible: fewer than 10,000
- Ethnicity-based migration (flow; average annual number of persons)
  - high: 20,000 or more
  - medium: 5,000-20,000
  - low: 1,000-5,000
  - negligible: fewer than 1,000
- Migration of refugees and/or asylum seekers (flow; average annual number of applications)
  - high: 5,000 or more
  - medium: 1,000-5,000
  - low: 500-1,000
  - negligible: fewer than 500.

**Figure 1. Percentages of WRS applicants in the United Kingdom, by quarter of the year and source country (citizenship)**



Source: Accession Monitoring Report 2006.

**Figure 2. Percentages of PPS numbers issued to labour migrants in Ireland 2001-2005; by quarter of year and source country (citizenship)**



*\*data for 2001 are not available.*

*Source: Skills needs in the Irish economy: the role of migration (2006).*

**Table 1. Emigration from the Baltic States (departure registrations corrected by census results), 1990-2003.**

	Estonia			Latvia			Lithuania		
	Emigration	Immigration	Net migration	Emigration	Immigration	Net migration	Emigration	Immigration	Net migration
1990	12,403	8,381	-4,022	32,801	32,285	-516	23,592	14,744	-8,848
1991	13,237	5,203	-8,034	29,922	14,684	-15,238	22,703	11,828	-10,875
1992	37,375	3,548	-33,827	59,911	6,199	-53,712	31,172	6,640	-24,532
1993	16,169	2,390	-13,779	36,656	4,114	-32,542	26,103	2,850	-23,253
1994	9,206	1,575	-7,631	26,030	3,046	-22,984	26,315	1,664	-24,651
1995	9,786	1,616	-8,170	16,642	2,799	-13,843	25,673	2,020	-23,653
1996	7,235	1,552	-5,683	12,943	2,747	-10,196	26,497	3,025	-23,472
1997	4,081	1,585	-2,496	12,429	2,913	-9,516	24,957	2,536	-22,421
1998	2,545	1,414	-1,131	8,971	3,123	-5,848	25,860	2,706	-23,154
1999	2,034	1,418	-616	5,898	1,813	-4,085	23,418	2,679	-20,739
2000	n.a.	n.a.	n.a.	7,131	1,627	-5,504	21,816	1,510	-20,306
2001	n.a.	n.a.	n.a.	6,602	1,443	-5,159	7,253	4,694	-2,559
2002	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7,086	5,110	-1,976

Source: Sipavičienė (2003).

**Table 2. Foreign population from the EU8 countries in EU15 countries (except Ireland) by country of citizenship, 2000.**

Country of citizenship	Country of residence													
	Austria (2001)	Belgium	Denmark	Finland	France (1999)	Germany	Greece (1998)	Italy	Luxemburg	Netherlands	Portugal	Spain	Sweden	United Kingdom
Total foreign population	730,239	853,362	259,361	87,680	3,263,186	7,343,591	165,528	1,270,553	159,400	651,532	190,898	801,329	487,175	2,297,900
of which:														
Czech Republic	7,425	423	197	155	1,694	22,038	712	3,038	157	1,014	96	856	371	7,000
Estonia	58	81	395	14,000 (1)	224	3,429	39	179	118	111	1	30	1,35	n.a.
Hungary	12,950	1,089	406	597	2,961	53,152	609	2,817	337	1,385	112	424	2,992	3,000
Latvia	172	109	558	201	336	7,446	71	258	32	146	7	55	582	n.a.
Lithuania	202	112	884	194	593	8,042	112	275	18	338	14	109	469	n.a.
Poland	22,597	6,749	5,571	718	33,758	291,673	5,246	24,723	788	5,645	205	6,517	16,345	25,000
Slovakia	7,428	317	111	40	1,159	12,097	361	1,212	80	579	9	361	284	(*)
Slovenia	6,374	180	40	8	786	18,648	29	1,819	71	144	8	87	600	n.a.
EU8 as % of the total	6.2	1.1	3.1	14.3	1.3	5.7	4.3	2.7	0.9	1.4	0.2	1.0	4.5	1.5

\* included in the Czech Republic. (1) estimates. Source: Illés (2004), Eurostat (2000).

**Table 3. First-time permits\* granted to workers from the EU8 countries in Scandinavian countries, May 2004-August 2005**

Country	Total		Denmark		Finland		Norway		Sweden	
	N	% (1)	N	% (1)	N	% (1)	N	% (1)	N	% (1)
EU8 countries	28,933	0.1	3,751	0.0	3,111	0.0	13,701	0.0	6,283	0.0
Czech Republic	472	0.0	74	0.0	31	0.0	162	0.0	145	0.0
Estonia	3,891	0.4	124	0.0	2,594	0.3	591	0.1	520	0.1
Hungary	667	0.0	149	0.0	86	0.0	120	0.0	288	0.0
Latvia	1,505	0.1	402	0.0	127	0.0	576	0.0	335	0.0
Lithuania	5,879	0.3	1,479	0.1	73	0.0	3,017	0.1	1,048	0.0
Poland	15,830	0.1	1,734	0.0	185	0.0	8,902	0.0	3,838	0.0
Slovakia	640	0.0	73	0.0	13	0.0	318	0.0	90	0.0
Slovenia	49	0.0	12	0.0	2	0.0	15	0.0	19	0.0

\* for a duration of more than three months.

(1) As percent of sending population aged 15-64.

Source: Directorate of Immigration, Norway.

**Table 4. Admissions of immigrants and non-immigrants (selected categories) living in the United States by country of citizenship, 2002**

Country	Immigrants admitted permanent residence		Temporary workers and trainees		Students*	
<b>Total</b>	<b>1,063,732</b>	<b>100.0</b>	<b>582,250</b>	<b>100.0</b>	<b>687,506</b>	<b>100.0</b>
Europe	174,209	16.4	157,437	27.0	124,029	18.0
<b>Selected EU15 countries</b>						
France	3,824	0.4	56,477	9.7	13,510	2.0
Germany	8,961	0.8	68,784	11.8	16,541	2.4
Italy	2,605	0.2	19,316	3.3	7,832	1.1
Spain	1,376	0.1	21,329	3.7	7,644	1.1
United Kingdom	16,421	1.5	126,608	21.7	15,515	2.3
<b>EU8 countries</b>	<b>17,978</b>	<b>1.7</b>	<b>7,046</b>	<b>1.2</b>	<b>8,553</b>	<b>1.2</b>
Czech Republic	267	0.0	885	0.1	1,139	0.2
Estonia	344	0.0	248	0.1	352	0.1
Hungary	1,284	0.1	1,495	0.2	1,605	0.2
Latvia	684	0.1	242	0.1	460	0.1
Lithuania	1,787	0.2	434	0.1	647	0.1
Poland	12,746	1.2	2,819	0.5	3,074	0.4
Slovakia	725	0.1	813	0.1	973	0.1
Slovenia	141	0.0	110	0.0	303	0.0
<b>Selected other East European countries</b>						
Bosnia-Herzegovina	25,373	2.4	486	0.1	405	0.1
Bulgaria	3,616	0.3	6,431	1.1	3,735	0.5
Romania	4,903	0.5	7,376	1.3	1,621	0.2
Russia	20,833	2.0	25,960	4.4	5,220	0.8
Ukraine	21,217	2.0	4,830	0.8	1,457	0.2
Yugoslavia	10,401	1.0	2,122	0.4	1,928	0.3

\* with spouses and children.

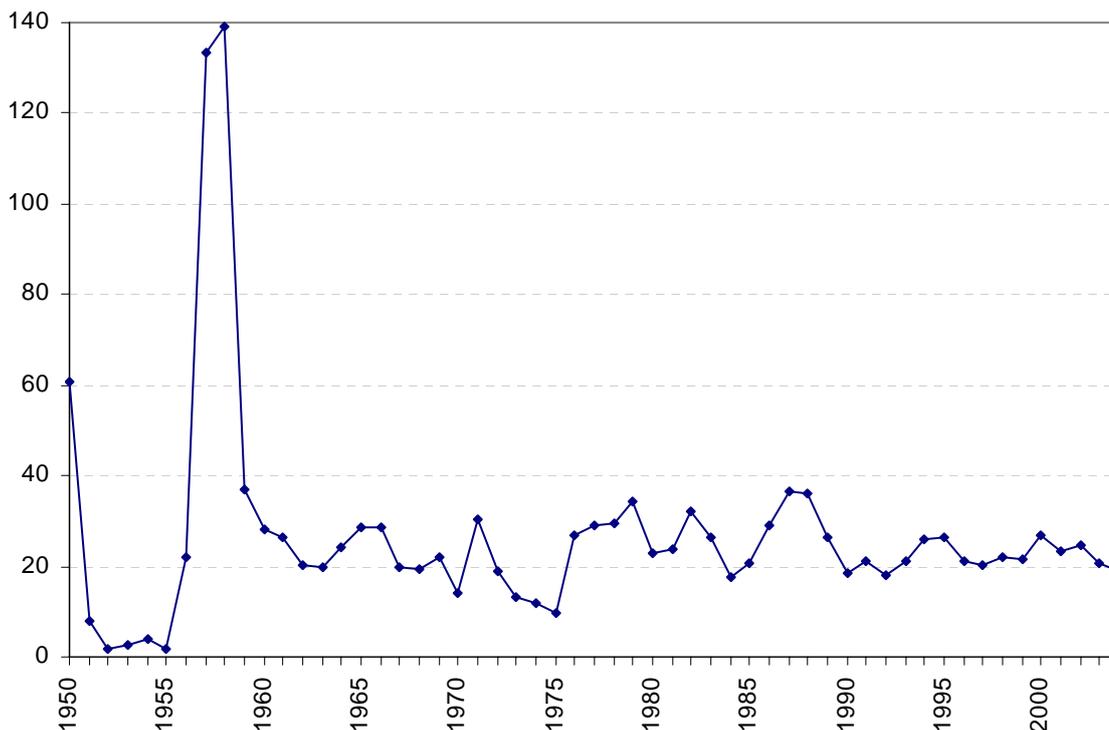
Source: U.S. Department of Homeland Security (2003).

**Table 5. Permanent residents of Poland (aged 15 and over) living abroad for more than one year (as of May 15, 2002), in which those with at least university diploma, by country of destination (actual residence) and year of departure.**

Year of departure	Proportion of migrants with at least university diploma in all migrants	Total	Country of residence						
			Germany	Italy	United Kingdom	other EU15	U.S.	Canada	Other
Total	x	100.0	39.0	4.2	2.4	10.1	21.8	4.2	18.3
Of which those with at least university diploma	10.8	100.0	20.6	3.1	6.0	12.9	26.8	7.1	23.5
1988 and before	12.0	100.0	21.8	2.1	3.2	12.4	24.3	13.2	22.9
1989-1991	9.1	100.0	26.2	2.0	2.5	10.8	28.4	10.7	19.4
1992-1994	10.5	100.0	17.7	3.1	4.2	13.8	32.0	7.9	21.2
1995-1997	10.5	100.0	19.2	3.7	6.4	13.7	29.4	4.9	22.6
1998-2001	11.5	100.0	19.4	3.8	9.8	13.6	25.8	3.2	24.2

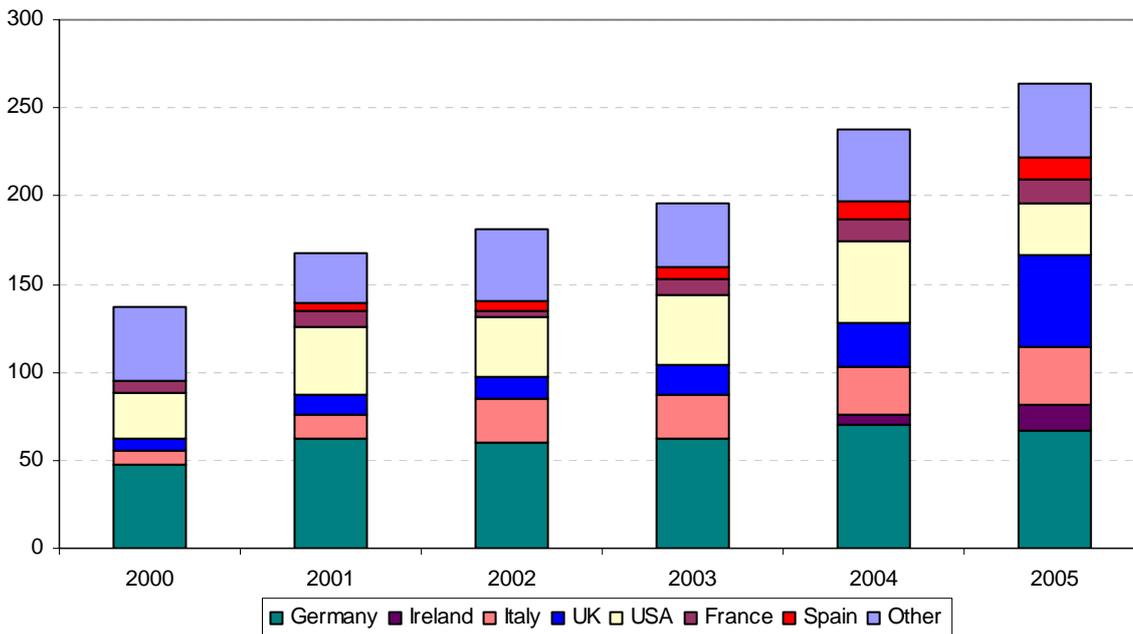
Source: Kaczmarczyk, Okólski (2005).

**Figure 3. International migration from Poland, 1950-2004 (official data, in thous.)**



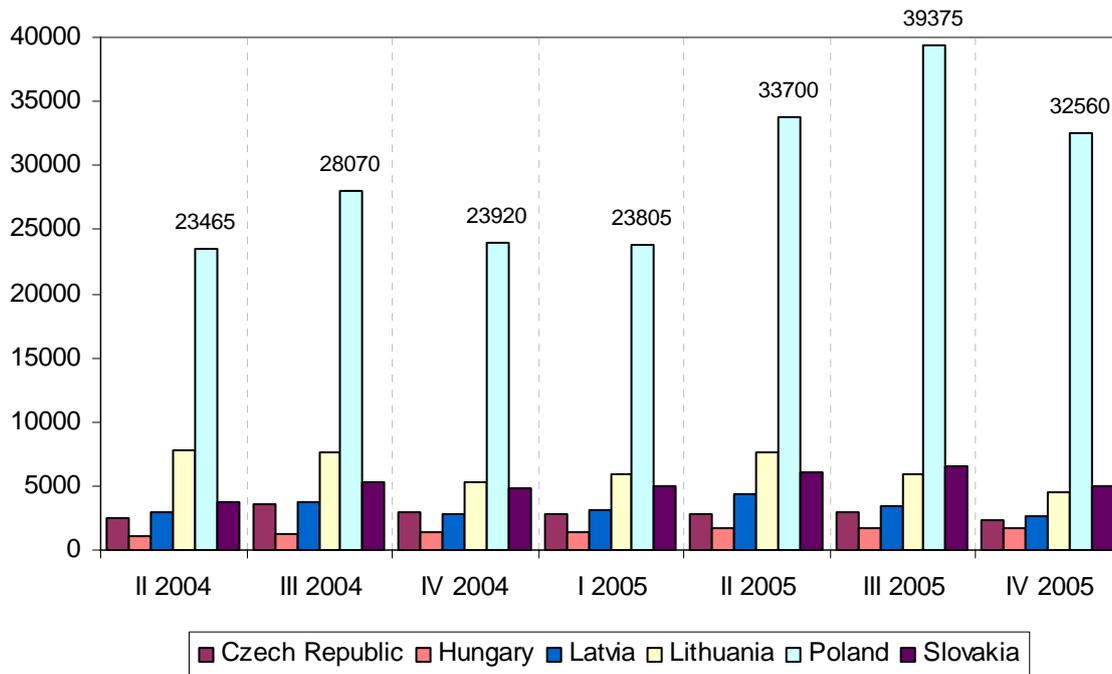
Source: Authors' elaboration based on Central Statistical Office data

**Figure 4. Polish migrants by country of destination, 2000-2005, 2nd quarter (in thous.)**



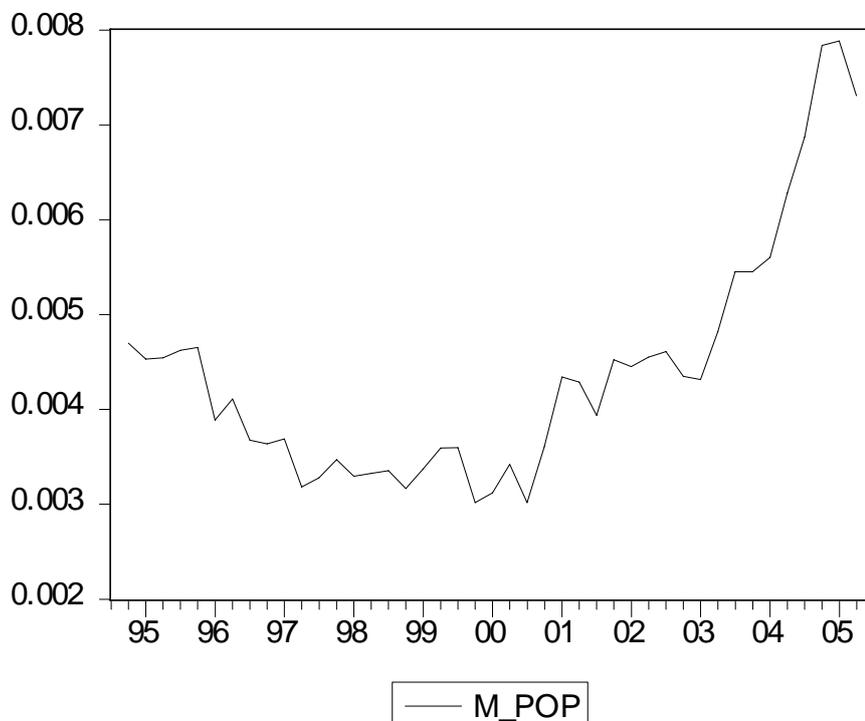
Source: Labour Force Survey

**Figure 5. Applicants with the Worker Registration Scheme by major nationalities, 2004-2005, by quarters**



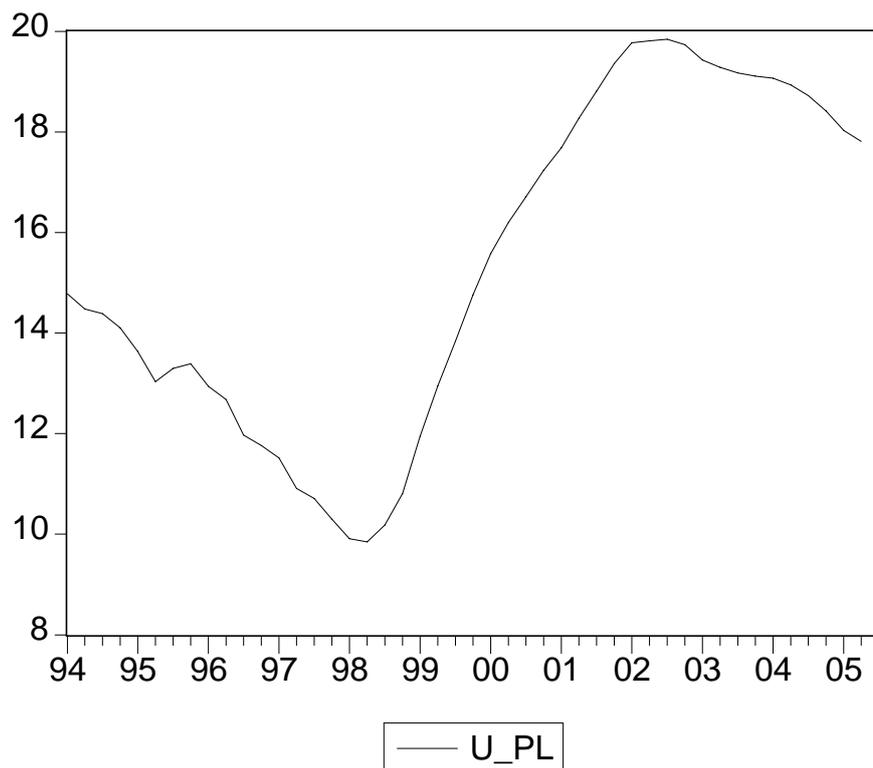
Source: Author's elaboration based on data of Worker Registration Scheme.

**Figure 6. International labour migration from Poland divided by the population at working age, quarterly data**



Source: Authors' elaboration based on the LFS data.

**Figure 7. Unemployment rate in Poland 1994-2005 (quarterly data)**

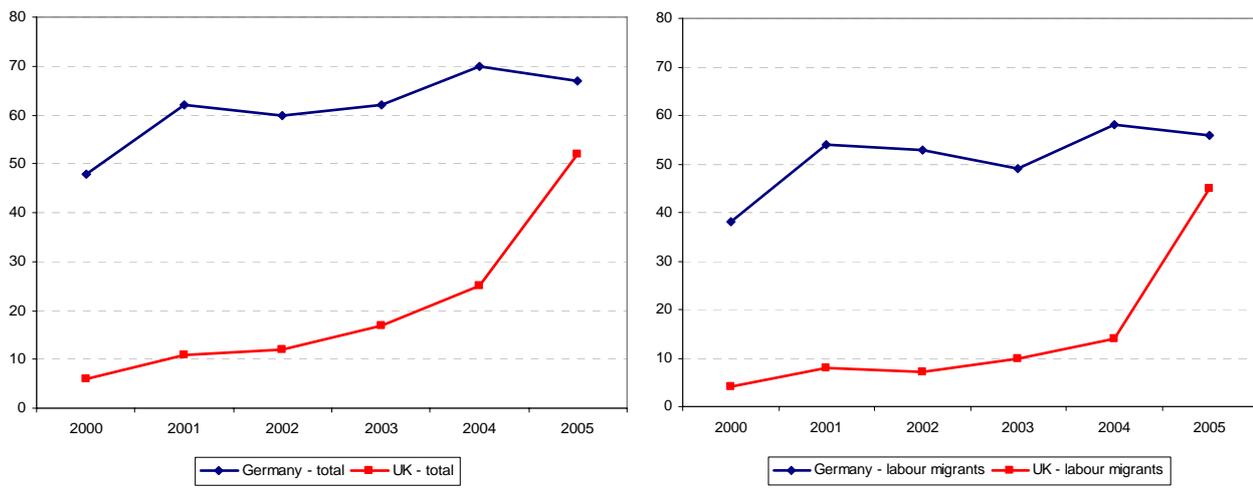


Source: Authors' elaboration based on the Central Statistical Office data.

**Table 6. Model of labour migration from Poland – final regression (dependent variable: M\_POP)**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
G_PLEUR_SA/POP/(GDPPCDESA)*10000000	0.021344	0.006009	3.551844	0.0012
U_PL	0.012807	0.004150	3.085629	0.0042
PL1844*100	0.159096	0.074396	2.138498	0.0402
UE	0.117628	0.035924	3.274354	0.0025
LOG(EUR)	0.955313	0.292487	3.266175	0.0026
(M_POP(-4))*100	0.469815	0.144084	3.260697	0.0026
C	-8.950373	3.273480	-2.734207	0.0101
R-squared	0.927529	Mean dependent var		0.436826
Adjusted R-squared	0.913941	S.D. dependent var		0.131990
S.E. of regression	0.038720	Akaike info criterion		-3.503753
Sum squared residuals	0.047977	Schwarz criterion		-3.205165
Log likelihood	75.32317	F-statistic		68.25923
Durbin-Watson stat	1.904593	Prob(F-statistic)		0.000000

**Figure 8. Polish migrants in Germany and the United Kingdom, 2000-2005 (in thous.)**



*Source: Authors' elaboration based on Labour Force Survey*