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# What impact have lower barriers to mobility had on the migration flows from Poland to the UK?

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## **Abstract**

Following the 2004 EU-enlargement, the UK granted free movements of workers to nationals from the eight new member states (A8). There was a widespread concern in other European countries regarding the expected large inflow of A8 migrants, and consequently twelve of the old EU member states decided to implement transitional restrictions. This led to a relatively large inflow of A8 migrants to the UK, and not to for example Germany that traditionally had experienced a great inflow of Eastern European immigrants. Poles came to be by far the largest immigrant group in the UK, constituting 67 per cent of all A8 migrants. Poland is the largest country out of all A8 countries and had a weakly performing labor market with high unemployment rates and low GDP per capita at the time of accession. In addition, many Poles had pre-migration networks in the UK. The Poles that came to the UK came to work; hence many were young and very few claimed benefits. The migrants started to settle down in parts of the UK not traditionally associated with migration.

Post-enlargement migration differs from historical migration since current migration is characterized by more temporary migration. Many of the Poles have already started to return home, and many of those who have returned to Poland are planning to come back to the UK. Thus, we are experiencing a much more dynamic migration.

*Key words: EU-enlargement, free movement, migration inflows, return migration, Poland, the UK and temporary migration*

# Table of contents

<b>ABSTRACT</b> .....	<b>2</b>
<b>TABLE OF CONTENTS</b> .....	<b>3</b>
<b>ABBREVIATIONS AND GLOSSARY</b> .....	<b>5</b>
<b>1. INTRODUCTION</b> .....	<b>6</b>
1.1 ISSUES AND AIM.....	7
1.2 METHODOLOGY AND DATA.....	8
1.3 OUTLINE OF THE THESIS.....	8
<b>2. BACKGROUND - ENLARGEMENT AND LABOR MIGRATION</b> .....	<b>9</b>
2.1 FREE MOVEMENT WITHIN THE EU .....	9
2.2 THE SIZE OF PRE-ENLARGEMENT MIGRATION.....	10
2.3 LITERATURE REVIEW .....	11
<b>3. THEORETICAL FRAMEWORK</b> .....	<b>13</b>
3.1 DIFFERENT TYPES OF MIGRATION .....	13
3.2 GEOGRAPHIC MIGRATION AS A HUMAN CAPITAL INVESTMENT.....	13
3.3 PUSH AND PULL FACTORS .....	15
3.3.1 <i>Push factors</i> .....	15
3.3.2 <i>Pull factors</i> .....	15
3.4 THE ROY MODEL – SELF SELECTION ON MIGRATION .....	16
3.5 OPTIMAL MIGRATION DURATION, RETURN AND REPEAT MIGRATION .....	17
3.6 NETWORK MIGRATION.....	18
3.7 SUMMARY AND FURTHER USE OF THE THEORETICAL FRAMEWORK.....	19
<b>4. PREDICTIONS ON POST-ENLARGEMENT MIGRATION</b> .....	<b>21</b>
4.1 BAUER AND ZIMMERMANN’S FORECAST ON THE EXPECTED MIGRATION AFTER 2004.....	21
4.2 THE EUROPEAN COMMISSION PREDICTS A PEAK IN POST-ENLARGEMENT MIGRATION AFTER A PERIOD OF THREE TO FOUR YEARS .....	22
4.3 FORECAST ON MIGRATION AFTER EU-ENLARGEMENT BASED ON THE MIGRATION EXPERIENCES FROM THE ACCESSION OF PORTUGAL, SPAIN AND GREECE.....	23
4.4 HOME OFFICE’S PREDICTIONS ON THE MIGRATION OUTCOME AFTER THE EU-ENLARGEMENT .....	25
4.5 SUMMARY .....	26
<b>5. A CASE STUDY OF POLISH MIGRATION TO THE UK</b> .....	<b>28</b>
<b>5.1 INFLOWS</b> .....	<b>28</b>
5.1.1 THE SIZE OF POST-ENLARGEMENT MIGRATION.....	28
5.1.2 OTHER INDICATORS OF THE SIZE OF MIGRATION AFTER THE EU ENLARGEMENT.....	32
5.1.3 THE DEMOGRAPHIC PROFILE OF POST-ACCESSION MIGRANTS TO THE UK.....	33
<i>Nationality</i> .....	33
<i>Gender</i> .....	33
<i>Age</i> .....	33
<i>Level of education</i> .....	34
5.1.4 ECONOMIC PUSH AND PULL FACTORS.....	34
5.1.5 NETWORKS .....	37
5.1.6 BROADENING HORIZONS AND OPPORTUNITY TO LEARN ENGLISH .....	38
5.1.7 SUMMARY .....	39
<b>5.2 IN THE UK</b> .....	<b>41</b>

5.2.1 EMPLOYMENT AND SECTOR PROFILE .....	41
5.2.2 WAGES AND HOURS OF WORK.....	42
5.2.3 BENEFIT CLAIMS BY A8 MIGRANTS.....	43
5.2.4 GEOGRAPHY OF A8 MIGRANTS .....	43
5.2.5 SUMMARY .....	44
<b>5.3 RETURN MIGRATION .....</b>	<b>46</b>
5.3.1 THE SIZE OF RETURN MIGRATION .....	46
5.3.2 REASONS FOR LEAVING THE UK.....	47
5.3.3 SUMMARY .....	48
<b>6. CONCLUSIONS AND DISCUSSION.....</b>	<b>49</b>
<b>REFERENCES.....</b>	<b>51</b>

## **Abbreviations and glossary**

<b>A8</b>	The eight Central and Easter European countries that joined the European Union in May 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland Slovakia and Slovenia)
<b>A2</b>	The two countries that joined the European Union in January 2007 (Bulgaria and Romania)
<b>A10</b>	Includes the A8 countries and the A2 countries
<b>EU</b>	European Union
<b>EU15</b>	Refers to the member states in the European Union before the enlargement in 2004
<b>IPS</b>	International Passenger Survey
<b>LFS</b>	Labor Force Survey
<b>UK</b>	United Kingdom
<b>WRS</b>	Worker Registration Scheme

## 1. Introduction

In May 2004, eight Central and Eastern European states with a combined total population of approximately 75 million people, joined the European Union. EU membership eliminated barriers for workers to move and introduced the right to move and reside freely, the right to establish and provide services and the right to take up employment. Immediately prior to the accession of the new member states (A8), concerns arose in some of the old member states regarding the number of potential immigrants that would arrive from the A8 states once they were free to move. As a consequence of this anxiety, it was decided that the EU15 states were allowed to restrict free movement of workers from the A8 countries for a period of up to seven years. The majority of EU15 states opted to restrict access to their labor markets, the exceptions were Sweden, Ireland and the United Kingdom.

Between May 2004 and March 2008 around 845,000 A8 migrants joined the UK labor market. The inflow of migrants was both faster and larger than expected. A great majority (67per cent) of the immigrants, during this time period, came from Poland (Home Office 2008, p. 4). Polish nationals are now the single largest foreign nationality represented in the UK, and it has gone from being the 13<sup>th</sup> largest group pre-accession (World Bank 2008).

The post-enlargement migration is likely to be the most concentrated voluntary migration in modern time. A vast majority of the migrants has moved on their own volition over a relatively short period and many migrants have already decided to return home or move elsewhere (IPPR 2008, p. 54). This migration pattern can clearly be seen in the case of Polish migrants to the UK. About half of all A8 migrants have already returned to their home countries (World Bank 2008). Since Polish migrants are the single largest migrant group among post-accession migrants, this number can be representative when describing return migration from the UK to Poland. According to a survey made by the Institute for Public Policy Research (IPPR) in the UK, around a fifth of the Polish migrants that have returned to Poland are planning to come back to the UK for at least three months.

## ***1.1 Issues and aim***

Through membership in the European Union in 2004 Polish nationals got free access to the UK labor market. Since only three of the EU15 countries decided not to implement restrictions towards the new East and Central Europe member states, it can presumably be expected that the inflow of migrants to these countries would be relatively high.

Our aim in this thesis will be to study the migration flows from Poland to the UK as well as the outflows from the UK back to Poland in the post-enlargement period. Before the enlargement forecasts were made concerning the outcome of migration after 2004. Our task will be to describe and analyze the inflows and outflows of Polish migrants to the UK, and compare the real outcomes to those expected. Another task will be to describe the immigrants' situation once they came to the UK. Thus, our main question will be:

*What impact have lower barriers to mobility had on the migration flows  
from Poland to the UK?*

In order to be able to answer this question, we will divide our case study into three parts and work with the following issues:

- **Motivation behind the migration flows**
  - How many Poles migrated to the UK and why?
  - What was the demographic profile of the immigrants?
- **The immigrants' situation in the UK**
  - How did the migrants perform in the UK labor market?
  - Where did they settle down?
- **The decision to return back to Poland**
  - How many migrants decided to return to Poland?
  - What motivated and determined the return migration?

## ***1.2 Methodology and data***

International migration has several different dimensions. We will in this thesis focus on labor migration. The theoretical framework on labor migration will be based on economic theories, with departure point in the migration decision. Thus, the theoretical framework will be used as a tool for analyzing the data in our case study.

The empirical part is based on secondary data. The data contains forecasts, statistics and earlier published studies. The statistics are mostly collected from the UK government's home page Home Office. Forecasts made to predict post enlargement migration will be presented and compared with empirical facts in the case study. Earlier published studies have been our main source. International Passenger Survey (IPPR 2008) published a report on the post-EU enlargement migration, which has been an important source for this thesis. We have not conducted any primary research due to limited resources.

## ***1.3 Outline of the thesis***

Following this *introductory chapter*, we will continue with a *background*. The background will contain a short presentation of the EU enlargement regarding migration, a pre-enlargement overview and a brief literature review. The presentation of the EU-enlargement and the literature review aim to give the reader some background information on the topic. We will continue with a *theoretical framework*. Further on some *forecasts* made pre-enlargement will be presented which will be used to some extent in our case study. This will lead us to our own analysis, which is; *a case study of the UK and Poland*. The theoretical framework will function as a tool in our analysis. In the case study we will divide our analysis of the migration from Poland to the UK into three different parts. The first part will deal with migration inflows, the second part will consider the immigrants' situation in the UK and the last part will concentrate on return migration. Finally, we will end with a chapter containing a *discussion and conclusions*. The aim here is to summarize our conclusions and discuss them further, in order to answer our main question.



## **2. Background - enlargement and labor migration**

In 1999 the European Council started its negotiations and assessments with ten formerly communist countries in Central and Eastern Europe; Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, as well as with the Mediterranean islands of Cyprus and Malta. To be qualified for membership in the EU these countries had to meet a series of political and socio-economic criteria. Eight of the Central and Eastern Europe states, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia, met the criteria in time to join the EU in May 2004. These countries will from now on be called “A8 countries”. In addition, Cyprus and Malta also met the criteria for the 2004 accession. Bulgaria and Romania, on the other hand, did not meet the criteria in time, but were able to join the EU in January 2007 and became the so called “A2 countries” (IPPR 2008, p. 13).

### ***2.1 Free movement within the EU***

The right for workers to move freely is one of the fundamental freedoms guaranteed by EU law. At the time of the enlargement in 2004 there was a common concern about mass migration inflows into EU15 and about the impacts from migration. Due to this concern the Treaty of Accession allowed the EU15 countries to implement transitional restrictions on the free movement of workers from the new member states for a maximum of seven years. However, the restrictions did not concern Cyprus and Malta, since they already had relatively free access to EU15. The same transitional approach was imposed in 2007 when Bulgaria and Rumania entered the EU (Diez Guardia and Pichelmann 2006, p. 3ff).

The transitional period with restrictions can be divided into a three-stage process, which is known as a “2+3+2” formula. Consequently, by the end of April 2011, all restrictions on free movement for A8 will be removed. During the first phase of transitional arrangements, that started in May 2004 and ended on 30 April 2006, the EU15 states were permitted either to use national legislation that was in place 2003 or to open their domestic labor market. At the next stage, which is the present three year stage, the EU15 states could choose between extending the national measures or lifting the market restrictions. The final two year stage allows the EU15 countries to apply national measures for two further years, but only if migration is the

source of serious disturbance or poses some form of labor market threat (Donaghey *et al.* 2006, p. 654).

A great majority of the EU15 member states chose to impose restrictions in one form or another on the A8 countries. United Kingdom, Ireland and Sweden were the only three countries that did not impose any restrictions. Accordingly, ever since May 2004, workers from the new Central and Eastern Europe member states have been granted free access to the UK labor market.

Workers who immigrate to the UK are obligated to register on the Home Office administered Worker Registration Scheme (WRS) if they are employed for a month or more. This system provides the UK government with information about workers from the accession countries. However, not all workers are required to register<sup>1</sup>, which can cause a problem when estimating how many migrants that actually work in the UK (Gilpin *et al.* 2006, p. 3f).

## ***2.2 The size of pre-enlargement migration***

Immigration to Europe is a relatively new phenomenon from a historical perspective. Until fairly recently most European countries had instead been countries of emigration. The second half of the 19<sup>th</sup> century was an era of mass emigration from Europe to the US, Canada and South America. European countries have gradually, starting in the 1950s, become destination for immigrants. In the last half century, three different phases of migration can be recognized. First, the guest worker phase due to increased labor demand during the economic boom in the 1950s and 1960s. The second phase consisted of continued migration due to family reunification during the 1970s. The third phase was the asylum seekers phase, with a peak in 1991-1992. After a drop between 1992 and 1997, net inflows started rising again in the end of the 1990s until 2003 (Diez Guardia and Pichelmann 2006, p. 4).

In recent years, the UK has experienced increasing levels of both inward and outward international migration. Over the past decade migration into the country increased from

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<sup>1</sup> Workers that are not required to register are: the self employed, those who have been working legally in the UK for 12 months without a break, those who are providing services on behalf of an employer who is not established in the UK, those who have dual citizenship in the UK and another country within the European Economic Area (or Switzerland), the family member of a Swiss or EEA citizen (except A8 and A2 nationals) (Home office UK Border Agency 2008).

314,000 in 1994 to 582,000 in 2004, and most of the increase occurred after 1997 (National Statistics<sup>a)</sup> 2008). Poland had the most significant level of pre-enlargement migration to the UK out of the A8 countries, and the migration route has been entrenched since the Second World War. Immediately after the Second World War, in 1951, the UK had over 162,000 recorded Polish born residents (Eade *et al.* 2006, p. 6). This implies that Polish migration networks might already have been in place in the UK at the time of enlargement.

The Europe Agreement, which was ratified in 1994 and allowed candidate country nationals to be self-employed in the existing EU countries, encouraged Poles to come to the UK to set up businesses. It has been emphasized that the number of undocumented Polish migrants in the UK before 2004 was substantial, why the number of Poles in the UK pre-enlargement is likely to be underestimated (IPPR 2008, p. 16). Polish nationals were, pre-enlargement, the 13<sup>th</sup> largest group of immigrants in the UK. At the end of 2007 they had gone to be the single largest immigrant group in the UK (IPPR 2008, p. 21).

### ***2.3 Literature review***

There is an extensive literature on migration. Most of the literature concentrates on the United States, and there is considerably less evidence on migration to the UK. We will in this section present some of the literature with evidence concerning migration to the UK.

Dustmann and Weiss (2007) studied return migration from the UK. The authors develop a model that rationalizes migrants' decision to return to their country of origin, despite higher wages in the destination country. Further on, the authors conclude that white immigrants had substantially higher return propensities than non-white immigrants. Consequently, return migration was particularly pronounced for the group of immigrants from the EU, the US and Australia/New Zealand; while it was much less pronounced for immigrants from the Indian Sub-Continent and from Africa.

Dustmann, Fabbri and Preston (2005) used data from the British Labor Force Survey to provide an empirical investigation of the way immigration affects labor market outcomes of native-born workers in the UK. They found that the overall skill distribution of immigrants was remarkably similar to that of the native-born workforce. In addition, they found no strong

evidence that immigration had effects on aggregate employment, participation, unemployment and wages.

Dustmann and Francesca (2005) studied economic outcomes and performance of Britain's immigrant communities today and over the last two decades. They found that over the last 20 years, Britain's immigrant population had changed in origin composition and had dramatically improved in skill composition, similar to the trend in the British-born population. They also found evidence that white immigrants were more successful in general in Britain, although there were differences between groups of different origins.

Portes and French (2005) used data from May 2004 to December 2004 and concluded that the primary impacts of immigration to the UK from the A8 countries were increased output and increased total employment. Immigration appeared to have a minimal impact on native workers. Even though the impact on native workers was minimal, they found evidence that higher levels of accession workers were associated with very small increases in unemployment. In addition, Portes and French concluded that the overall economic impact of the post-enlargement migration had been modest, but broadly positive.

### **3. Theoretical framework**

This chapter attempts to explain why international migration takes place and who migrates, which are fundamental aspects when studying the outcomes of migration. We will present relevant economic theories for greater understanding of international migration. This part of the thesis will later on be used as a tool when analyzing and explaining certain outcomes.

#### ***3.1 Different types of migration***

Four different types of migration can be distinguished, but the distinction between them can be somewhat blurred. The reason is that factors that are driving in the migration decision can be numerous.

The first type is labor migration, including both short- and long-term migrants. The second type of migration is family-linked migration. This type includes both accompanying family members from the beginning and family unification. The third type is asylum seekers; once asylum seekers are granted asylum they are classified as refugees. The last type is illegal immigrants. This group includes immigrants who enter the country illegally, who stay after their visa has expired, or who after they have applied for asylum stay in the county despite that they do not have been granted refugee status (Diez Guardia and Pichelmann 2006, p. 11f). We will in this thesis primarily focus on the first type, that is on labor migration.

#### ***3.2 Geographic Migration as a human capital investment***

By making a simple application of the human capital framework one can study the migration decision. Modern analyses of migration decisions often use the hypothesis stating that the main cause of migration is differences in net economic advantages at the point of departure. Migration of workers can therefore be seen as a form of human capital investment (Borjas 2005, p. 315).

When a worker takes the migration decision he/she calculates the value of the employment opportunities available in each of the alternative labor markets and adds the costs of moving, including price differences. Subsequently, the worker will choose whichever alternative that maximizes the net present value of the workers lifetime earnings (Borjas 2005, p. 315).

To illustrate the migration decision problem, assume that there are two specific labor markets where the worker can be employed. These markets can be in different countries, as in our study, but also in different cities or states. The worker is by assumption currently employed in labor market A and is considering the possibility of moving to labor market B. Suppose that the worker is 25 years old and earns  $w_{25}^A$  dollars in labor market A. If the worker decides to move to labor market B he will earn  $w_{25}^B$  dollars. Further, the worker will also have to take the costs of moving into account in the migration decision. These costs include the actual expenditures of transporting the worker to the new labor market as well as the dollar value of the psychological costs arising, for example, from the separation from family and friends. Costs of moving are assumed to be  $M$  dollars (Borjas 2005, p. 315).

The worker can now make the decision to move or to stay by a comparison of the present value of lifetime earnings in the alternative employment opportunities. The present value of staying in labor market A is given by the following equation:

$$PV^A = w_{25}^A + \frac{w_{26}^A}{(1+r)} + \frac{w_{27}^A}{(1+r)^2} + \dots \quad (3.1)$$

Where  $r$  is the discount rate. The sum in the equation will continue until the worker reaches retirement age. The present value of earnings if the individual moves to labor market B is given by  $PV^B$  in the same way.

$$PV^B = w_{25}^B + \frac{w_{26}^B}{(1+r)} + \frac{w_{27}^B}{(1+r)^2} + \dots \quad (3.2)$$

Consequently the net gain to migration is given by the following expression:

$$\text{Net gain to migration} = PV^B - PV^A - M \quad (3.3)$$

If the net gain is positive the worker will move. Since the worker seeks to maximize the present value of lifetime earnings, a number of empirically testable propositions follow. An improvement in the economic opportunities in the destination country increases the net gains to migration. If economic opportunities at the labor market A improves the net gains to

migration will decrease, which lowers the probability that the worker moves. An increase in  $M$  reduces the likelihood of a move to labor market B (Borjas 2005, p. 315f).

### ***3.3 Push and pull factors***

The decision to migrate is stimulated by a complex combination of push and pull factors. A migrant is driven by push factors in the sending country and pull factors in the receiving country. Push and pull factors can be complicated to separate, the difference between the two factors can however be explained by the foundation of pull and push factors. The foundation of pull factors is expectations, while the foundation of push factors is experiences. Pull factors are often related to jobs and other economic opportunities which give rise to expectations. Push factors on the other hand are related to poor living conditions exemplified by lack of opportunities (World Bank Seminar Series 2005, p. 4).

#### **3.3.1 Push factors**

A high rate of unemployment is one important economic push factor. In countries where the job market cannot keep up with the rapid growth in the size of the young labor force people are tempted to migrate to places where the opportunity of getting a job is higher. Also the average hourly wages is a push (or pull) factor. If wages are relatively low in the home country it can be a reason to migrate. Emigration will also take place when a country has highly developed human resources but low levels of economic development or income level (World Bank Seminar Series 2005, p. 4).

#### **3.3.2 Pull factors**

As we defined unemployment to be a push factor, job opportunities in other countries can be considered a pull factor. Many high-income countries are competing to attract needed human capital and skilled professionals. This can also be driven by an ageing work force and the need to finance social services for retirees. Another pull factor is that some developed countries are more migrant-friendly than others in terms of legal arrangements, social services, better paid jobs and other opportunities (World Bank Seminar Series 2005, p. 4).

### 3.4 The Roy model – self selection on migration

The Roy model describes how workers sort themselves among employment opportunities. In addition, the model assumes that skills are completely transferable across countries.

Countries like Sweden and England have relatively egalitarian income distributions and progressive income tax systems. This results in an equal income distribution and low rates of return on human capital investments in these countries; the high educated will not earn much more than the low educated. In this situation the immigrants tend to be negatively selected. In the United States, the situation is the opposite, that is high skilled workers earn a lot more than low skilled workers and there is a relatively unequal income distribution. This situation increases the incentives for skilled workers to migrate to the United States and the migrants will be positively selected, since it is more rewarding for them to migrate (Borjas 2005, p. 333ff).

Each worker makes his decision based on a comparison of expected earnings in the home country and in the destination country. The worker will henceforth migrate whenever expected earnings in the destination country exceed expected earnings in the home country.

Figure 1a and 1b. The self-selection of the immigrant flow

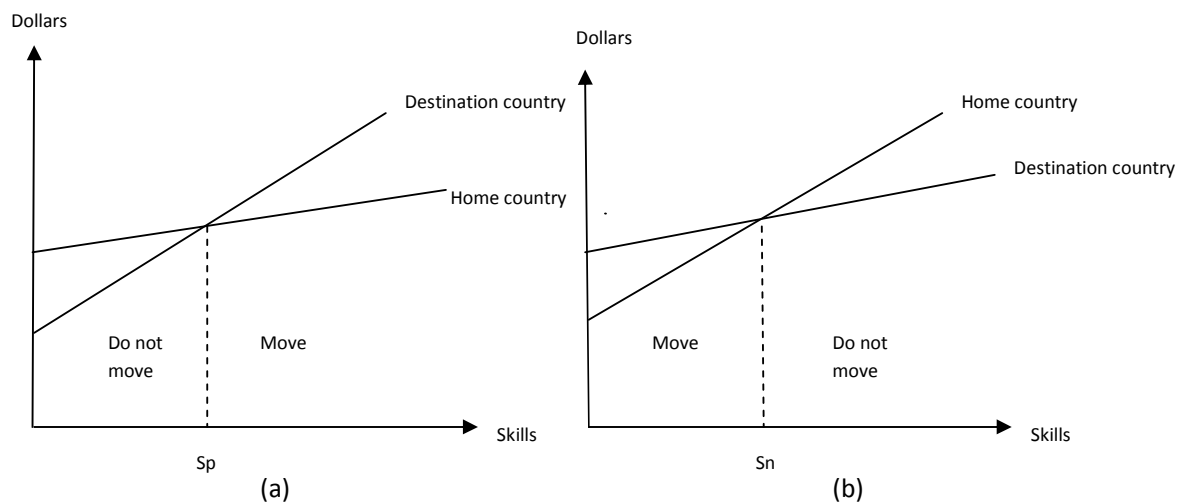


Figure 1a illustrates positive selection, hence the returns to skills are higher in the destination country (the wage-skill line is steeper) than in the source country. Workers with more than  $S_p$  efficiency units will migrate. Picture conversely 1b illustrates negative selection, because here



the returns to skills are higher in the home country. In this case, workers with less than  $S_n$  efficiency units will migrate (Borjas 2005, p. 336).

To sum up, the key implication of the Roy model is that the relative pay-off for skills in the two countries will determine the composition of the migrant flow.

### ***3.5 Optimal migration duration, return and repeat migration***

When an individual migrates he/she faces the question whether to migrate permanently or temporarily and consequently return home after some time in the new destination country. Contemporary international migration differs from historical migration, since a large share of the migrants today does not move permanently but temporarily. Individuals choose to migrate if it maximizes total utility over their life-cycle. Return migration might be planned in the original migration decision, or occur because initial migration decision was a mistake (Borjas 2006, p. 319).

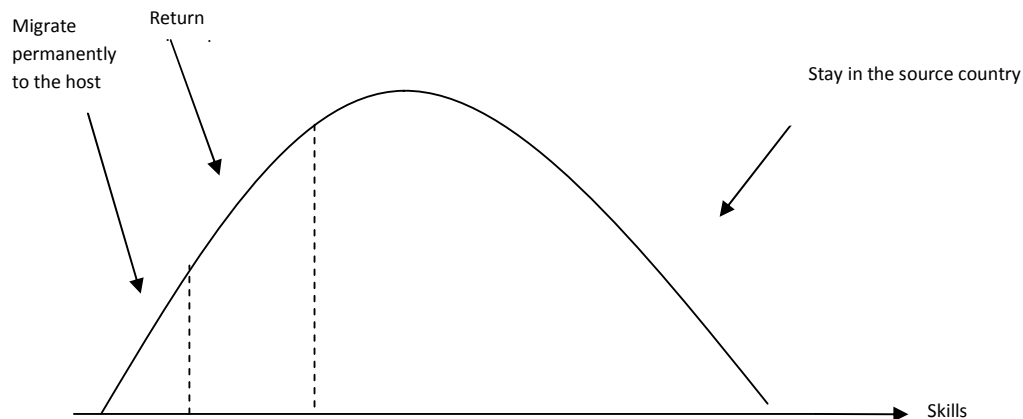
Migration can be seen as a strategy to maximize lifetime earnings, but the utility of consumption is affected by local specific externalities such as language and climate. According to simple-neoclassical models, migration will be temporary if the utility of consumption is higher in the country of origin than in the destination country when taking the externalities into consideration (Klinthäll 2006, p. 159). The optimal duration of stay will depend on the size and nature of the externalities, the expected time left in the different phases of the life cycle, and the wage gap (Dustmann 2003, p. 365).

Workers who have migrated recently are more likely to return to their country of origin and are also more likely to move onward to another location. According to two empirical studies presented in Borjas (2005, p. 319), the probability of a migrant returning to his/her country of origin within the first year is about 13 per cent and the probability of a migrant moving on to another location is approximately 15 per cent (ibid).

There is also a self-selection theory in return migration. Figure 2 illustrates the self-selection in return migration when migrants are negatively selected on skills. As illustrated, when the migrants are negatively selected, the return migrants tend to be the “best of the worst”. A reverse picture can be illustrated to show the self selection in return migration when migrants

are positively selected. It follows that the return migrants then tend to be the “worst of the best” (Rooth and Saarela 2006, p. 91).

*Figure 2. Self selection in return migration when immigrants are negatively selected in skills*



### **3.6 Network migration**

The network approach represents a dynamic view of migration. According to this approach, the costs and risks of migration get lowered by social and information networks. Therefore migration may become a self-perpetuating process. The first person who chooses to migrate will face high costs and risks due to a lack of information about the labor market in the receiving country. The monetary and psychological costs of migration will then be considerably lowered for the friends and relatives of the individual who was the first to emigrate. Existing network ties will thereby lower the risks associated with migration, because individuals can expect help from previously migrated people. This will lead to a higher migration probability, since the reduction of costs and risks leads to a higher expected net return from mobility (Bauer and Zimmermann 1999, p. 19).

For every additional migrant in the destination country the number of persons holding social ties to the sending country raises. This results in a self-perpetuating migration process. But, not all people in the sending country will be affected, and this process will therefore eventually end. The self-feeding process will also weaken because of the falling wages in the receiving country and the rising wages in the sending country, which lowers the benefits of

moving. These diminishing effects are significant for the model, since otherwise it would result in migration of whole countries (Bauer and Zimmermann 1999, p. 19).

Due to the importance of growing network relationships the network migration theory suggests a smaller correlation between employment prospects, wage differentials and the migration decision than the neoclassical model. The network model considers every migration decision to change the economic and social situation in which migration decisions are made. When a change in the relative economic situation at one point in time appears, it affects migration decisions in all future periods by creating more networks (Bauer and Zimmermann 1999, p. 19).

### ***3.7 Summary and further use of the theoretical framework***

The theoretical framework presented in this section consists of some migration theories that are relevant for the following parts of our study. These theories aim to explain why migration takes place and who migrates. Economic factors are often a driving force in the migration decision. An opportunity to get a higher rate of return on human capital investments increases the willingness to migrate. According to the Roy model the opportunity to get a higher rate of return will increase the incentives for skilled workers to migrate, *i.e.* positive selection. The migration decision need not be a permanent decision, the migrant can whenever choose to return to the country of origin or move elsewhere. Temporary migration might be planned or will appear when some circumstances, which the migration decision was based on, have changed.

Human capital theory, which is the first presented theory in this section, explains what the migration decision is likely to be based on. The first part of our case study will consider the migration inflows from Poland to the UK, and it will be analyzed with the help of this theory. For a more complete analysis, other presented theories will be used. Economic push and pull theory will be applied to explain why migration takes place. Network theory will also help us to explain the inflows, and not only from an economic point of view.

The second part of our case study, which will describe how the Polish immigrants are doing in the UK, will be more of an empirical presentation. But even in this part the theories will be applied.

The theory of return migration and the theory of self-selection will be applied in the last part of our case study. Since many post-enlargement migrants have started to return to Poland we are interested in explaining this phenomenon.

## **4. Predictions on post-enlargement migration**

One of the biggest questions prior to the enlargement was that of East-West migration. How many people would leave the accession candidate countries and how would this affect the Western European countries? In order to answer this question, many forecasts on the expected migration between the accession countries and EU15 were made before the enlargement.

### ***4.1 Bauer and Zimmermann's forecast on the expected migration after 2004***

Bauer and Zimmermann wrote a report in 1999 named; "Assessment of Possible Migration Pressure and its Labour Market Impact Following EU Enlargement to Central and Eastern Europe". The first part of this report is a forecast of possible migration after the EU enlargement in 2004. In this part the authors start with an overview of the theoretical literature and the empirical evidence on the economic and social determinants of migration. Bauer and Zimmermann mean that an understanding of the determinants of international migration is the important departure point for the assessment of possible migration pressures from new member states to the EU15. This part of the forecast reveals that economic differences between home and destination countries as well as existing migration networks are significant components when explaining migration flows. This is well in line with our theoretical framework above. In the next part of the forecast, the potential migration flows after the EU enlargement in 2004 are evaluated. The evaluation is based on four approaches: (i) estimates of the size of East-West migration following the entrance of the Central and Eastern European countries in the early 1990's; (ii) surveys conducted in the expected sending countries; (iii) qualitative evaluation of the migration pressure based on the economic and demographic situation in Eastern and Western Europe; and (iv) econometric and simulation methods are used to study the determinants of migration in the current EU in order to predict future migration flows in EU. Using this four evaluation methods Bauer and Zimmermann came to the following conclusions:

- It could be expected that about 2-3 per cent of the population in the Central and Eastern Europe states will migrate to the EU15 states in the long run.
- Surveys made in the potential sending countries indicate that the short-term migration potential might be higher than the long-term.

- Migration from the new member states will be a problem for Germany and Austria due to existing migration networks.
- The post-enlargement migration flows are expected to be primarily temporary.
- The post-enlargement migrants are expected to be relatively skilled (Bauer and Zimmermann 1999, p. 31ff).

#### ***4.2 The European Commission predicts a peak in post-enlargement migration after a period of three to four years***

In June 2001 the Directorate General for Economic and Financial Affairs (European Commission) wrote a report regarding the 2004 enlargement titled “The economic impact of enlargement”. Section four in this report focuses on the potential post-enlargement migration. It is assumed that no transition period will be implemented by the old member states. The migration scenario that is presented in this report is largely compiled from the existing literature. The conclusions of this report can be summarized as follows:

- The net out-migration from A8 to the EU15 is calibrated to a value of 2.5 per cent of the A8 countries’ population over a period of 15 years.
- Due to “learning effects” annual outflow rates from the A8 countries are assumed to increase progressively reaching a peak after a period of 3-4 years. Thereafter the annual outflow rate is expected to decline more or less in a linear way.
- When using estimates for the sensitivity of migration propensities, the out-migration rates are differentiated across the A8 with respect to income gaps and unemployment gaps and taking into account the varying size of the agricultural sectors.

The annual flows of net out-migration from A8 into EU15 are estimated to increase from the initial value of about 120,000 to a peak value of about 215,000 persons 3-4 years after the enlargement. Also in this report it is assumed that migration from A8 will flow along existing ethnic networks and geographic distances and that the migration will be mainly concentrated to Germany and Austria (European Commission 2001, p. 45ff).

### ***4.3 Forecast on migration after EU-enlargement based on the migration experiences from the accession of Portugal, Spain and Greece***

In 2003 Jana Bruder, at the University of Rostock, wrote a working paper named “East-West Migration in Europe, 2004-2015”. Bruder presents a forecast of migration between the A8 countries and the EU15 from 2004 to 2015, based on the analysis of migration experiences from the accession of Portugal, Spain and Greece.

The author concludes:

- Network effects play an important role, as well as economic factors, but only on migration into the EU15, and hence not on return migration.
- About 3 million people are expected to migrate temporarily into the Western European countries between 2004 and 2015, while permanent migration will be about 1.7 million people.
- Poland is expected to be the main source of migrants, and Germany and Austria are expected to be the receiving countries mostly affected by migration.
- An overall gross migration of 3.1 million people has been forecasted. This corresponds to a gross migration rate of 4.8 per cent and a net migration rate of 2.3 per cent of the A8 countries’ population.

The second part of the paper describes the economic situation of the A8 countries. Here Bruder emphasizes that the income differences between the accession countries and the EU15 are very high, as well as the inflation rates and the unemployment rates. Due to the large economic differences between the A8 countries and the EU15, migration is likely to take place (Bruder 2003, p. 3).

The third part of Jana Bruder’s study provides an overview of migration theory and its implication for existing empirical studies. In this section, historical migration experiences are transferred and applied to the enlargement situation (Bruder 2003, p. 3).

The fourth part describes a forecast of migration from the A8 countries to the EU15 from 2001 to 2015, based on the accession of Portugal and Spain in 1986 and Greece in 1981. The estimation for the immigrant equation revealed that an increase of GDP per capita in the receiving countries by one per cent leads to a three per cent increase in the gross migration

rate. Consequently a higher GDP in the home country is followed by less migration. The unemployment rate in the home countries did not appear to have a significant effect on migration flows. Existing networks and immigrant population size in the receiving country, on the other hand, were revealed to have a strong positive impact on migration. Concerning return migration the estimation revealed that there is no significant impact of economic factors, but a significant impact is shown for the stock of migrants. In addition, Bruder concludes that a considerable share of the migration can be expected to be temporary (Bruder 2003, p. 15ff).

In section five, the estimated coefficients are used for forecasting the migration flows from the A8 countries. Using historical migration experiences, the forecast relies on two assumptions. Migrations patterns are assumed to be equal in both situations and constant economic development is assumed. The forecast is based on data from 2000, but information about the stock of migrants is also taken from 2001, 1999 and 1998. Expected effects of EU-membership is taken into account, such as increased export, a substantial growth of foreign direct investments and benefits from structural assistance programs. Other assumptions made are; a constant growth rate, the rates of unemployment are to remain on their 2000 levels, and that free movement of workers is granted (Bruder 2003, p. 17ff).

The results of the forecast reveal that a gross migration of about 3.0 million people can be expected in a time period from 2004 to 2015. This corresponds to a 4.2 per cent share of the population of the A8 countries. About 2.3 per cent of the population of the A8 countries are expected to stay permanently, this equals 1.7 million people in absolute terms. With 273,300 migrants, annual immigration is expected to reach its peak in 2009. The annual immigration then declines to a level of 238,063 in 2015 due to a better living situation in the source countries. The stock of migrants from the A8 countries rises from around 650,000 migrants in 2004 to around 2,360,000 migrants in 2015. The annual increase of the stock of migrants is expected to become slightly smaller from 2007 (Bruder 2003, p. 19ff).

Regarding migration rates, Germany, Austria and Denmark will be mostly affected by migration from A8. About 49 per cent of all immigrants are expected to settle down in these countries every year. One reason why migrants will prefer these three countries is that they have an economic situation characterized by relatively low unemployment rates and high income per capita. Another reason is the minor geographical distance between these countries



and the A8 countries, which will reduce the migration costs. In addition, the number of people from Poland, the Czech Republic and Hungary already living in these countries are relatively high. The main source of immigrants is expected to be Poland, both because Poland has the largest population of all A8 countries and because there are extensive networks of Polish people all over Europe (Bruder 2003, p. 19ff).

#### ***4.4 Home office's predictions on the migration outcome after the EU-enlargement***

The Home Office published a report in 2003 by Christian Dustmann, Maria Casanova, Michael Fertig, Ian Preston and Christoph M Schmidt named "The impact of EU enlargement on migration flows". The aim of the report is to estimate the magnitude of potential migration flows to the UK after the 2004 enlargement of the European Union. This is done by (i) describing the socio-economic situation of the A10 countries (A8 and A2) since the 1990s and comparing it to the situation of the UK and Germany, (ii) critically reviewing the existing literature that aim to predict the expected effects of the EU-enlargement on migration flows, (iii) analyzing the so-called Southern enlargement, that is the accessions of Greece, Portugal and Spain, and comparing it to enlargement in 2004, and (iv) presenting a quantitative analysis of the effect of the latter enlargement on migration to the UK. The two main sources of data on net migration to the UK are the Labor Force Survey (LFS) and the International Passenger Survey (IPS).

The migration potential from the A10 countries to the UK and Germany is estimated. Since there were not a large historical migration from the A10 countries to the UK and Germany, the forecasts needed to assume that the A10 countries will exhibit the same migration patterns, and react in the same way to economic variables, as past migration countries. Another assumption made is that past trends can be projected into the future. The results of the estimation are later on used to predict future net migration from the A10 countries to the UK and Germany (Dustmann *et al.* 2003, p.5ff).

The estimates for the UK range between 5,000 and 13,000 net immigrants per year. These relatively low estimates can be related to the low historical migration rates. Thus, the migration to the UK as a result of the Eastern enlargement of the EU is not predicted to be overly large. The evidence indicates that net migration from the A10 countries to the UK will

be broadly in line with the pre-enlargement actual migration movements (Dustmann *et al.* 2003, p.5ff).

The main findings of the report are:

- The predictions indicate that net immigration from the A10 countries to the UK post-enlargement will be relatively small. It is estimated that between 5,000 and 13,000 immigrants will migrate to the UK per year up to 2010.
- The UK does not seem to be a very popular migration destination, compared to for example Germany. Consequently, the authors concluded that not more than one in three immigrants who had intended to migrate to Germany would instead migrate to the UK if Germany would choose to implement transitional restrictions (Dustmann *et al.* 2003, p.5ff).

#### **4.5 Summary**

The above presented forecasts have all been made to predict the outcomes of the 2004 EU-enlargement in terms of migration. As can be seen, there are many similarities between these forecasts. Networks in the destination countries will be an important driving factor in the migration decision, according to several of the authors. Also economic factors are anticipated to be a driving force. Germany is predicted to be the largest receiving country and that is especially due to already existing networks. Some of the authors also agree on the statement that the post-enlargement migration will be mostly temporary. According to the European Commission's, Jana Bruder's and Bauer and Zimmermann's predictions the net out-migration will total between 2 and 3 per cent of the A8 countries' population. On the other hand, some of the authors disagree on when the expected peak of post-enlargement migration will take place.

Important to keep in mind is that these forecasts did not take into account the restrictions on migration imposed by four fifths of the EU member states. As a consequence the migration to Germany, traditionally and from expectations the most popular destination for many A8 nationals, has reached its lowest level since 1991 (IPPR 2008, p. 16).

In the next section we will present the real outcomes of free movement of labor after the 2004 enlargement regarding Poland and the UK. The forecasts in this section will later on be compared to the real outcome.

## **5. A case study of Polish migration to the UK**

In previous chapters we presented a short background, relevant theories, and predictions made on migration from the accession candidate countries to the EU15 countries. We will in this section present and analyze the real outcomes. Are they in line with the predictions made? Part 5.1 will deal with the inflows of Polish migrants to the UK post-accession. In the following part, 5.2, we will describe the situation for the Polish immigrants in the UK. Finally, part 5.3 will concern return migration and there we will study and analyze the outflows from Poland to the UK.

### **5.1 Inflows**

In October 2002 the European Commission closed the accession negotiations with ten new candidate countries; the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. These ten candidate countries became EU members in May 2004. Concerns about the impact of complete labor market liberalization arose in most of the EU15. As a consequence the Accession Treaties gave the EU15 countries the option of implementing transition restrictions for up to seven years. Most of the old member states decided to impose restrictions in one form or another towards the A8 countries. Ireland, Sweden and the United Kingdom chose not to implement any restrictions at all on the new member states. This implies that the A8 countries have been granted free access to Ireland's, Sweden's and the United Kingdom's labor markets since May 2004 (Diez Guardia and Pichelmann 2006, p. 17).

#### ***5.1.1 The size of post-enlargement migration***

The UK was one of the countries which imposed complete market liberalization and hence the country experienced a vast inflow of immigrants in the post-enlargement period. In order to calm public worries, the UK government put in place transitional measures to regulate A8 nationals' access to the labor market and to restrict access to benefits. This was made via the Worker Registration Scheme (WRS). Within one month of starting employment in the UK migrants are required to register on the scheme. The WRS only presents a gross (cumulative)

figure for the number of workers applying to the WRS. Thus it is not a measure of net migration<sup>2</sup> to the UK (Gilpin *et al.* 2006, p. 5f).

A8 nationals who become self-employed in the UK do not have to register on the WRS. As a result the WRS is likely to significantly under-estimate the number of A8 migrants who have entered the UK since 2004. Nevertheless, in theory, the WRS should be able to provide a fairly accurate indication of the number and composition of post-enlargement migrants arriving to the UK. Hence, it is the most accurate indicator of the volume of immigration coming to the UK from A8 countries (Eade *et al.* 2007, p. 2).

Between May 2004 and March 2008 a cumulative total of 845,000 applicants have applied to register on the WRS (Home Office 2008, p. 4). With 67 per cent of all approved applicants, Polish nationals constituted the highest proportion of the immigrants (Ibid, p. 8). Table 1 presents the nationality of approved applicants in the UK since the EU enlargement in 2004.

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<sup>2</sup> Net migration equals inflows minus outflows.

Table 1. Nationality of approved applicants, by year respectively quarter of application, May 2004 – March 2008

Year	Czech Rep	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia	Slovenia	Total
2004 Total	8,255	1,860	3,620	8,670	19,270	71,025	13,020	160	125,880
2005 Total	10,575	2,560	6,355	12,960	22,990	127,325	22,035	175	204,970
2006 Total	8,345	1,475	7,060	9,490	17,065	162,500	21,755	185	227,875
2007 Q1	1,820	275	1,965	1,835	3,740	35,800	4,835	45	50,315
2007 Q2	1,800	210	2,085	1,630	3,690	37,280	5,600	40	52,340
2007 Q3	1,985	275	2,305	1,545	3,715	41,170	6,230	50	57,270
2007 Q4	1,895	210	2,515	1,270	3,090	35,865	5,760	55	50,650
2007 Total	7,500	965	8,865	6,280	14,235	150,115	22,425	190	210,575
2008 Q1	1,585	175	2,435	1,280	2,520	29,790	4,965	45	42,790
% 2008 Q1	4 %	0 %	6 %	3 %	6 %	70 %	12 %	0 %	100 %

Source: Home Office, UK Border Agency, Accession Monitoring Report May 2004 – March 2008

As table 1 indicates, the migration inflow reached its peak in 2006, both for migration inflows from Poland and for the total A8 immigration. This early immigration peak is not in line with previously presented predictions. The European commission expected the migration to reach its highest number in 2007 or 2008, while Jana Bruder at University of Rostock predicted it to be in 2009.

Applications have varied over time. The number registering on the WRS has varied, for example there was an increase in number of WRS registrations in 2006 compared to 2005. But there has also been some variation in the national composition of the flows. Most notably, Poles accounted for almost three-quarters of registrants in 2006, compared with only 56% in 2004. There may be a number of reasons for this, including issues connected to the state of the Polish economy, existing migration networks by Poles, or because Poles had a different migration strategies (such as a higher proportion of short-term migrants) compared to other A8 migrants (Home Office 2008).

In addition, some indication of the nature of migration from the A8 countries post accession can be inferred from examining the number of applications at different times of the year. It is found that the number of registrations have peaked in the summer months. This might be due to the great part of immigrants working in agriculture and tourism-related industries in the summer months (Eade *et al.* 2006, p. 9).

The International Passenger Survey (IPS) carried out by the Office for National Statistics collects annual data from passengers entering and leaving the UK. IPS is a source of information on aggregate inflows to and outflows from the UK.<sup>3</sup> The survey estimated that 53,000 migrants from the A8 countries arrived in the UK planning on staying for at least one year in 2004. There was an increase in arrivals from the A8 countries from 76,000 in 2005 to 92,000 in 2006. In 2004 the A8 migrants constituted 11 per cent of all immigrants to the UK, and in 2006 this number had increased to 18 per cent (IPPR 2008, p. 17f).

It is evident that the flow of migrant workers from the A8 countries to the UK has been far larger than had been expected. For example, Dustmann *et al.* (2003) on behalf of Home

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<sup>3</sup> IPS has several limitations as a useful tool for estimating migration; the survey defines a migrant as someone who plans to stay in the UK for at least a year, the relatively small sample size and the information is only available from 2004.

Office predicted that net migration to the UK from accession countries would be in the range of 5,000 to 13,000 per annum. One reason for this low estimates might be that the prediction was based on the assumption that the A8 migrants would be allowed to move freely to the EU15 countries. Partly as a result of these large inflows from A8 countries since 2004, the UK government decided to implement restrictions towards workers from Bulgaria and Romania when these two countries entered the EU in January 2007.

### ***5.1.2 Other indicators of the size of migration after the EU enlargement***

The size of the post-enlargement migration can also be described by some not directly migration-related indicators.

One of the most obvious indicators is the increase in number of flights between the UK and the A8 countries. About 40,000 passengers flew between three British airports and Warsaw and Krakow in Poland in December 2003. Four years later, in December 2007, the number of passengers between the UK and Poland were almost 385,000 and it was possible to fly from 22 British airports to ten Polish cities. There was in total a three-fold increase on pre-enlargement air traffic between the UK and A8 and A2 countries. Another indicator is the dramatic increase in the tourist visits to the UK by nationals from the new member countries since 2004. In the last three months of 2006 about 48 per cent of the 611,000 visits from the new member states were for leisure purpose. Many of these visitors came to visit family and friends who had migrated to the UK (IPPR 2008, p. 21f).

A growth in the sales of A8 (especially Polish) origin goods and services is also an indicator of the size of migration after the EU enlargement. One example is the several hundred Polish delis that have been established throughout the UK since 2004. Tesco announced in 2007 that it was doubling its range of Polish products and is now selling more Polish food in more stores in the UK than in Poland. Another example is Polish beer. Polish beers were not widely available in the UK before 2004. But today there are about 44 million pints of Lech and Tyskie, two of Poland's leading beer brands, sold annually in the UK (IPPR 2008, p. 22).



### ***5.1.3 The demographic profile of post-accession migrants to the UK***

#### **Nationality**

The great majority of the post-enlargement migrants to the UK came from Poland. This is in accordance with the forecast made by Jana Bruder at the University of Rostock in 2003. As presented in the last section, between May 2004 and December 2007, more than 510,000 Poles got approved applications to the WRS. This constitutes about 66 per cent of all approved applications during the time period. The Polish Statistical Office estimated that 30 per cent of all Poles living in the EU were living in the UK in 2006 (IPPR 2008, p. 24).

The next two largest groups of migrants registered in the WRS were Slovaks and Lithuanians. Even though Poles were making the largest number of WRS registrations, Lithuania and Latvia had the greatest propensity to enter the UK labor market, relative to the population size (Gilpin *et al.* 2006, p. 14).

#### **Gender**

The male to female ratio for those who registered on the WRS between May 2004 and December 2007 was 57:43; for the first quarter of 2008 the ratio was 56:44 (Home Office 2008, p. 10). Pre-enlargement Eastern Europe migrants who arrived in the UK were dominated by women. Thus the relatively high number of male migrants has altered the gender profile of the stock of migrants from the A8 living in the UK (IPPR 2008, p. 25).

#### **Age**

Post-accession migrants have overwhelmingly been aged between 18 and 34. More than 80 per cent of all registered migrants fell into this category between May 2004 and December 2007. The percentage of the group consisting of 35-44 aged migrants was 12 per cent. Also the age profile of A8 migrants to the UK has changed since the enlargement. About 40 per cent of the migrants from A8 countries to the UK were aged over 65 prior to accession, reflecting the post-war migration of refugees (Home Office 2008, p. 10).

According to human capital theory, an individual will choose to migrate if this maximizes the present value of the expected lifetime earnings. The age profile of the post-enlargement

migration in the case of Polish migration to the UK is hence in accordance with economic theory. A younger worker is more likely to maximize his/her life time earnings by migrating compared to an older worker, since a younger worker can be expected to work longer in the destination country.

### **Level of education**

Definitive data on new accession migrants' level of education is not yet available. The Labor Force Survey provides data on qualifications held by respondents, but not on the qualifications obtained within the UK. However, a range of surveys suggest that as a group, the A8 migrants in the UK are relatively highly educated (IPPR 2008, p. 27). A survey made by Fife Research Coordination Group (2008) of more than 900 A8 workers, found that nearly 30 per cent of the immigrants had university degrees and 22 per cent had an undergraduate level qualification. A paper titled "Poles Apart? EU Enlargement and the Labour Market Outcomes of Immigrants in the UK" by Eade, Drinkwater and Garapich (2006) found that Polish migrants in the UK on average had 13.6 years of full-time education, while the average for other A8 migrants was 11.9 years. These observations are in line with the prediction made by Bauer and Zimmermann in 1999, that the post-enlargement migrants were expected to be relatively skilled.

The UK is a country with a relatively egalitarian income distribution. According to the Roy model this would, *ceteris paribus*, not create incentives for relatively skilled workers to migrate to the UK. But in reality this seems to be the case since the Polish migrants to the UK are relatively high educated, indicating a positive selection. The reason might be relatively low rates of return in Poland due to high unemployment and low wages.

#### ***5.1.4 Economic push and pull factors***

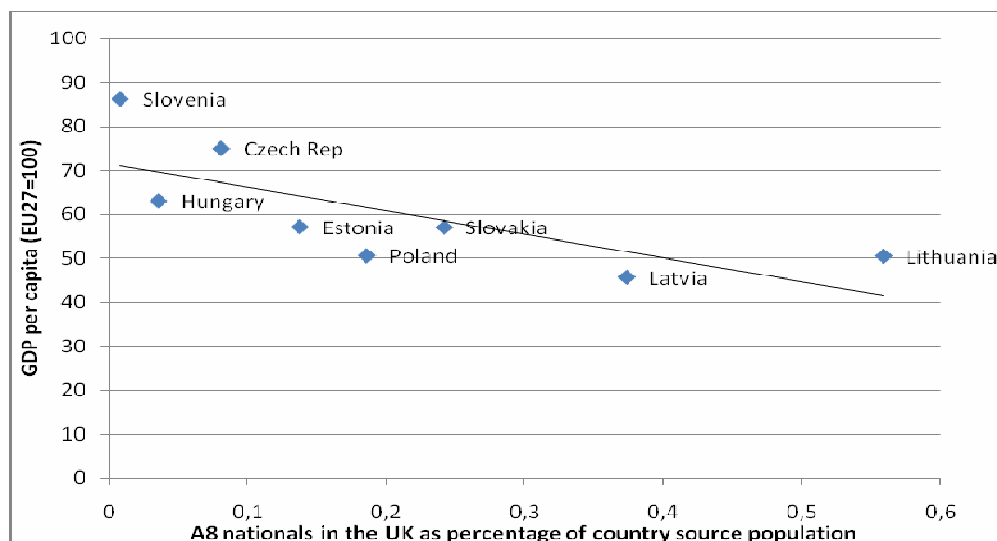
Migration is often driven by economic and financial push and pull factors. A survey made by the IPPR shows that 22 per cent of the returned Polish migrants came to the UK in order to take a job they had been offered. A fifth came to earn more money in the UK than they did in Poland and 13 per cent came to look for a job. This is consistent with the human capital investment theory, saying that migration occurs if the net returns are larger in a potential destination country than in the country of origin. The economic reasons mentioned above

imply that the Polish migrants' migration decision probably was based on the differences in net economic advantages (IPPR 2008, p. 41).

In section 4 we presented some forecasts made before the EU enlargement in 2004. Bauer and Zimmermann as well as Jana Bruder pointed out economic differences between home and receiving country as an important component when explaining migration flows. The difference in economic standards of living between the UK and some of the accession countries is a driving factor in the migration flow (IPPR 2008, p. 41). In 2004 the GDP per capita of Poland was 50.6 (in purchasing power standards with EU27 as base) respectively 123.5 in the UK (Eurostat<sup>a)</sup> 2008). Therefore, going to work in the UK provides an opportunity to earn considerably more than in Poland.

As mentioned before, between 2004 and 2006 about 66 per cent of the immigrants who came to the UK were from Poland. Why this majority of immigrants came from Poland probably depends on several different reasons. One of them may be the variation in standards of living in the new member countries. This gives some indication about the differential numbers migrating to the UK from each country. Poland, Latvia, Lithuania and Slovakia have four of the lowest GDPs per capita among the new member countries and these are also the three countries from which the largest numbers of migrants came (IPPR 2008, p. 42f). Figure 3 illustrates how the countries with lower GDP per capita have higher propensity to migrate.

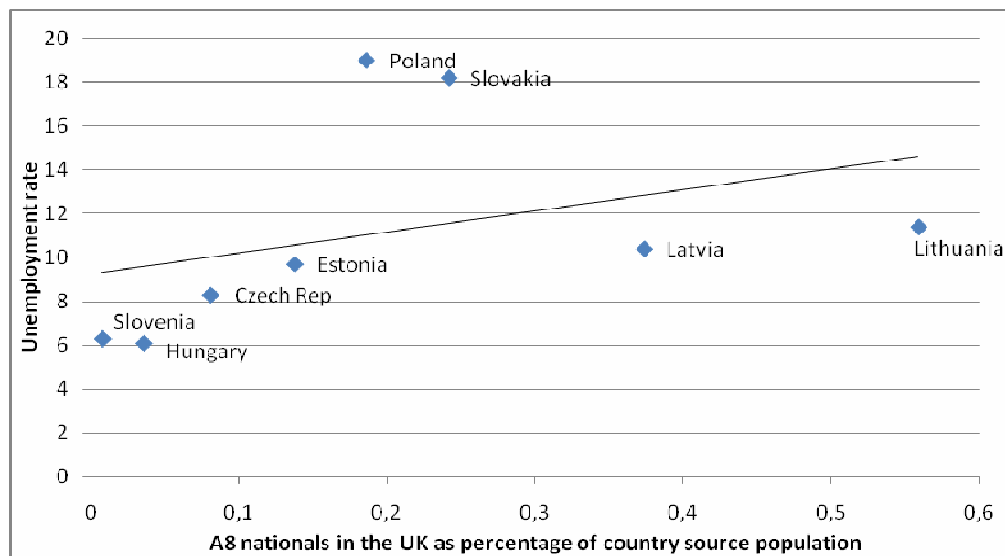
*Figure 3. Correlation between GDP per capita and migration to the UK in 2004*



Source: Own estimates based on data from Eurostat<sup>a(b)</sup> and Home Office

Another factor that may have been driving in the migration decision to the UK is the level of unemployment. A high unemployment rate in the source country is according to the theory regarding push and pull factors an important explaining factor in the migration decision. Also the predictions on the post-enlargement migration pointed out unemployment as one of the push factors. In 2004 unemployment in Poland, Slovakia and Lithuania which are the countries with largest number of migrants living in the UK, were 19 per cent, 18.2 per cent and 11.4 per cent respectively. These unemployment levels are significantly different from the unemployment rates in stronger economies such as Hungary and Slovenia (6.1 per cent and 6.3 per cent) (IPPR 2008, p. 42). The correlation between unemployment and migration is illustrated in Figure 4. As mentioned above Poland, Slovakia and Lithuania are the countries with the highest unemployment rates and have relatively high propensity to migrate.

Figure 4. Correlation between unemployment and migration to the UK in 2004



Source: Own estimates based on data from Eurostat<sup>(b)(c)</sup> and Home Office

A great majority of the immigrants who have registered on the WRS have been aged 18-24. The rate of youth unemployment in the sending countries is therefore of particular significance. Once again, the highest rates of youth unemployment in 2004 were found in the three most common home countries of immigrants. The youth unemployment in Poland amounted in 2004 to a stunning 40 per cent (IPPR 2008, p. 43).

Standards of living, high unemployment rates and other economic factors in the home country are push factors that have affected Polish peoples migration decision. But not only push factors have been driving in the post-enlargement migration from Poland to the UK. The strength of the UK economy has also acted as a pull factor. High demand for labor, high levels of spending and low unemployment have been acting as pull factors for many migrants. Even the strength of the British currency has worked as a pull factor, allowing earnings made in the UK go even further when spent in the migrants' home countries. Center for International Relations in Warsaw made a survey of high-skilled Poles working in the UK and found that 65 per cent were saving some of the money they were earning and that 60 per cent of the respondents who had savings reported sending them to Poland (Iglicka 2008, p. 11).

### ***5.1.5 Networks***

Ryan and White (2008) emphasize the importance of social networks in the migration decision in their study "Polish 'Temporary' Migration: The formation and significance of social Networks". Two thirds of the sample in this study had pre-migration networks, which is according to the writers still the norm. Formal migration channels are very important in Poland today for those who are planning to migrate. With formal channels both recruitment agencies and the media are intended. A survey made by the polish government suggests that the use of recruitment agencies for migration more than doubled between 2004 and 2006. But it should be mentioned that the picture was very different in different regions. Even non-formal migration channels have been used frequently in some regions, like "go to someone you know" (Ryan and White 2008, p. 1479ff).

One reason why formal networks are in some case problematic is because the network tends to end as soon as the migrant arrives. In Ryan and White's study one of the interviewed suggested that as migrant you need support in the receiving country why it is comfortable going to someone you know. Having someone you can talk to and get some help from is a benefit in the migration process (Ryan and White 2008, p. 1480ff).

Over the last few years recent migrants have actively tried to bring relatives and friends over from Poland rather than Poles from Poland have contacted friends in the UK. However, the person in Poland has not been a passive player since he or she still has to consider all possible

opportunities. The strongest ties are usually those of family and since 2004 migration for family reunification have become increasingly common (Ryan and White 2008, p. 1482).

Another aspect of the network migration is the role of new technology. Migrants have through new technology been able to maintain transitional ties through affordable and regular communication. Migrants in the UK benefited from the emotional support and advice of relatives back in Poland. This kind of support may be provided through close and long-standing relationship and is based on frequent phone calls, texts and e-mails with friends and family (Ryan and White 2008, p. 1488).

In the conclusion of White and Ryan's report the writers identify the new Polish migrants in the UK as a "quasi community". White and Ryan conclude that there is not just one "little Poland" in the UK, but mass of little Polands, as networks rapidly arise and constantly evolve. This means that the individual migrants can find the shifting quality of networks beneficial which will allow them to express themselves as individuals and choose how much of the "Polishness" they wish to maintain (Ryan and White 2008, p. 1497f).

According to the theory on network migration social and information networks lowers the cost and risks of migration. Migration becomes a self-perpetuating process, which can be seen in White and Ryan's study. There are different kind of networks which has evolved and these can be seen as one of the driving factors in the migration decision. Even if networks is not the main reason for the post-enlargement migration from Poland to the UK it should be kept in mind that many Poles had pre-migration networks before coming to the UK which probably lowered their risks and costs of migration.

### ***5.1.6 Broadening horizons and opportunity to learn English***

Economic push and pull factors stimulate the decision to migrate but an individual's migration decision is not always/only based on the economic factors. There are other factors that have affected the Polish migrants' to come to the UK. Many young A8 migrants motivation to travel comes from the desire to see the world and broaden their horizons. In the survey mentioned before, made by IPPR, 17 per cent of the returned Polish migrants primarily went to the UK because they wanted to experience living abroad, experience another culture or society or have an adventure. The survey also highlights that London draws young people

to the UK. London is perceived as an exciting city offering a surplus of social and cultural opportunities (IPPR 2008, p. 43f).

Another non-economic factor behind post-enlargement migration to the UK is that migrants want to learn English. The IPPR study shows that 11 per cent of the returned Polish migrants came to the UK to learn English. The respondents in the survey also pointed out that their initial decision to migrate to the UK, rather than going somewhere else, was mainly driven by the desire to learn or improve their English (IPPR 2008, p. 43f).

Lower barriers since the EU enlargement in 2004 have contributed to a massive migration. The migration from Poland to the UK has been driven not only by economic push and pull factors, but the migration decision has been based on different reasons such as those discussed in this section.

### ***5.1.7 Summary***

In section 5.1 we have presented and analyzed the migration inflows from Poland to the UK. Regarding the size of the flow, a cumulative total of 845,000 A8 migrants have arrived to the UK between May 2004 and March 2008 according to WRS. A great majority of these immigrants, more precisely 67 per cent, originate from Poland. Statistics from WRS shows that there are slightly more male than female-immigrants who registered. This is in contrast to the pre-enlargement migration to the UK that was dominated by women. About 80 per cent of the post-accession migrants to the UK were aged between 18 and 34. Concerning the Polish immigrants' skills there is no definitive data available. However, a range of surveys suggest that the immigrants are relatively highly educated.

So, what was the driving force behind the relatively large Polish inflow to the UK? A number of studies have pointed at the importance of economic factors. Standard of living, high unemployment rates and high youth unemployment rates in Poland are examples of push factors that have increased the propensity to emigrate. High demand for labor, low unemployment and the strength of the British currency have acted as pull factors inducing Poles to migrate to the UK.

When analyzing the driving forces behind the post-enlargement migration flows, another factor that turns out to have been important is social networks. Many Poles had pre-migration networks and even if this is not the main reason for migration, a social network lowers the costs and risks with migration. In addition, there are other than economic factors that have affected the migration decision. Many young Polish migrants have chosen to migrate to broaden their horizons and to get the opportunity to learn English.

When looking at the predictions presented in section 4 we can see that all the presented forecasts underestimated the size of the A8 migration flow to the UK. All forecasts pointed at Germany as the largest receiving country. The reason why this is inconsistent with the real outcome is mainly due to the fact that the forecasts did not take into consideration that twelve out of fifteen old member states decided to implement restrictions on migration. In addition, the forecasts failed to predict when post-enlargement migration would reach its peak. The peak came earlier than predicted which can be partly explained by the economic convergence towards the EU15 countries in many of the A8 economies.



## 5.2 In the UK

The UK labor market was performing relatively well in historic and international terms at the time of the Eastern- and Central European enlargement. Among the G7 countries the UK had one of the lowest unemployment rates and highest employment rates. And also in comparison to other EU countries the UK labor market was performing relatively well. The UK labor market has continued to perform well since the enlargement in 2004 (Gilpin *et al.* 2006, p. 7). Against this background we will continue this chapter with some facts about the Polish migrant's labor market situation in the UK.

### 5.2.1 *Employment and sector profile*

A great majority of A8 migrants living in the UK are working. Since the 2004 accession the employment rates of A8 migrants in the UK have risen drastically. According to the Labour Force Survey (LFS) almost 85 per cent of all A10 nationals in the UK, in working age, were in work in December 2007. While the percentage of UK nationals of working age in employment was 70 per cent (IPPR 2008, p. 30). In contrast the employment rate of working age A8 migrants was 57.3 per cent in the summer of 2003 (Gilpin *et al.* 2006, p. 13).

The top five sectors in which A8 workers registered to work, between May 2004 and December 2007, were administration, business and management (39 per cent), hospitality and catering (19 per cent), agriculture (10 per cent), manufacturing (7 per cent) and food, fish and meat processing (5 per cent). If only taking Polish migrants into consideration the same pattern appears. Polish workers made up the largest proportion in each of these sectors with 69 per cent of those registered to work in manufacturing, 68 per cent of those registered to work in administration, business and management and 64 per cent of those registered to work in hospitality and catering (Home Office 2008, p. 22).

Migrants with higher education qualifications are more likely to work in elemental occupations, such as cleaning, compared to migrants with vocational skills (IPPR 2008, p. 37). The Fife Research Coordination Group survey (2008) emphasized that around 70 per cent of all A8 migrants were not making use of their education or skills in their current jobs. This creates a situation where high skilled labor in the UK is being wasted. This would, according

to the Roy model, create incentives for negative selection on migration. Surprisingly this is not the case for Polish immigrants to the UK, as the migrants appear to be positively selected. The explanation might be the significant low rates of return to education in Poland.

An estimate made by British-Polish Chamber of Commerce shows that there are currently around 40,000 Polish entrepreneurs who have set up businesses in the UK (British-Polish Chamber of Commerce 2008). It is also estimated that 14 per cent of the A8 and A2 nationals living in the UK are self-employed. However, the survey made by IPPR (2008, p. 44) concluded that very few returned migrants had been self-employed in the UK. According to the latter report, the low number of those who have returned to Poland and who were self-employed in the UK in the sample indicates that those who set up a business in the UK are less likely to return to Poland than others. It is plausible to believe that people who have invested time and money in setting up a business are less likely to give this up and return home (IPPR 2008, p.22). For this reason we can expect this group of migrants to be less mobile. It is likely that the self-employment migrants will stay where they are and that they are not planning to return or migrate to other EU countries.

### ***5.2.2 Wages and hours of work***

The median gross pay for UK employees was £9.59 an hour in 2005, and over 80 per cent of the A8 migrants who were registered in the WRS were earning between £4.50 and £6.00 an hour (Gilpin *et al.* 2006, p. 21). Thus, this suggests that the vast majority of recent A8 migrants to the UK have found employment in jobs paying around the national minimum wage, which was set at £5.35 for those aged over 21 from October 2006 (Eade *et al.* 2007, p. 6).

Between the enlargement in 2004 and the end of 2007, more than 97 per cent of workers who applied for WRS registration were working more than 16 hours a week, and 86 per cent more than 35 hours a week. Thus, A8 nationals worked on average four hours longer per week than UK-born workers (Home Office 2008, p. 16). It can thus be assumed that Poles work slightly longer hours to make up for their relatively lower wages.

Some recent migrants from A8 countries are low skilled, but many have relatively high levels of education. Despite this the majority are employed in very low paying jobs. This is especially true of Poles, which means that these individuals typically have low rates of return to their human capital in the UK (Eade *et al.* 2006, p. 20). Even though Polish immigrants in the UK have low rates of return to education and on average earn less than the native British, they are presumably earning more than they would in the Polish labor market, and hence incentives for continuous migration exist. Furthermore, the value of these low wages earned in the UK can be of great importance in Poland, especially if the money sent back via remittances or the savings taken back by migrants are invested productively. Further, remittances are expected to become an increasingly significant source of finance to Poland. Remittances were in 2007 estimated to contribute as much as 6 billion Euros a year to the Polish economy, which is equivalent to almost 2.5 per cent of Poland's GDP (Eade *et al.* 2007, p. 12).

### ***5.2.3 Benefit claims by A8 migrants***

As members of the European Union, A8 nationals enjoy broadly the same entitlements to benefits and support as British nationals in the UK. Prior to accession there were widespread concerns about A8 migrants coming to the UK “benefit shopping”. Data from WRS shows that the A8 migrants that have come to the UK have come to work, hence not to claim benefits. As many as 99 per cent of applications for National Insurance number made by A8 nationals were for employment reasons. The number of A8 immigrants applying for tax founded income related benefits, such as child benefit, housing support and tax credits, is very low, and only a small proportion of post-enlargement migrants have claimed benefits (Gilpin *et al.* 2006, p. 22).

### ***5.2.4 Geography of A8 migrants***

London has traditionally seen the biggest inflow of migrants from the A8 countries. According to the WRS registration, in 2004 over 20 per cent of A8 migrants settled down in London. But there have been some variations in the settlement patterns. In 2004 over 20 per cent of A8 migrants to the UK were registered as living in London, compared to 9 per cent in 2006, whilst the corresponding percentages for the Midlands increased from 9 per cent to 15 per cent. Consequently post-enlargement migrants from A8 countries have flowed to parts of the UK not, by tradition and history, associated with large concentrations of migrants. The

east of England, parts of Yorkshire and the Humber, Scotland, Wales and the East Midlands are regions that are now experiencing a relatively high concentration of A8 migrants. Evidence suggests no strong relationship between the pre-existing migration stock and concentrations of WRS registrations (Gilpin *et al.* 2006, p. 18).

According to the network model, it would be less costly for migrants to settle down in London as the stock of A8 migrants in the UK was concentrated in London prior to accession. Hence the significant flows of migration to other parts of the UK are not in line with existing migration theory.

Although the arrival of A8 migrants to areas with no history of immigration may create some short-term issues, it is clear that the movement of post-enlargement migrants to some parts of the UK has brought important economic benefits to the regions and has also given assistance to regional development. A large proportion of the immigrants have moved to rural areas and provided these areas, otherwise with difficulties in recruitment, with labor supply (IPPR 2008, p. 29).

### **5.2.5 Summary**

We can conclude that the Poles were doing relatively well. Regarding the geography of the A8 migrants, the migrants have settled down in areas such as the east of England, parts of Yorkshire and the Humber, Scotland, Wales and the East Midlands, which are areas not traditionally associated with large concentrations of migrants. This has brought economic benefits and given assistance to regional development in these parts of the UK.

A great majority of the A8 migrants that have arrived to the UK have come to work. In December 2007 A8 and A2 nationals had even higher employment rate than native Brits. This is one indication that the A10 migrants actually came to the UK to work. Furthermore, the wages earned by A8 migrants in the UK are relatively low. The vast majority of the immigrants earn around UK national minimum wages. Still the value of these low wages can be important in Poland, especially if the money sent back via remittance is invested productively.

The aim of section 5.2 has been to present how the Polish immigrants were doing in the UK, more precisely how they were performing in the UK labor market. By knowing the Polish migrants' situation in the UK we can draw some conclusions regarding both the incentives for continued inflows and the reasons for returning back to Poland. The fact that Polish migrants are doing relatively well in the UK will draw other Poles to the UK. In addition, the costs and risks with migration will decrease when knowing that Polish immigrants have done well in the labor market. Still the migrants' wages are not too high. Consequently when the wages in Poland increase Polish immigrants will be, according to the theory of push and pull factors, pulled back to Poland. Another reason for returning back to Poland is that many migrants have jobs in which they are not making use of their skills. Even if the employment rate is high for the Polish migrants, one can expect that skilled migrants will not be satisfied with low skilled jobs forever, which can be a reason for returning.

## **5.3 Return migration**

The rate at which A8 migrants are arriving in the UK has started to slow down. The number of approved WRS applicants was lower in 2007 than in 2006 (numbering 210,575 compared with 277,875). A great majority of the A8 migrants that have arrived in the UK after the enlargement migrated for economic reasons. As the financial push and pull factors, which increased the propensity to come to the UK, start to shrink the number of new post-enlargement migrants is decreasing (IPPR 2008, p. 48). Evidence shows not only that the UK will receive fewer migrants from these countries, but also that more of those already in the UK will return to their home countries or go elsewhere.

### ***5.3.1 The size of return migration***

The Warszawa-based Institute for International Research presented a report in February 2008 that concluded that 51 per cent of Poles in the UK plan on moving back. Only 23 per cent of the immigrated Poles in the UK intended to stay permanently, according to the report. Females have a higher propensity to return earlier. In addition, the returns should be expected over a longer time horizon, since as much as 32 per cent of the respondents stated that their return should take place no sooner than in 5-10 years (Iglicka 2008, p. 13). Many thousands of Poles who have made an economic success of their stay in the UK and who have now saved enough money to buy property or start a business in their homeland are now ready to return to Poland. In addition, speculations have been made that the diminishing strength of the pound may discourage further Polish emigration to the UK and force many to return home. The pound has fallen from 7 Polish zloties in the summer of 2007 to around 4.7 in February 2008. This has resulted in many of the Polish immigrants in the UK having seen their saving power being reduced by more than 35 per cent (Day 2008).

Data on international migration based on estimates from the International Passenger Survey reveals that the outflow of Poles from the UK 2004-2005 was 4,000, while the outflow had increased to 148,000 during the period 2006-2007. When studying data on the outflow of all A8 migrants from the UK, the same trend is observed with an increase from 17,000 to 47,000 during the same time period (National Statistics<sup>b)</sup> 2008).

The IPPR report (2008, p. 55) suggests that the post-enlargement migrants who stay behind tend to be the better qualified. This is in accordance with the theory on self-selection in return migration, which predicts that when the migrants are positively selected the return migrants will be the worst of the best. The evidence suggests that the UK may not be able to rely on the, now existing, workers prepared to move around the country doing jobs that the many British people are unwilling or unable to do.

The real observed migration outcome that a large number of A8 and A2 nationals moved soon after the EU enlargement but now slowly start moving back home, answers our main question; that lower barriers to mobility have led to less permanent migration in the long term.

### ***5.3.2 Reasons for leaving the UK***

The UK decided to open its labor market for the A8 countries during an economic upturn with the goal to supplement domestic labor. Demand for labor has however considerably weakened with the economic slowdown in the UK which has had an effect on the Polish migrants (World Bank 2008).

Many of the post-accession migrants have already left the UK. Labor markets in Poland and other accession countries have tightened since EU accession which led to higher wages. Wage differentials with the EU15 have diminished notably given the substantial appreciation of the zloty against both the pound and the euro (World Bank 2008). Since many of the Polish migrants came to the UK because of economic reasons, the improvements on Poland's labor market can be seen as one of the reasons for returning.

In a survey made by IPPR in 2008 different factors for leaving the UK and returning to Poland were listed. The survey shows a wide variety of factors behind the decision to leave the UK. In contrast to what was the case with the Polish migrants reasons for coming to the UK economic factors are not the main reason for return migration (IPPR 2008, p. 44f). This is in line with Jana Bruder's forecast presented in section 4. Bruder's estimations on return migration reveal that there will be no significant economic impact on the decision to return.

The most common reasons for returning to Poland are those related to the migrants' personal lives. Almost 36 per cent of the returned migrants said that they missed home and 29 per cent said that the reason for returning to Poland was to be with their families (IPPR 2008, p. 44f).

The IPPR report also states that a large proportion of the returned migrants said that the time they chose to go home was pre-planned and 16 per cent said that they intended to return to Poland once they had earned a certain amount of money in the UK. According to the theory on return migration the migrants' plan to return might be a part of the original migration decision. This kind of contemporary migration differs from historical migration. About 18 per cent stated that the return to Poland was due to the ceasing of temporary or seasonal work in the UK. And fifteen per cent of those who returned to Poland stated that they left the UK in order to continue their education in Poland (IPPR 2008, p. 44f).

### ***5.3.3 Summary***

The EU membership has led to a change in the economic situation in many accession countries. Poland that has had the highest unemployment rate within the EU has started to catch up and a convergence can be seen. The unemployment rate has decreased and the overall economic situation has improved. Since many Poles came to the UK for economic reasons, the improvements in the Polish economy can be considered pull factors for return migration. In addition, the demand for labor has weakened with the economic slowdown in the UK which has had an effect on the Polish migrants. The British pound has depreciated against the Polish zloty, which also affects the decision to return.

Even though there are economic reasons for return migration the main reason for returning to Poland has been that the migrants are missing their home. The temporary migration can also be explained by the fact that many migrants' return decision was pre-planned. But the return to Poland will not appear immediately; many Poles stated that the decision to return will not take place sooner than in 5-10 years.

Comparing these outcomes to the forecasts made, the temporary migration is in line with the predictions. Even though the temporary migration was expected this type of migration can be seen as a new phenomenon. The migration after the EU enlargement in 2004 has been dynamic and the flows have been more frequent than earlier.



## 6. Conclusions and discussion

According to Eade *et al.* (2006, p. 3) the EU enlargement in 2004 created the largest inflow of immigrants to the UK ever. The main reason is argued to be that the UK was one of three countries that decided not to implement any transitional restrictions. Sweden and Ireland were the other two. The 2004 enlargement enabled migrants to move freely from relatively poor A8 countries to the UK. Polish migrants became the single largest immigrant group after the enlargement. Poland is the largest of the A8 countries and at the time of accession the country had a poorly performing labor market.

The forecast presented in section 4 predicted Germany to experience the largest inflow of A8 migrants. We have already mentioned that the forecast did not take transitional restrictions into consideration, which can explain why the expectations concerning the large inflow to Germany is inconsistent with the real outcome. But the question why the UK became the largest receiving country still remains. Neither Ireland nor Sweden chose to implement restrictions, so why did these countries not experience such a large influx of migrants as the UK. Concerning Ireland it appears that they also have experienced a large inflow of A8 migrants in proportion to Ireland's population. But in terms of number of migrants the UK has experienced a larger inflow. Sweden on the other hand has not received a large number of migrants compared to both Ireland and the UK. Our case study does not include analysis of migration to other countries than the UK. But some obvious explanations to why the UK has experienced a relatively high inflow of A8 migrant compared to Sweden are: that the UK has a relatively dynamic labor market with less regulations than Sweden, that learning English is more popular than learning Swedish, the fact that many migrants already know English, and that many migrants had pre-migration networks in the UK and not in Sweden.

Post-enlargement migration had its peak in 2006 and has since then started to slow down. The nature of post-enlargement migration has differed from earlier migration; current migration has been characterized by more dynamic migration. Many migrants have already started to return to Poland, thus migration is often of temporary type. We have already discussed the reasons for returning and found economic and non-economic factors that have been driving in the return migration decision. Even though the predictions and the real outcome have pointed at non-economic reasons as the main driving force behind the decision to return, we would like to highlight the importance of the economic slowdown in the UK economy. The financial

crisis in 2008 has had its impacts on the UK economy and consequently the labor market. At the time of the enlargement the UK labor market demanded supplement to domestic labor, but due to the economic slowdown the labor market has weakened which has had its impact on immigrants in the UK and on the expected future migration inflow.

From UK's point of view, post-enlargement migration inflows appear to have had a beneficial effect on the UK economy. As an example, Blanchflower (2007) has argued that post-enlargement immigration to the UK has lowered the natural rate of unemployment and has reduced inflationary pressure. In addition, Barrell *et al.* (2007) has estimated that migration to the UK is likely to exert downward pressure on inflation between 2006 and 2009. Also Poland has benefited from the post-enlargement migration. But it is difficult to say to what extent and in which way Poland has benefited from the post-enlargement migration, because it was not long ago since enlargement took place and the A8 migrants got access to the UK labor market. However, it is already known that Poland has benefited from migration in terms of remittance, networks, easing domestic unemployment pressures and building foreign trade. In addition, there should not be any concerns about brain-drain because temporary migration has instead led to the possibility for migrants to return with new skills.

The post-enlargement migration has been characterized by a great inflow to the UK in a short period followed by a slowdown and return migration. This temporary migration differs from historical migration which has had the character of permanent migration. Lower barriers within the EU have not only created temporary migration, but also a new type of migration that is more dynamic. Eade *et al.* (2006) discuss whether post-enlargement migration has produced a "guest worker type of system, dominated by temporary migration" (p. 19). This supports our thesis that the world is experiencing a new type of migration, which we still know very little about. Our predictions are that migration to the UK will continue from the A8 countries, but due to the removal of the transitional restrictions in the rest of the EU countries the migration will be more widespread. However, we believe that the temporary and dynamic characteristics of the post-enlargement migration will remain. We also believe that this type of migration will appear in connection with other multilateral treaties.

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