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THEMATIC ARTICLES - LABOR MIGRATION AND ITS CONSEQUENCES

Institutional Determinants of International Migration from Central-Eastern Europe

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Abstract. The aim of this paper is to present the role of institutional determinants for international migration from Central and Eastern Europe. In the whole post-war period international mobility has been stimulated by economic incentives, such as income disparities and unemployment, and also by particular solutions in migration policies in the receiving countries. Ethnic and asylum procedures, selective labor recruitments, visas barriers, regularization programs have mostly directed and intensified labor migration from CEE countries.

Recently the EU enlargement (and, consequently, opening of member states' labor markets) became another institutional enhancement for migrating. The 2004 accession of eight CEE countries has been followed by a massive flow from CEE to the UK and Ireland that, together with Sweden, opened their labor markets for migrant workers. In 2007 Bulgaria and Romania will gain the access into EU, but the directions of mobility has been already established for Romanian and Bulgarian citizens: the main destination countries are Italy and Spain. The dynamics of migration from Romania and Bulgaria to South Europe has been extraordinary high since around 2000, mainly due to low legislative barriers and high demand for low-paid work. Again, the institutional determinant, such as overall acceptance towards illegal, foreign workers and regularization programs, turned out to be decisive.

Keywords: International migration, labor markets, institutional determinants

1. The economics of East-West migration

International migration within European continent or – more precisely – at the junction of Eastern and Western Europe is often perceived as labor mobility from poorer to richer regions. In this perspective the mechanism of labor flows is intensified by wage/income disparities and differences in employment opportunities between post-communistic and high-developed economies. The GDP per capita, which serves as a relatively good measure of the level of economic development and at the same time as the proxy of individual incomes, is supposed to be major factor in

migration decision-making process. All CEE countries are seriously lagging behind the major destination countries in Western Europe (Table 1).

Table 1. GDP per capita in Purchasing Power Standards (PPS) (EU25 = 100) in selected European countries, selected years

Country	1996	2000	2003	2004	2005	2006 (b)	2007 (b)
EU25	100.0	100.0	100.0	100.0	100.0	100.0	100.0
EU15	109.5	109.8	109 (b)	109 (b)	108.2 (b)	107.9	107.5
Austria	126.4	125.7	120.8	122.6	122.5 (b)	121.9	121.5
France	112.8	113.6	111.3	109.3	108.9 (b)	108.2	107.9
Germany	118.0	111.9	108.4	108.6	108.1 (b)	107.4	106.8
Greece	69.8	72.8	81.1	82.0	83.6 (b)	84.7	85.5
Irland	102.2	126.1	134.1	137.0	138.4 (b)	139.8	141.4
Italy	115.5	113.3	107.8	105.8	103.6 (b)	103.1	102.2
Spain	86.9	92.3	97.4	97.6	98.3 (b)	98.2	97.7
UK	109.0	112.5	116.2	116.2	115.9 (b)	115.8	116.0
Hungary	48.4 (a)	52.9	59.3	60.1	61.9 (b)	63.2	64.5
Poland	42.1	46.8	47.0	48.8	49.8	51.0	52.2
Bulgaria	27.4	26.5	29.7	30.6	32.0	33.3	34.4
Romania	n.a.	24.9	30.0	32.2	32.9	34.2	35.3

(a) estimates; (b) forecast

Source: author's elaborations based on OECD.

Apart from the GDP disparities, another important factor that may intensify migration is unemployment rate. The economic transition in the CEE countries was closely linked to the worsening of the situation on their labor 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%. 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 determining migration. The most serious disequilibria on the labor markets (the highest unemployment rates) face Poland (Table 2), but also Slovakia and the Baltic States.

Table 2. Unemployment rate in selected European countries, 1996, 2000-2005

Country	1996	2000	2001	2002	2003	2004	2005
EU25	n.a.	8.6	8.4	8.8	9.0	9.1	8.7
EU15	10.2	7.7	7.3	7.6	8.0	8.1	7.9

Austria	4.3	3.6	3.6	4.2	4.3	4.8	5.2
France	11.6	9.1	8.4	8.9	9.5	9.6	9.5
Germany	8.5	7.2	7.4	8.2	9.0	9.5	9.5
Greece	9.6	11.3	10.8	10.3	9.7	10.5	9.8
Irland	11.7	4.3	4.0	4.5	4.7	4.5	4.3
Italy	11.2	10.1	9.1	8.6	8.4	8.0	7.7
Spain	17.8	11.1	10.3	11.1	11.1	10.6	9.2
UK	7.9	5.4	5.0	5.1	4.9	4.7	4.7
Hungary	9.6	6.4	5.7	5.8	5.9	6.1	7.2
Poland	n.a.	16.1	18.2	19.9	19.6	19.0	17.7
Bulgaria	n.a.	16.4	19.5	18.1	13.7	12.0	9.9
Romania	5.3(a)	6.8	6.6	7.5	6.8	7.6	7.7

(a) 1997

Source: author's elaborations based on OECD.

From the above presented data it follows that in case of few CEE countries, particularly Bulgaria, Romania, Poland and Slovakia, the GDP disparity and situation on the labor market became significant factors determining migration. This, in fact, was reflected in increase in migration streams from the region in the 1990s. However, what might arouse controversy, the situation on the labor markets and levels of income were not the main determinants of international migration from CEE countries.

2. Institutional determinants of migration in Central and Eastern Europe[1]

The aim of this paper is to show that institutions of migration policies in the receiving countries played the most important role in stimulating international mobility from CEE countries. During the whole post-war period: since the expulsion of ethnic Germans after the WW2 until European Union enlargement in 2004, scale, directions and types of mobility coincided mostly with elements of migration policies in Western states: ethnic and asylum procedures, selective labor recruitments, visas barriers, regularization programs. Mobility of East Europeans was to great extent a response to those particular institutions in the receiving countries. To illustrate this thesis, several facts from post-war history will be referred.

2.1 Migrations from CEE in the communist period

[1] In this paper I focus on ten countries in Central and Eastern Europe that are new EU members: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia and Romania.

To start with the communist period, it is well-known that the boundaries of CEE countries were tightly closed. On the one hand, international mobility was strictly controlled and limited. On the other hand, both political repressions and economic factors (such as low incomes, poverty, shortages in supply of basic goods, and, on the side of receiving countries, demand for low paid employees and the "open door" policy for political migrants from Central and Eastern Europe) intensified propensity to emigration. However, since the cross-border movement was limited2, in most cases departure from the home-country resulted in permanent emigration.

The main emigration flows that took place in CEE countries were based on either ethnic or asylum procedures conducted by West European countries. What might sound controversial, both procedures were abused by citizens of CEE countries, for many of whom the main emigration motive was economic. What is well-known from Polish perspective, in great part ethnic emigrants were persons having relatives in Germany, but not necessarily bound up with German society, culture, even not knowing German language.

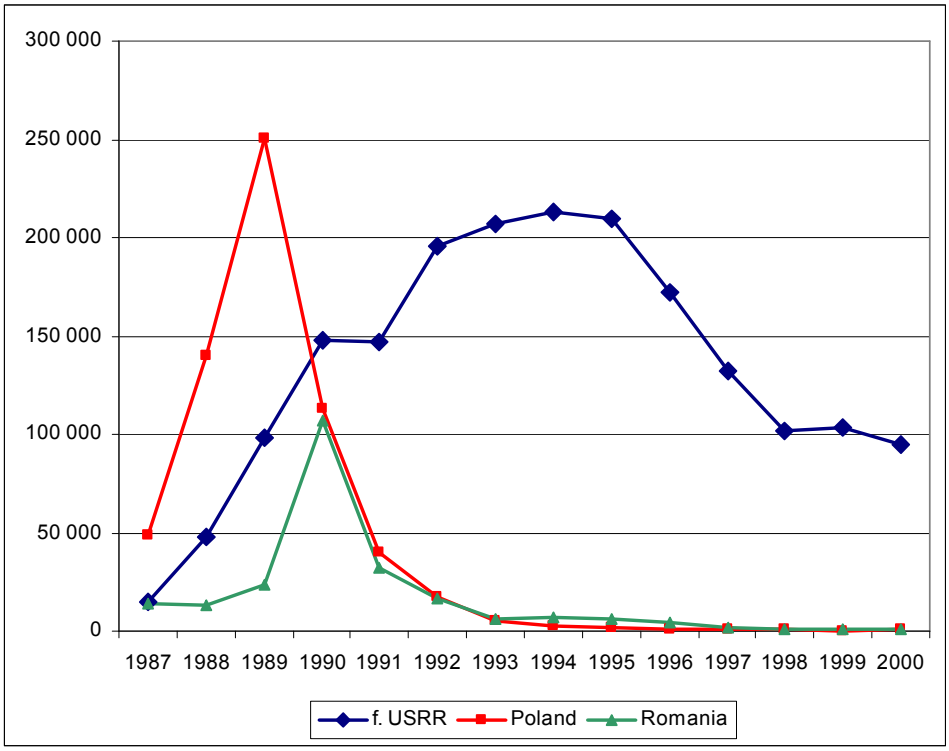
The ethnically-based mobility constituted a typical loophole within the system of strictly controlled boundaries of the communist states. The postwar expulsion of ethnic Germans and the following process of family reunification paved the way for numerous emigration both of German and non-German nationals from Central and Eastern Europe. The migration to Germany has been intensified and in many ways encouraged due the fact that the German demand for labor could not be satisfied by the national supply only. German 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 CEE countries has been gaining importance for the labor market in Germany.

Ethnic Germans recruited mainly from f. USRR, Poland, Romania and Czechoslovakia. On the basis of so-called *Aussiedlern/Spätaussiedlern* procedure 1880,000 citizens of f. USRR, 633,000 of Poland (Okólski 1994), 400,000 of Romania and 109,000 of Czechoslovakia (Kučera 1994) were

[2] An exception to this statement was mobility of so-called petty-traders, performed since the late 1970. mainly by Polish citizens.

given the status of ethnic Germans. The peak of ethnic Germans' emigration took place in 1989 when 372,000 persons entered Germany on the basis of *Aussiedlern/Spätaussiedlern* procedure and decreased since then (Figure 1).

Figure 1. Outflow of ethnic Germans from main sending countries, 1987-2000



Source: Locher (2002).

Other massive ethnically-determined outflows were performed by citizens of Bulgaria: in the period 1950-1989 as many as 640,000 ethnic Turks, 32,000 Jews, 8,000 Armenians, and 9,000 Russians, Czechs and Slovaks emigrated for permanence (Markova 2006). The outflow continued after the 1989 liberalization of international mobility: around 220,000 Bulgarian ethnic Turks left the home country and settled abroad. The mass outflow of ethnic Turks spelt a significant population decrease or even depopulation in the regions that the emigrants mostly inhabited. Guentcheva et al. (2003) mentioned villages and towns in the southern region of Bulgaria that have almost halved their population. As far as Romania is concerned, during the 1990s about 100,000 Romanian ethnic Germans emigrated, while 46,000 Romanian ethnic Hungarians were granted Hungarian citizenship.

Another institutional factor that stimulated migration in the communist period was constituted by asylum programs in Western Europe. Apart from emigration of political refugees, that took place mostly in 1956 in Hungary, 1968 in Czechoslovakia and 1981 in Poland3, most outflows took place at the turn of the 1980. and 1990. Once the cross-border movement became to some extent liberalized, thousands of East Europeans entered West European countries (mostly Germany and Austria) in order to apply for asylum status, which was the most possible way of legalizing stay abroad. In the period 1985-1994 370,000 citizens of Romania, 150,000 of Poland and 100,000 of Bulgaria applied for asylum status in today's EU-15 states. This flow was strongly dependent on the immigration policy by receiving countries and, however, has little to do with propensity to migration. This was the case of Germany and Austria which at the beginning of the 1990s tightened their asylum. As a result, numbers of asylum seekers decreased sharply afterwards.

3. The dominance of temporary labor flows in the transition period

On the eve of communism breakdown, in 1988 and 1989, the international mobility from CEE countries has been intensified. 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 CEE countries, contrary to what had been expected. It does not mean, however, that people unable to find employment in the country did not seek job abroad, but rather indicates that the great part of migration potential from CEE countries was absorbed by temporary mobility or even pendular movements.

Short-term mobility took place on a massive scale in Europe as on the one hand, it was institutionally enhanced and tolerated in the receiving countries and, on the other hand, it was most profitable for the migrants themselves4. The

[3] The magnitude of those emigration streams is estimated at 194,000 Hungarians after the 1956 Revolution (Juhasz 1999), 82,000 citizens of Czechoslovakia in the period 1967-69 and around 100,000 Poles in the aftermath of martial law declaration in 1981. To some extent emigration of 250,000 Polish Jews (Gawryszewski 2005) was determined politically by, on the one hand, anti-Semitic events in Poland and, on the other hand, the establishment of Israel state.

[4] Migrants earn Western wages (that even in the secondary sector of the labour market are higher than in CEE counties) but spend them in home-countries where the price level is much lower.

perfect example provides Germany that during the post-war period conducted active recruitment policy towards CEE countries' nationals: firstly settlement policy towards ethnic Germans, then, with liberalization of cross-border mobility, towards seasonal migrants.

Three kinds of temporary migration can be distinguished: flows resulting from seasonal demand for labor in the agriculture and construction sector in Western countries, regional cross-border commuter-type movements and migration of people for undocumented work under the guise of tourism.

As far as seasonal migration in Europe 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, and Germany receives by far the largest numbers of seasonal workers. In 2004 over 330,000 persons from CEE states were temporarily5 employed in that country of whom over 85-90% from Poland (Dietz, Kaczmarczyk 2006). The seasonal flow of over quarter million persons a year from Poland alone is currently the largest individual flow in the region of Central Europe.

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 labor administration dropped to 30,000-35,000 in 1995 (Drbohlav 2004). Another meaningful instance are cross-border movements of people from Slovenia to Austria and Italy. 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 centers alone: Graz in Austria and Triest in Italy employ daily over 4,000 Slovenians.

A popular form of temporary flows has emerged in the 1990. in keeping with the lifting by many western European states of tourist visas for the citizens of EU8 states. Many false tourists from CEE, 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

[5] Up to three months a year.

undocumented temporary workers from Poland mushroomed in western cities, such as Berlin, Brussels, London, Rome and Vienna. Surveys conducted in Poland in mid-1990. 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" (Jaźwińska, Okólski 2001).

4. EU enlargement: Poland as the main sending country

On May 1, 2004 eight CEE countries entered European Union but only three labor markets became open to migrants from the East: British, Irish and Swedish. Sweden, however, leads an active protection policy6 towards its national workers. Therefore, the number of labor migrants from CEE countries is insignificant and lower than, for instance, in Norway (a non-EU member!) that officially did not open its economy for foreigners7. This example proves the importance of institutional determinants for labor migration.

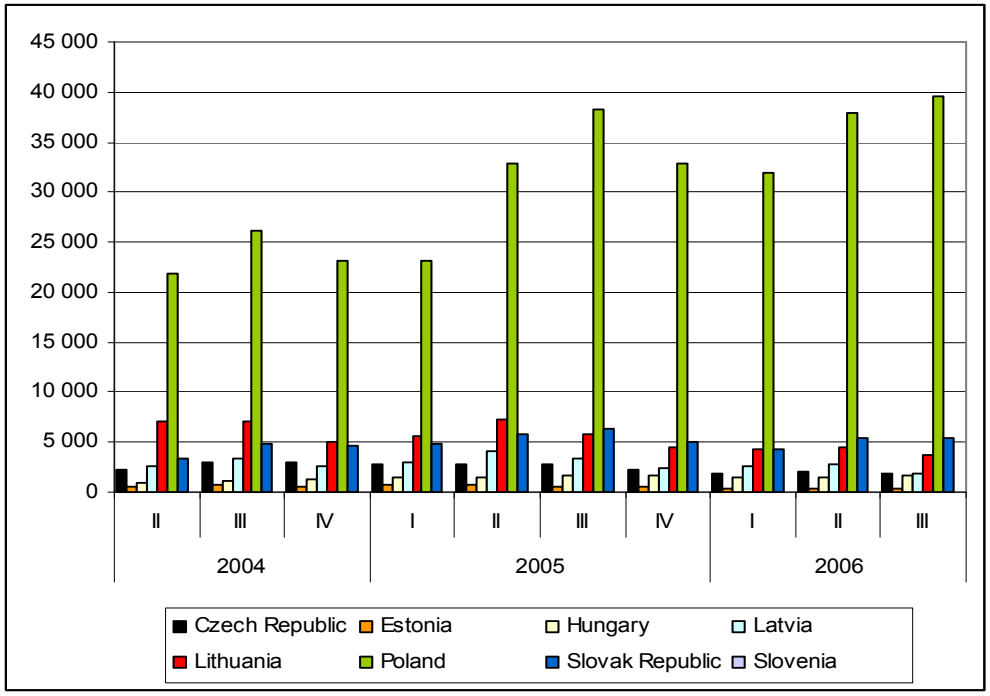
In the period May 1st, 2004 – September 30th, 2006 almost 510,000 citizens of EU8 countries8 registered in British *Workers Registration Scheme* (WRS) (Figure 2). WRS is the register of all migrants from the EU8 countries wishing to take up employment in the United Kingdom. It was set up on May 1, 2004 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 Kingdom9. Nevertheless, WRS allows for tracing migration trends and at least estimating the scale of migration from EU8 countries.

Poles constituted a vast majority of applicants (64%). In that period not only the absolute number of Poles increased, but also their proportion in all migrants from the EU8 countries10. Other significant migrant groups originated

[6] Performed not only by the government, but also by trades unions.
[7] In the period May 2004 – August 2005 29,000 first work permits were granted to EU8 nationals in Denmark, Finland, Norway and Sweden. The number of work permits in Norway was as high as 16,700, while in Sweden 6,300 (Directorate of Immigration, Norway).
[8] Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia.
[9] In addition, an application costs 50 pounds, which might be a disincentive to register.
[10] While the total of Poles increases every quarter of year since the second quarter of 2004, the numbers of immigrants from other EU8 countries remain stable (see Figure 2).

from Lithuania (11%) 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 labor market. The routes for Slovene migrant workers have remained limited to the regional areas: Austria, Italy, Balkan states and, further, Germany and Switzerland.

Figure 2. Number of WRS applicants in the United Kingdom in the period May 1st, 2004 -

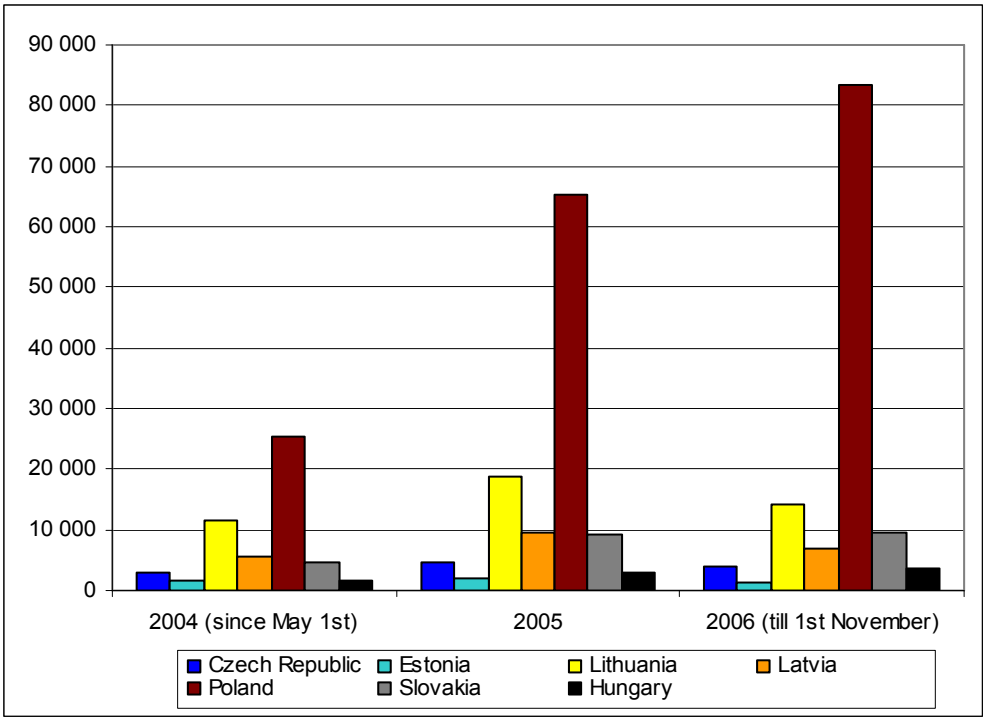


September 30th, 2006; by source country (citizenship) and quarter of year
Source: Accession Monitoring Report (2006).

Ireland, another EU15 country that opened its labor market to the citizens of new accession countries on May 1, 2004, has been relatively open to the inflow from those counties already since 2001. The scale of immigration to Ireland is reflected by the Personal Public Service numbers (PPS) data (Figure 3). Every migrant acquires a PPS number that is required not only for work, but also for receiving social benefit or making a driving license. Thus, the number of PPS numbers issued to the EU8 nationals reflects all registered immigrants, not only foreign workers.

In the period May 1, 2004 – November 1st, 2006 over 290,000 PPS numbers were issued to EU8 nationals. Similarly to the evidence from Britain, Poles (174,000 persons registered in Ireland) proved to be by far the most highly prone to migration for work of all EU8 nationals. The number of Lithuanian workers (44,600) was only one-quarter of that of Poles, and of Slovaks (23,000) only one-eight. Numbers of Czechs, Estonians, and Hungarians did not exceed 5,000 persons annually, while of Slovenians – 100 persons yearly11.

Figure 3. PPS numbers issued to migrants in Ireland in the period May 1st, 2004 – October 31st, 2006 by country of citizenship



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

5. New directions of mobility after 2000

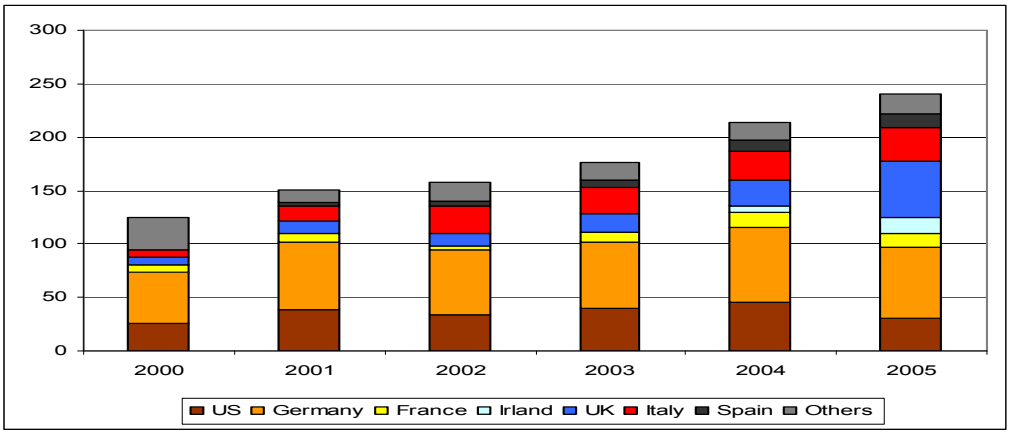
At the turn of the centuries the map of international migration in Europe, especially directions of mobility have changed. During the post-war period the main destination countries for all CEE countries' citizens were Germany and the United States. Nowadays, taking into account the dynamics of migration, the role

[11] Therefore Slovenians were not illustrated in the Figure 3.

of main receiving country has been overwhelmed by the UK, Ireland, Spain and Italy12. This shift results from, on the one hand, the 2004 EU enlargement and, on the other hand, tolerance against irregular foreign workers in the South of Europe. Despite lower incomes for labor migrants in i.e. Italy compared to Germany, migration is stimulated by institutional factors, which again turned out to be of great significance.

As far as the EU enlargement is concerned, the British Isles attracted migrants from EU8 states, mostly from Poland, Slovakia and Baltic States. For instance, in the period 2000-2005 Polish labor migrants headed mainly at Germany and the United States – the total of persons in those two countries oscillated around 100,000 (Figure 4). The increase in migration from Poland resulted from mobility to new destination countries, such as Italy, Spain, UK and Ireland13 – the number of Polish migrants in those countries exceeded in the second quarter of 2005 100,000.

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



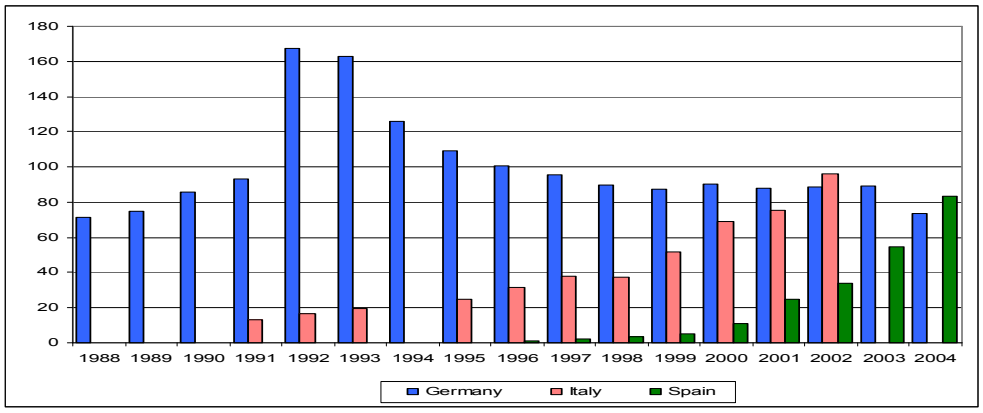
Source: author's elaborations based on Labor Force Survey for Poland.

As far as Spain and Italy are concerned, two incentives towards migration should be taken into account: growing demand for foreign work, especially in the secondary sector of labor market14, and low legislative barriers. Italy, Spain and

[12] Greece should also be mentioned as an important destination country for migrants from Romania and Bulgaria.
[13] Which became a receiving country not until 2004.
[14] Male migrants from CEE countries work in agriculture and construction sector, while females are household keepers, cleaning ladies, care for the elderly and children.

Greece can be characterized as states of great tolerance towards irregular foreign workforce leading very liberal migration policies15. In the end of the 1990 the dynamics of immigration from CEE countries became unexpectedly and extraordinary high. For instance, in Italy the number of work permits newly issued to citizens of Romania sharply increased from 5,900 in 1998 to 21,000 in 1999 and 50,000 in 2000 (Chaloff 2003). In 2000 Romanians constituted the largest group of permit-holders and the third group of foreign residents (after Moroccans and Albanians) with 95,800 persons in 2002. According to Blangiardo (2006) in July 2005 there were around 437,000 Romanians in Italy among them around 68% residents, 10% migrants with a regular status and 22% irregular migrants. In Spain, after the liberalization of visa program for Romanians in 2002 and regularization process of foreigners in 2005, the number of Romanian residents in Spain increased extraordinary dynamically: from 1,400 persons in 1996 to 25,000 in 2001 and 83,400 in 2004 (Escribano 2005). In the 2005 regularization program almost 120,000 irregular workers from Romania applied for affiliation into Social Security System (SSS). In 2004 Romanian citizens constituted the fifth largest foreign group in Spain. In the beginning of the 21st century the total of Romanian citizens living in Spain or Italy exceeded the number of those in Germany, the traditional destination country for Romanian emigrants.

Figure 5. Stock of Romanian citizens living in Germany, Italy (a) and Spain (b), 1988-2004 (thous.)



a) 1991-2002; (b) 1996-2004;

Source: Fröhlich (2005), Bleahu (2005), Chaloff (2003).

[15] In fact, regularizations programs for immigrants were established in those countries: in 1998 in Greece, in 2005 in Spain.

6. Conclusions

To conclude, economic factors were not the only and not the main determinants for labor migration from CEE countries. During the whole post-war period migration policies of the receiving countries directed labor streams: their magnitude, character (permanent or temporary) and directions within Europe. Recently the most important institutional determinant is the enlargement of European Union and openness of member states' labor markets. In the aftermath of the 2004 EU enlargement thousands of Polish, Slovak and Baltic States citizens entered British Isles in search of work. The inflow of Polish migrants was unexpectedly and extraordinary high.

The consequences of the Romania's and Bulgaria's accession in 2007 still remain the domain of speculations. CEE labor markets became open to Romanian and Bulgarian citizens but, still, mass labor immigration into CEE states is unlikely due to low wages in CEE compared to (illegal) incomes in i.e. Germany or UK. In other words, there is no substitution between illegal employment in Western Europe, which is very profitable and accepted in several states in the South, and legal, but low-paid employment in Eastern Europe.

The conclusion remark refers to the role of institutional determinants in the future. Sooner or later (the maximum period of labor market restrictions lasts 7 years) all EU labor markets will become open to CEE countries' citizens. Then economic stimuli (especially incomes and tax incentives) will become more important than legislative determinants.

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