

Grażyna Maniak
gmaniak@uoo.univ.szczecin.pl
Renata Nowak-Lewandowska
rnowak@univ.szczecin.pl
Department of Microeconomics
University of Szczecin
64, Mickiewicza Street, 71-101 Szczecin, Poland

LABOUR MIGRATION IN EUROPEAN UNION AFTER ACCESSION IN 2004 (ASPECTS LABOUR MIGRATION FROM CEE COUNTRIES)

Abstract

Labour migration is one of the most controversial issues on European Union agenda today. Especially after last accession round on May 1, 2004, the migration issue reached new dimensions. Already more than 400,000 migrants from Central and East Europe are working legally in the EU, and many others are doing so illegally.

Migration or human geographical mobility brings a multiplicity of social, cultural and economic challenges. This article will focus on labour migrants, in other words on people who move with an intention to find actual employment. The aim of article is:

- to describe main reasons of labour migration, on the theoretical background,
- to present the issue of labour migration from the new member states of European Union to the old after the enlargement,
- to discuss realities of labour migration from East to the West.

Key words: human mobility, labour migration, Central and Eastern European countries (CEECs), European Union (EU), enlargement

Introduction

The enlargement of the European Union towards the Central and Eastern Europe countries (CEECs) on May 1, 2004 extended the issue of free movement of labour to the new members states. Forecasted implications of the labour freedom of movement were subjects to numerous discussions. It was predicted that low living standards and high unemployment figures in some of the accession countries may lead to increasing migration flows towards the Old EU Member States as soon as CEEC-10 nationals will be granted labour freedom of movement. Hence, the enlargement of the EU by new Member States, will cost too much and it will be followed by massive waves of immigration from the accession countries. Some of the countries (e.g. Germany and Austria) were extremely afraid of massive waves of immigration because it would change the size and structure of population and have impact on the local labour market leading to decrease of salaries and increase of unemployment rate. Other countries such as: Spain, Greece or Ireland were afraid of decrease in the EU financial support as a result of the accession.

Although geographical migration makes competition for jobs more intense, the demographic changes and the general development of the UE labour markets indicate a great need of migrants in the future. Tomorrow many economies will not have enough people of working age to support the increasing social costs due to demographic changes. The so-called „demo-

graphic deficit” that the EU is increasingly facing now is well known. The European Commission (2005) estimates that the average age in EU will increase from 38,3 years in 1995 to 41,8 years in 2015. The age group 0 to 25 years is going to decline, while the number of retired people will grow significantly. Between 2010 and 2030, at current fertility rates, the decline of working age population in EU-25 will entail a fall of some 20 million in number of employed people (Green Paper...). These changes will affect the labour markets in many European regions, which could find themselves in a situation of contracting and rapidly ageing labour force.

This demographic projections or “predictions” about the decline of labour supply (economically active people) especially should be taken into account in context of the EU ambitious goals set out in the Lisbon Strategy in 2000. Moreover, some sectors of the labour market are already facing considerable shortages, e.g. construction, IT, medical care, nursing care and agriculture. Problems with shortages of working people may be (partly) solved by mobility of working people, especially the geographical one. In order to prevent a collapse of the social security systems and to maintain positive growth rates, the EU needs higher activity rates as well as more labour migration (Kunz, 2002).

The aim of this article is to investigate whether expressed fears (among the EU-15) about labour mobility from the CEECs were justified. In the first part, the main reasons for migration will be described and based on the selected models and theoretical concepts, also relations between migration and the labour market will be discussed. The main objective of the first part is to find out if the net-flow of internal labour migration can be the indirect indicator of labour markets competitiveness. In the second part, the data concerning the flow of labour force after the May1, 2004 between the CEEC-10 and the EU-15 will be presented. This part will be the basis for the further analysis concerning economic migration in the enlarged Europe and the results for the labour market because of very short examined period and the lack of complex data.

Labour mobility – a theoretical approach

Labour mobility means geographical mobility of the working age population, i.e. “any movement of the production factor labour (or the possibly of moving it) from one region to another” (Kunz, 2002). If the movement is connected with a change of residence, it is considered as migration. Cross-border mobility means that people move to other countries in order to work there.

Migration across borders cannot be merely explained by one defining model that focuses on one specific analysis in certain time frame. To understand international migration and develop a comprehensive theory of it, it is necessary to identify reasons for the changes that are either encouraging or discouraging migration. Therefore it is necessary to closely examine each of these factors driving individual migration in order to provide an understanding to the theory of international migration.

An important factor to consider lies in the structural changes in the society that surrounds the individual and determines their decisions to migrate. This is a critical point of conflict between the neoclassical interpretation, which concentrates on the individual, and the new economics of migration, which focuses on the structures surrounding the decision-makers (Massey *et. al.*, 1993). When taking into account the local economic conditions of the sending country, the individual is faced with different set of costs and benefits when thinking about migration. To identify the main reasons for moving people across borders in this article, we referred to the following theories: neoclassical theory, the human capital theory, asymmetric informations and network and family migration theory.

The basic assumption in the neoclassical theory is that individuals are utility maximis-

ers and the central arguments evolves around the wages. Migration mainly occurs because of geographical differences in the demand and supply of labour markets. Region with a shortage of labour supply relative to capital are characterised by high equilibrium wage, whereas region with a large supply of labour relative to capital are faced with low equilibrium wages. This wage differential causes a migration from low wage to high wage regions. In response to this migration flows, the supply of workforce in the high wage region increases; subsequently, the wage in this region falls. Similarly, due to migration, the supply of labour in the low wage region decreases and the wages in this region rise. The migration flows ends as soon as the wage differential between two regions are equalized and the costs of movement from the low wage to the high wage region are higher than staying in the home country. As a result, the model present that if the wage differentials are equalised, the incentive to migrate disappears.

J. Harris and M. Todaro (Harris, Todaro, 1970) proposed a modification of the neo-classical model in which each potential migrant decides whether or not to move away on an expected – income maximization objective¹. It does not assume the existence of full employment; hence, a higher wage or income in destination country than in sending country is not a sufficient, or even necessary condition for migration. In a case of high of unemployment, this wage or income is conditional upon the migrant's success at securing job.

Migration research is also involved with the human capital model, which treats migration as an investment decision made by an individual. Depending on their skill levels, individuals calculate the present discounted value of expected returns of their human capital in every region, including the home location (Bauer, Zimmermann, 1999). Migration occurs, if the returns, net of the discounted costs of movement, are larger in potential destination region than the returns in the country of origin. The cost of moving include not only money costs like travel expenses and differences in the costs of living, but also psychological cost arising (such separation from family and friends). As a result, these model are able to provide a theoretical of explanation of the coexistence of relative high differences in the levels of income and low migration flows. In addition, it should be noted, that every individual evaluates the returns and cost of migration in a different way, depending on personal characteristic such as age, gender and schooling. For example, the likelihood of migration decreases with the age, reflecting the smaller expected lifetime gain from moving for older people. On the other hand, individuals with higher level of education should exhibit a higher migration probability, because an individual's greater ability to collect and process information gained through higher education, reduces the risk of migration. Additionally, the risk and costs of movements are expected to rise with distance, because information about labour market conditions will be better for closer locations (Jaakson, 2005).

In essence, the main contribution of the human capital approach is that an individual not only pay attention to aggregate labour market variables like wage and unemployment differences but also consider the heterogeneity of individuals.

Next approach is connected to with information about worker skills (Bauer, Zimmermann, 1999). In symmetric information approach it is assumed that employers in the destination country have all relevant information regarding the abilities of immigrants. With asymmetric information however the theoretical proposition may change substantially. The possible asymmetric information pattern occurs when migrants have full information concerning their abilities, but employers within the destination regions cannot observe the immigrants' true skill level. In this case it is efficient for employers to offer all immigrants a wage reflecting the productivity of the average immigrant. If the assumption of imperfect information on the part of employers is combined with the assumption of heterogeneous workers, two polar cases are obtained; the first is characterised by a positive discounted wage differential for mi-

¹ This model was introduced in order to explain rural-urban migration in the less developed countries.

grants wit low skill levels. In contrast to the case of symmetric information, asymmetric information results in a migration pattern characterised by a reduction in the quantity and quality of migration, or, alternatively, having no effect at all. In the second case, there are migration incentives for high – skilled workers through a positive wage differential from them. In the long term, it is realistic to assume that the employer will learn about the true skill level of the immigrants, so that the immigrants will receive a wage reflecting their true productivity. A change in the skill composition of the migration flows could also be observed, if the employers in the host country would make an efforts to receive more information about the skill levels of immigrants. Alternatively, it is possible that migrants may invest signalling devices, such as certificates or any documents proving possessed skills. To summarise, allowing for asymmetric information in models of labour migration results in rather unclear picture of migration: it depends on the initial migration incentives for workers with different skill levels, the time horizon of analysis, investments of employers in information gathering, as well as investments by migrants signalling their true skill level (Akkoyunlu, Vickerman, 2001).

In the theories discussed above, migration theory focuses on treating migration as a problem of individual decision making. A different approach challenges many of the foregone conclusions by postulating that families or households typically make migration decisions. Household size and the number of working family members increase the sources of costs and benefits from migration. Those family members who do not move on their own initiative often have to face reduced earnings and employment possibilities on the labour market in the destination country. Therefore, family will only migrate, if the gains of one family members make up the losses of the other family members. This approach models migration through the risk-sharing behaviour of families. In contrast to individuals, householders are able to diversify their resources, such as labour, in order to minimise risks to the family income. This goal is reached by sending some family members to work on a foreign labour market, where wages and employment conditions are negatively or weakly correlated with those in the local region. In case of an economic deterioration in the local labour market, this strategy enables a family to secure their economic well-being through the remittances of family members working abroad. With this kind of model, it is possible to explain migration flows in the absence of wage differentials. A future of this approach is the assumption that families not only evaluate their income in absolute terms but also in relation to other households. In the “relative deprivation approach”, migration occurs in order to improve the income of a household to a reference. Following this fairly competitive view, it can be argued that migration take place in order to improve the living standard of the household as compared to a similar household. Accordingly, it is not only the differences in income between the sending and the receiving countries that drive migration, but also the income distribution between households in the native country. According to this theory, high income inequality in the home country results in stronger, relative deprivation which causes higher migration rates (Bauer, Zimmermann, 1999).

A dynamic view of migration is given by the network model of migration. According to this framework, migration may become a self-perpetuating process, because the costs and risk migration are lowered by social and information networks (Jaakson, 2005). Due to a lack of information about the labour market in the region of destination, the firs person moving faces high costs and risk. After the migration of the first individual, the economic and psychological costs of migration are substantially lowered for the relatives and friends of this individual in the original location. Furthermore, existing network ties lower the risk associated with migration to foreign region, because individuals can expect help from previously migrated people to find job in the destination country. This reduction of cost and risk leads to a higher net return form mobility and, Thus, to a higher migration probability. A new migrant raises the number of people in the region of destination who themselves hold social ties to the

home country, which results in a self-perpetuating migration process. However, not all people in the sending region may be affected, hence this process may eventually stop. Another factor which weakens this self-feeding process is the rising wages in the sending country and the falling wages in the receiving country, which subsequently lowers the benefits of moving. These diminishing effects are very important for the stability of this model, because it would otherwise unrealistically predict the migration of whole countries. Through emphasis on growing network relationships and the associated reduction in cost and risk, this model suggests a smaller correlation between wage differentials, employment prospects, and the migration decision than the neoclassical model. This approach relies not only on the migration decision of individuals. This approach relies not only on the migration decisions of individuals or families at one point in time but also considers every migration decision of a person to alter the economic and social situation in which subsequent decisions are made. A change in the relative economic conditions at one point in time will effect migration decisions in all future periods by starting additional network migration.

According to the results of the literature review, the decision to move to a foreign country in order to find a job is influenced by different motives, like:

- economic reason (e.g. higher wages),
- social reasons (e.g. friends or family members already living in the country of destination),
- work-related reasons (e.g. career possibilities),
- political reasons (e.g. political repression in the country of origin),
- humanitarian reasons (e.g. ethnic or religious discrimination in the home country).

The external and internal reasons to migrate are also described as pull and push factors (Kunz, 2002). For example, higher wages and good working environment in the country of destination are pull (positive) factors, while high unemployment or discrimination in the country of origin are push (negative) factors. Usually, pull and push factors complement one another.

The decision to migrate depends on the assessment of the transaction costs, which range from the probability of finding a job and the costs for moving and housing to taxes and contributions as well as information access. Geographical mobility will occur only if personal gains² from a change of job and residence are considered to be higher in the long-run than the transaction costs (Tassinopoulos, Werner, 1998). Higher wages, career opportunities, the possibilities to overcome or avoid unemployment and poverty or to receive a better education are generally seen as personal gains. But there are also other motives, like a desire to meet different cultures or to gain new forms of inspiration to life. In addition, social, cultural, and environmental considerations, local and national policies, the security situation as well as legal and administrative barriers play a role. The distance between the country of origin and the country of destination is important insofar as, the further the country of destination, the more difficult it is to obtain information. Although this may change due to modern communication and information technologies, the transaction cost usually increases with the distance that has to be covered. Taking these points into account, it would be wrong to reduce the decision-making process exclusively to economic factors. Migration depends very much on subjective considerations, which do not have to appear rational from an objective point of view.

Besides migration obstacles, there are factors which encourage people to stay in a certain region. Tassinopoulos and Werner (1998) speak about the "value of immobility" in this context. Among factors which discourage migration are, for example, good jobs, work which is strongly connected to a specific region or employer, strong social relations, involvement in political and social activities, a high level of integration or good cultural and eco-

² The term „gains” should not be exclusively understood in an economic sense in this context, but also as social and individual advantages of migration.

conomic information about region. The higher is local advantages, the lower will be the tendency to migrate. This is reinforced by difficulties in assessing the risk factors associated with migration, like social, cultural or economic discrimination in the country of destination, the financial costs of migration, difficulties in accessing social security systems or problems with administrative and legal barriers.

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

Links between labour migration and competitiveness of labour market

Analysing the reasons for looking for a job abroad, it can be stated that the decisions are based on the appraisal of competitiveness of the labour markets in the EU countries. The term of “competitiveness of the labour market” needs to be explained in details as there isn’t one clear definition among the economists, it results from the development of the economic thought as well as many researches conducted in this field. The controversy is risen by different points of reference. If competitiveness is regarded as an inherent element of market analysis, it will concern different levels of the economic life; then we talk about high competitiveness of the economy, its sectors or particular business entities, defining (or not) competitiveness for the need of research and articles.

Competitiveness is the element of competition and has its roots there. To overcome other competitors on the market, it is necessary to create the more attractive market’s offer. It is possible only when competing entities are able to compete and possess potential enabling to accomplish of competitive advantage. In another words, to compete, companies have to be competitive. Following this way of thinking, it can be stated that competitiveness also means ability to compete, i.e. acting and surviving in competitive environment (Gorynia, 2002). Therefore, competitiveness should be regarded as a characteristic, a feature or skill enabling to act efficiently despite the intelligent activity of rivals on the market. The relativism is a very important attribute of competitiveness. To evaluate the level of competitiveness, it is necessary to have a point of reference (of the competitor) and compare it with the entity taking part in competition.

The issue of competitiveness isn’t only used in the microeconomic aspect, on the contrary, there are much more researches and various articles on competitiveness in the macroeconomic aspect, where the national economy and its subsystems are the points of reference. In many articles, as the main definition of competitiveness is the one suggested by the OECD (1996) and it means the capability of enterprises, regions, countries to generate relatively high income of production factors and relatively high level of employment under the international competition. Hence, there are different levels of analysis of competitiveness:

- macro – international competitiveness of economies,
- mezo - trades, sectors of the economy,
- competitiveness at the micro level, e.g. of an employee on the labour market, or firms on their markets.

Taking the microeconomic aspect into account, it should be stated that participants of the labour market (i.e. employees and enterprises) want to achieve their own objectives which should be competitive. The factors establishing the competitive abilities depends on the labour market segment. However, as it is emphasized in the literature, in each case it should be

result of strategic choices.

“Competitiveness of the labour market” in turn, can be presented in the macroeconomic aspect, i.e. in the reference to the labour market of the country. Taking the relativism of competitiveness and necessity of making comparisons into account, competitiveness can be also understood as “attractiveness” evaluated by the entities on the market. Following this way of thinking, the competitive labour market is the one which has competitive advantage over the other markets, because it offers better conditions of exchange (workforce) than other participants of the international markets³.

It should be kept in mind, that because of different expectations of each part, different criteria will have impact on the evaluation of the labour market attractiveness (i.e. evaluation of the labour market competitiveness). As a competition results from the scarcity, assessment of competitiveness from the employer’s point of view becomes very important in case of the shortage of human capital. Hence, employers see competitiveness of the labour market in particular regions, countries or sectors from the angle of capability to give better offer of job which will enable recruiting needed labour resources (e.g. unlimited access to labour force and low level of salaries).

From the employee’s point of view, assessing competitive advantage becomes important in case of a surplus of job seekers. In this context, competitive job market is such a market that offers jobseekers an opportunity of employment, estimated as profitable (acceptable level, chances for the professional career, etc.). The opinions concerning competitiveness expressed by employers and jobseekers are usually opposing because expectations of each part are completely different.

Another aspect of competitiveness of the labour market is connected with its impact on competitiveness of the economy. According to various assessments and rankings of competitiveness of economies⁴, the labour market is regarded as one of the factors determining socio-economic results of the economy. Hence, high competitiveness in the sphere of resources (labour force and human capital) enables and makes easier further recruiting or shaping valuable resources. The resources forming competitive potential of the economy cause its socio-economic development. Therefore it can be stated that competitiveness of the labour market is an ability to create better (in comparison to other labour markets) offer of supply and demand which contribute to creating new vacancies and/or improves living standards as well as it contributes to the development and growth of the economy.

The relations between decision about economic migration and competitiveness of the labour market are visible in the macro- and microeconomic spheres. In first case, jobseekers make a kind of assessment of the „job offers” available on the labour markets. Before they make decision, they assess the attractiveness of the „offers” compare them and rank. Hence, it can be stated that by choosing the particular direction of economic migration , jobseekers evaluate international competitiveness of the labour markets. In the microeconomic sphere, decisions about international migration intensify competitiveness on the labour markets of destination countries and increase the need for establishing competitiveness on the labour market.

Labour migration from CEECs to “old” Europe

In 2004 the European Union’s enlargement became a fact and ten new countries have

³ At the mezo-economic level, competitiveness of the labour markets means comparison of regions .

⁴ Attempts of defining the competitiveness in the macroeconomic sphere are made in some international economic organizations conducting researches on country’s competitiveness lately. The leading organisations in this field are International Institute for Management Development (IMD) from Lausanne and World Economic Forum (WEF) from Geneva.

joined in the community. These countries were Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia (CEEC-10). It became obvious that such augmentation of member countries will have a bearing on EU society structure as new member countries become a source of new migration flows. Before the EU enlargement, politicians and economists took part in a heated debate on the potential results of the accession. Labour migration and its impact on the labour markets of the EU-15 were mostly discussed. Nevertheless, only a few articles gave the numbers simulating the scale and direction of predicted migrations from the new Member States. Methodology difficulties connected with such researches resulted in significant discrepancies as to expected scale of migration. Therefore, according to some researchers by 2030 the total number of migrants from the CEEC-10 to the “old” EU would account for 11 million people. On the other hand, German Institute for Economic Research estimated that by 2030 this number won't exceed 2,5 million people (Kunz, 2002). Despite the different results and the uncertainties concerning the calculation basis, the studies still indicate some interesting trends. The DIW research (European Commission, 2001) predicted that the number of migrants in the EU will increase, but over a long period of time. It is respected that resident migration rates from the joining CEECs will be stabilized sometime between 2010 and 2020 and the resident population will stabilize sometime between 2020 and 2030. At this time, the percentage of CEEC nations in the EU is expected to remain small despite the overall increase. Once the population stabilizes, it is predicted that CEECs nationals will account for 2,5 percent of the UE population (Wilson, 2004).

A general fear among EU-15 nationals, connected with the joining CEECs, was concerning the repercussion of the influx of workers from the new member states (as a Eurobarometer survey reported in 2004, about 40 percent of the EU-15 population would vote against the EU enlargement) (Wilson, 2004). Nationals of EU-15 countries feared that a mass migration CEECs workers would undercut wage rates and push up unemployment among the native population. Either, this influx of workers will pressure their own welfare systems and will lead to job losses for unskilled workers as more skilled migrants from Eastern Europe immigrate. Additionally, the EU-15 were concerned about an industrial relocation to the new member states in response to lower labour costs (Boeri, *et al.*, 2002). The biggest fear towards free labour migration from CEEC-10 had Austria and Germany, because it was likely that they would be most adversely affected. Germany is the largest country for immigration in Europe, as roughly 40 percent of foreign relocate there (Kunz, 2001).

As we said earlier, economic models of migration are usually based on the so-called “push-pull model”. This identifies a number of negative (push) factors in the country of origin that cause people to move away, in combination with a number of positive (pull) factors that attract migrants to a receiving country. The push factors include such elements as demographic, political and economic hardships in the origin countries, while the pull factors include the geographic and cultural proximity and the comparative advantages of destination country, such a higher wages and better working conditions. This is more comprehensive model than the simplest economic model dependent entirely on differences in wage levels.

Demographic factors are an important driving force in migration. It is commonly known that Western Europe faces so-called “demographic deficit”. As it is estimated, there will be population decrease by almost 16 million people by 2030 with present pace of the birth rate (cf. table 1). In addition, according to the data on demographic trends provided by Eurostat in 2004, the economically active population in the EU-15 (1980-2020) will drop by 20,7 percent, while the elderly population will increase by 19,1 percent (Carrera, Formisano). At present, the population of the CEEC-10 constitutes more than 16 % of EU-25 population. The new Member States also face demographic deficit but it isn't as deep as in the EU-15. The analysis of structure of population by age shows that in the CEEC-10, percentage of people at working age is higher than in the EU-15. It means that in the nearest future, population

at working age from CEECs will reduce effects of relatively higher decrease of people at this age in the EU-15. However, the European Commission emphasizes that in the new Member States and candidate countries demographic contrasts" take place, namely, a significant decrease in the birth rate is observed in most of CEECs in recent years, while this tendency had been stopped in the majority of the EU-15.

It's worth mentioning that over half of the population of new Member States constitute Polish (next: Czech and Hungarian) citizens. Therefore, it could be expected that most people would migrate from these countries, at present observations of directions of the labour migration in the EU prove it. According to the emigration rate (in % of population in the sending country) estimated by Bauer and Zimmerman, 1,83 % of Poles and 1,05 % of Hungarians showed a tendency to migrate on the contrary to citizens of Slovenia where only 0,15% showed this tendency (Bauer, Zimmerman, 1999).

As the labour market analysis indicates, nowadays labour mobility is strongest among workers who are young and highly skilled (Kaczmarczyk, Okólski, 2005). People with higher levels of education are more likely to move to a different country to work because they are more able to access information about available jobs, they are more flexible and open minded, their degrees are recognized abroad and they face a lower language barrier because they have a greater ability to learn and speak another language.

Table 1. Demographic indicators

Country	Total population in 2004 (million)	Natural population change* in 2004	People by age classes in 2004 (%)			Population projections (million)		
			age 0-14 years	age 15-64 years	age 65 and more	2010	2030	2050
EU-25	457,2	452,8	16,4	67,1	16,5	464,1	469,4	449,8
EU-15	383,0	528,1	16,3	66,7	17,0	390,7	398,7	384,4
Cyprus	0,7	3,1	20,0	68,1	11,9	0,8	0,9	1,0
Czech Rep.	10,2	-9,5	15,2	70,9	13,9	10,1	9,7	8,9
Estonia	1,3	-3,8	16,6	67,6	15,8	1,3	1,2	1,1
Hungary	10,1	-37,4	15,9	68,6	15,5	10,0	9,5	8,9
Latvia	2,3	-11,7	15,4	68,5	16,1	2,2	2,0	1,9
Lithuania	3,4	-10,9	17,7	67,3	15,0	3,3	3,1	2,9
Malta	0,4	1,0	18,2	68,8	13,0	0,4	0,5	0,5
Poland	38,2	-7,4	17,2	69,8	13,0	37,8	36,5	33,7
Slovakia	5,4	1,8	17,6	71,0	11,4	5,3	5,2	4,7
Slovenia	2,0	-0,6	14,6	70,4	15,0	2,0	2,0	1,9

* The difference between the number of live births and the number of deaths during the year (in 1000)

Source: Eurostat

Political factors are more complex and could possibly influence the migration decision more profoundly than the demographic factors. Impatience, particularly of educated youth, with the slow speed of transition to liberalised markets and the increase in ethnic tensions within a number of CEEC which remained masked during the communist period could both emerge as major push factors (Piracha, Vickerman, 2002a).

One of the main reasons for migration from CEECs to the European Union is the significant wage and income gap between these two regions. In 2004, GDP per capita (based on purchasing power) in CEEC-10 was about 30-50 percent below that in EU old members states

(see table 2). The standard of living variance between EU-15 members and the CEECs is significantly larger than in any previous EU expansion. However, in the last decade Central and Eastern European countries have been experiencing an economic recovery. If these trends continue, their economies will become more and more similar to some of EU-15. Estimate suggests that over the time there will be convergence of per capita incomes of various CEEC-10 to, at least, the low-income EU countries. This will, therefore, ease any migration pressures from accession countries as they are the most advanced of the total CEEC-10 and hence are likely to converge to EU average relatively quickly.

A very important reason for economic migration is the situation on the domestic labour market. In majority of CEEC-10, there's relatively high unemployment that is mainly caused by structural changes in the economies. As the data from the table 2 shows, the highest unemployment rates in 2004 were in Poland (19 %) and Slovakia (18,2 %). It's also important that the most stricken by unemployment are young, in many cases well-educated people who show a tendency to migrate (unemployment among this social group results from the baby boom which is diminishing at present). In many cases, the reason for migration isn't a complete lack of job offers but too low (in comparison with expectations) salaries

The labour market issue is primarily linked with the demographic factors that have already been mentioned. The surplus of workforce on the labour market on the new Member States reflects (predicted in the next years) diminishing percentage of population at working age in the EU. In some key sectors of the economy, there are shortages of employees and they will increase in the future and strike other sectors, e.g. German economy and IT sector, where foreign experts are employed for 6-year contracts. Similar situation is about to be in the UK.

Table 2. Selected indicators of CEEC-10 in 2004

COUNTRY	GDP per capita (PPP adjusted)		Unemployment rate		Total employment rate
	in US dollars	as % of EU-15	total	population aged less than 25 years	
EU-25	28 114	92,8	9,1	18,9	63,3
EU-15	30 279	100	8,1	16,7	64,7
Cyprus	21 740	71,8	4,7	10,5	68,9
Czech Republic	20 578	67,9	8,3	21,1	64,2
Estonia	17 672	58,4	9,7	21,7	63,0
Hungary	17 733	58,6	6,1	15,5	56,8
Latvia	14 155	46,7	10,4	18,1	62,3
Lithuania	15 657	51,7	11,4	22,7	61,2
Malta	20 793	68,7	7,3	16,2	54,0
Poland	14 329	47,3	19,0	39,6	51,7
Slovakia	17 266	57,0	18,2	33,1	57,0
Slovenia	23 102	76,3	6,3	16,1	65,3

Source: World Factbook 2005; Eurostat

There are many push factors that contribute to a worker's decision to move. Although economic factors have the most significant influence on labour mobility, the decision to move to another country to find work is also influenced by social reasons such as family and friends. Such factors as: cultural differences, language barriers, legal and administrative barriers: taxes, national health and retirement insurances could contribute to the real migration

form the CEEC-10 after May 1, 2004, however, they didn't contribute to negative consequences as it was expected (European Commission, 2006).

As the statistics show in report of the European Commission (published in February 2006), most EU-15 countries have seen lower than expected labour flows from Central and Eastern Europe. New member state nationals represented less than 1 percent of the working age population in all countries except Austria (1,4 percent in 2005) and Ireland (3,8 percent in 2005). Ireland has seen relatively the largest inflow of workers. This contributed to its very good economic performance. There was no evidence of a surge in either numbers of workers or welfare expenditure following enlargement, compared to the previous two years. According to the report, employees from the CEEC-10 possessed qualifications that met demand on the market and percentage of non-qualified employees was lower than among employees in the country of destination. Except for positive aspects, also the negative ones are observed such as: high level of illegal work and false self-employment.

The report mentioned before based on the data given by the Member States concerning residence and work permissions and other documents allow to estimate migration. Despite efforts to unify data in the report, they can't be compared because of the lack of complete data (only legal workforce flow is taken into account) and short examined period what makes impossible to assess unambiguously the flow of employees after May 1, 2004. However, observed tendencies prove that labour mobility in the expanded EU is a win-win situation.

Central and Eastern European countries have a great deal to gain from free labour mobility. This brings benefits both for the individual/ family and for the overall economy of the source country. At the individual level the migrant earns wages by gaining employment and acquires skills which can enhance the migrant's chances of getting employment after returning to the labour country. Migration also helps overcome any capital constraints that an individual may face in the home country to start an enterprise. The benefits to the country is a lower unemployment level and therefore less burden on the welfare system. In addition, returning migrants bring the much needed capital which could help the development process of the home country. Mentioned advantages of labour freedom of movement are significant mainly in the short- and medium-term perspective. In the long term, however, outflow of valuable human capital can weaken significantly economy development of the particular countries. To prevent it, salary policies and non-salary elements should be improved in the countries that „export” well-qualified employees. Thereby, intensifying competition between enterprises on the European labour market to recruit valuable workforce can contribute to gaining the advantages in few spheres. From the jobseekers' point of view, increased competition (at least in the most competitive trades and sectors of the economy) will speed up improvement of working conditions. Employers, in turn, can expect that labour freedom of movement in the enlarged Europe will improve opportunities to recruit valuable workforce. From the macroeconomic point of view, long-term advantages of geographic mobility and increase in international competition are connected with better allocation of workforce, shorter periods of unbalance on the labour market, higher salaries and higher quality of human capital available on the labour market.

Also EU-15 members have more to gain than to lose from full labour mobility in the expanded EU. Although they fear that relatively low skilled and labour intensive sectors may face higher levels of competition and lead to negative wage and employment effects, the current mobility observation show that this effect is relatively small. Unskilled immigrants have the capacity to occupy jobs that the indigenous workforce is no longer willing to fill. Skilled immigrants help accommodate for the labour market shortage of workers in some industries. A lot of migrants tend to have to a relatively high propensity to consume, so they create a higher local demand which lead to a higher overall level of welfare in the state where they are working.

Conclusion

It is commonly known fact that establishing competitive economy and achieving high dynamics of the economy growth (both at national and transnational levels) require increased flexibility of work. Moreover, professional, educational and geographic mobility of employees is a significant factor contributing to improvement of situation on the labour market (diminishing unemployment). Moreover, observations prove that in the main regions of migration, net-flow of employees is one of the main reasons for competitiveness of companies in the global economy (Kaczmarczyk, Okólski, 2005). Hence, according to MKW GmbH, transnational mobility of European workers would have to be two to three times higher than before the enlargement of the UE (MKW, 2001).

As it was expected, after May 1, 2004, increase in mobility of employees is observed. It should be noticed, however, that the flow of workforce from the CEEC-10 to the old EU isn't massive in character. The most important conclusion concerns the countries that decided to open their labour markets to migrants from Central and Eastern Europe. Although, the scale of influx is higher than it was expected, it didn't cause any negative salary or employment effects.

REFERENCES:

1. Akkoyunlu S., Vickerman R. (2001), Migration and the Efficiency of European Labour Markets, Department of Economics, The University of Kent and Canterbury
2. Bauer T., Zimmerman K. (1999), Assessment of Possible Migration Pressure and its Labour Market Impact Following EU Enlargement to Central and Eastern Europe, IZA Research Report No. 3,
3. Boeri T., et al. (2002), EU Labour Policies Need Urgent reform Prominent European Economists Warn of Enlargement's Consequences, "Transition Newsletter", <http://worldbank.org/transitionnewsletter/julaugsep02/pgss16-19.htm>
4. Carreera S., Formisano M., AN EU Approach to Labour Migration. What is the Added Value and the Way Ahead?, www.ceps.be; 1.02.2006
5. European Commission (2001), The Free Movement of Workers in the Context of Enlargement, information note, http://europa.eu.int/comm/enlargement/docs/pdf/migration_enl.pdf, 30.08.2001
6. European Commission (2006), Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty (period 1 May 2004–30 April 2006), http://europa.eu.int/comm/employment_social/emplweb/news/news_en.cfm?id=119,
7. Global Commission in International Migration, Migration in an Interconnected World: New Directions for Actions, Geneva, October 2005
8. Green Paper on EU Approach to Managing Economic Migration, COM (2004) 811 final, Brussels, 11.01.2005
9. Jaakson K. (2005), Labour Migration in the Enlarged European Union, Lund University, MEA
10. Kaczmarczyk P., Okólski M. (2005), Migracje specjalistów wysokiej klasy w kontekście członkostwa Polski w Unii Europejskiej, UKIE, Departament Analiz i Strategii, Warszawa
11. Keely Ch.B. (2002), Globalisation Transforms Trade-Migration Equation, www.migrationinformation.org/Feature?display.cfm?id=73#top, 25.11.2005
12. Kupiszewski M. (2005), Migration in Poland in the Period of Transition – the Adjustment to the Labour Market Change, Central European Forum for Migration Research, PIE Dis-

- cussion Paper Series, March
13. Kunz J (2002), Labour Mobility and EU Enlargement - a Review of Current trends and Debates, DWP 2002.02.01
 14. Leon-Ledesma M., Piracha M. (2001), international Migration and the Role of remittances in Eastern Europe, Department of Economics, University of Kent
 15. Gorynia M. (red.) (2002), Luka konkurencyjna na poziomie przedsiębiorstwa a przystąpienie Polski do Unii Europejskiej, Wyd. AE Poznań,
 16. Harris J. Todaro M. (1970), Migration, Unemployment and Development: A Two Sector Analysis, "American Review" 60 (1), p. 126-142
 17. Massey D.S., Arango J., Hugo G., Kouaouci A., Pellegrino A., Taylor E.J. (1993), Theories of International Migration: a Review and Appraisal, "Population and Development Review", Vol. 19, No. 3, p. 431-466
 18. MKW GmbH (2001), EU Enlargement: General Development of the Job Potential in the Cultural Sector in the Age of Digitalisation. Obstacles to Mobility for Workers in the Digital culture in the European Union,, study commissioned by the European Commission, DG Employment and Social Affairs, Brussels
 19. Muenz R. (2004), Migration, Labour Markets and Migrants' Integration in Europe: A Comparison, Migration Research Group, HWWA, Hamburg,
 20. Piracha M., Vickerman R. (2002a), Immigration, Labour Mobility, and EU Enlargement, Department of Economics, University of Kent,
 21. Piracha M., Vickerman R. (2002b), Borders, Migration and Labour Market Dynamics in a Changing Europe, Final Report on ESRC Project L213252042, Department of Economics, University of Kent,
 22. Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty (period 1 May 2004 – 30 April 2006), European Commission, Brussels, 8.02.2006
 23. Samorodov A. (1992), Labour Mobility in Europe as Result of Changes in Central and Eastern Europe, "Review of Labour Economics and Industrial Relations" No. 3, p.3-21
 24. Scheve K.F., Slaughter M.J. (2001), Labour Market Competition and Individual Preferences over Immigration Policy, "The Review of Economics and Statistics", vol. 83, No.1,
 25. Tassinopoulos A., Werner H. (1998), Mobility and migration of labour in the European Union and their specific implications for young people, Luxembourg, European Communities, p. 5-98
 26. The Social Situation in the EU 2004, Eurostat, European Commission, Brussels, 10.06.2005
 27. Williams A.M, Balaz W., Wallace C. (2004), International Labour Mobility and Uneven Regional Development in Europe, "European Urban and Regional Studies 11 (1), p. 27-46
 28. Wilson K. (2004), Labour Mobility in the Expanded European Union, "Davidson Economics Times & Review" Vol. 3, Issue 2, p. 7-12

Grażyna Maniak, PhD., is Senior Lecturer at the Department of Microeconomics, the Faculty of Economics Science and Management, the University of Szczecin, Poland. She is also a lecturer at The West Pomeranian Business School, Poland. Grażyna Maniak leads the following courses at The University of Szczecin: Microeconomics, Organisation Behaviour, Labour Market, Strategy of Competition, Human Resource Management. Her scientific interests include labour market and human resources management. She has published many articles and conference presentations; she was also a co-author a few course books and exercise books on Microeconomics.

Renata Nowak-Lewandowska PhD., is a Lecturer at the Department of Microeconomics, the Faculty of Economics and Management, the University of Szczecin, Poland. She has published many articles and conference presentations concerned the labour market problems (particularly unemployment) and ethics of business. Her scientific interests incorporate labor market, unemployment, microeconomics, ethics of business and education (lifelong learning).