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# **The Migration in the post-enlargement European Union**

Analysis of the Migration from the Eastern European Countries to  
the EU-15 after the enlargement in 2004

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## **Abstract**

The issue of CEEC migrations to the EU-15 is a continuous topic since the preparations of the 2004 enlargement. It is common acknowledged that all the EU-15 members will benefit from the CEEC migration in a long term. However, the asymmetrical migrants will make the natives who are experiencing the high risk of unemployment more nervous and it is uneven to ask one country to afford the burden of enlargement. The thesis is focusing on the fears of the people in west members on the mass migration from the new members and its impact to the former.

**Key words:** Migration, EU Enlargement, Labor Market, Immigration Policy

**Words:** 17,656

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# **1 Introduction**

## **1.1 The subject of the Study**

The enlargement in the first decade of the 21<sup>st</sup> century, happened in 2004 and finished in 2007, which was also the largest one throughout the history of the European Union (EU), made the EU the most influential regional organization all around the world. It admitted 12 new members to the Union, and nearly doubled the number of member states of the Union and increased more than 100 million populations. Another significant point of the enlargement is that most of the new member states are the former communist countries under the umbrella of the Soviet Union. After a process of more-than-10-years democratization and marketization, the Eastern European countries (except Malta and Cyprus) gradually get rid of the influence of Communism and catch up with the Copenhagen Criteria politically and economically. Although the process of accession negotiations of all these states was tough and lengthy, the EU finally gave them a hug.

Thus it encourages us to explore what will happen in the EU after the enlargement. The rapid economic growth, the larger influence in the global society, and a stable regional security situation are among the dreams of what the people expect for a long time, which finally led to the integration of west and east. However, the expectations above could not remove the anxieties, among which the issue of immigration is the thorniest, that are common among all the EU-15 members. There are various explanations of the consequence of migration, while as a whole it may have more positive effect to the former EU members, which are suffering the problems of short of labor supply and aging for years. The labour mobility is the central feature of the international economy and a possible solution for the labour shortages in some European countries. “Moreover, the decline in the proportion of the population of working age may well increase these shortages, and migration, along with steps to raise participation rates among the existing population, is part of the

answer” (Spencer 2002: P224). Yet, unlike the external immigrations, which could be restricted by national regulations, the people of the new member states are entitled under the Rome treaty to enter the EU-15 countries without any restriction in principle. “Freedom to live and work anywhere in the union is a fundamental issue in the enlargement process, given the EU’s commitment to offer full membership to the Central and Eastern Europe countries (CEEC), not partial or second-class membership” (Grabbe, 2001: P143). It is a good signal to the CEEC people that they have the right to pursue better life freely, while it might be not as good as what it sounds to the people in the old members, since their jobs might be easily replaced by the formers. Now, 5 years after the enlargement, it is valuable to have a look at the situation of the EU-15 members and the impact of the east-to-west migrations on the labor market of them. The major issue of this thesis is the economic motivated migration from the CEEC to the EU-15 members. “Economic migrants who move from one place of work and residence to another, either within a country or across international boundaries, primarily because of their economic opportunities, as distinct from refugees and those who move because of the migration decisions of others (tied movers)” (Brettel & Hollifield, 2000: P61).

In the following chapters, the author will analyze the wide spread controversy of migration inside the EU. The background of the east-to-west migration and its trend will be discussed below, as well as its economic, social and psychological consequences with the most recent evidences. First, the thesis recognizes the current research on the issue by both scholars and EU that the migration is positive and the fear of mass migration is exaggerated. Although the wage gaps between the west and east members are huge, the amount of migrants from the CEEC is far less than what the people expected. And consequently, the CEEC migration has positive economic effect throughout the Union. However, the author will argue afterwards: as the migration wave to the western countries is asymmetrical and the distribution of migrants is uneven (Kelo & Wachter, 2004:P83), the psychological impact is negative. Due to the geographic reasons, most CEEC migrants choose the countries lie on the borders of the EU-15 as their destinations. As a consequence, the latter countries face

more pressure than their colleagues. The thesis will argue that it is not enough to analyze the issue only on the EU level and a case study of special countries is also needed. The last section will explore the reason why some countries insist on restricting the mobility of the movement of the CEEC workers.

## **1.2 Research questions:**

The questions that will be answered in the thesis:

- 1, What are the main characteristics of the CEEC migration?
- 2, What is the impact of the CEEC migration to the labor market of the EU-15 members?
- 3, Why do some countries insist on restricting the CEEC migration?

## **1.3 The use of theories**

Basically, the thesis is a combination of theoretical and empirical analysis of the existing issue of the internal migration within the EU context. However, it will benefit from theoretical reflecting. Theories are of value precisely since they structure all observations – it is impossible to make any statement on the social phenomena in a theoretical vacuum<sup>1</sup>.

It is important to keep an eye on the causal elements of migration before making any hypotheses. In order to have a better understanding of the migration, the theoretical works on migration, and the economic and social elements of global migration, will be presented in the thesis.

The push and pull theory, the neoclassical approach, the new economics of migration, the network theory and other related concepts and models are the main theories that will be discussed in the thesis. My motivation for the theoretical choice is backed up by the nature of the issue of migration. During the 20<sup>th</sup> century, the

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<sup>1</sup> Stamate, Gheorghe, *European Security and Defence Policy, or Back to Political Realism?*, 2004, P12, <http://liu.diva-portal.org/smash/get/diva2:19849/FULLTEXT01>

migration from the less developed countries in Asia, Africa and Latin America became the main body of the global migration wave. Given migration has multiple variations, it is not enough to employ only one theory or the theories from certain perspective to explain the features of CEEC migration. It is necessary to employ both macro and micro theoretical works to have a comprehensive understanding of migration.

The international migration has a long history since 15<sup>th</sup> century. However, not until the second half of 19<sup>th</sup> century, did the scholars start to explore the general reasons of human migration after centuries of historical research. From the second half of the last century, the research on the subject developed rapidly as a result of the fast developing international migration trend. As the concern of migration become more and more popular throughout the world, the scholars began to launch studies from the perspectives of demography, geography, sociology to explore the motive of migration. The neo-classical research on migration could be regarded as a milestone of study of the modern migration since a number of new concepts, models and frameworks have been created afterwards, such as the new economic migration theory, human capital theory, network theories etc, among which some are summaries based on positivism, some are explaining the phenomenon by studying the human activities, while others may analyze in a micro way. Notwithstanding, obviously, the variety of migration theories reflects the complexity of contemporary transnational migration. It is unrealistic to explain all the aspects of international migration in one theory comprehensively in that migration is evolving all the time. On the other hand, a clearer picture will be drawn out when we compare and combine the existing theoretical approaches.

First, from the general perspective, migration has some kind of internal laws<sup>2</sup>. It

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<sup>2</sup> In the book of Ernst G. Ravenstein named "Laws of migration", he concluded 11 laws of migration: (1) The majority of migrants go only a short distance; (2) Migration proceeds step by step; (3) Migrants going long distances generally go by preference to one of the great centres of commerce or industry; (4) Each current of migration produces a compensating counter current; (5) The natives of towns are less migratory than those of rural areas; (6) Females are more migratory than males within the Kingdom of their birth, but males more frequently venture beyond; (7) Most migrants are adults: families rarely migrate out of their county of birth; (8) Large towns grow more by migration than by natural increase; (9) Migration increases in volume as industries and commerce develop and transport improve; (10) The major direction of migration is from the agricultural areas to the centers of industry and commerce; (11) The major causes of migration are economic. (Grigg, 1977:P42-43)

is the result of the interaction of a series of power, including “push” which forces people to leave and “pull” which attracts them to another place (Herberle, 1938). In other words, if the needs/desires of people cannot be satisfied within their current community, or being currently satisfied but hearing about better opportunities elsewhere, then the move may occur as an attractive alternative<sup>3</sup>.

Second, from the macro level, the neoclassical theory, based on a large amount of trustful statistics, indicates that the economic motivated migration is predominant in the global context. It explains the general motivation of contemporary migration in the peaceful circumstance. In the post-Cold War Europe, where the political tension has dismissed, the economic demand raises to a new level. The neoclassical theory fits the situation of the CEEC migration after the enlargement and may give an economic explanation of the motivation of the migration wave.

Notwithstanding, the neoclassical theory is weak in explaining the exact trend of migration. “Although traditional neoclassical economic analysis suggests a cost-benefits approach to international migration, the decision that comes from this model only applies to the actual decision of whether or not to migrate based on the situation of the individual in question at a particular moment” (Smith, 1999: P1). “Decisions such as these are not made in a black box and it is necessary to examine the conditions that make up the individual situation; how these conditions are created by social, political, and geographic forces at local, national, and international levels”

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<sup>3</sup> The push and pull is listed as follows (Bogue, 1969:P753-54):

Push factors:

- A decline in the national economy of a country, or a severe downturn in an individual’s income level.
- Political changes [that may be unwelcome or dangerous for an individual] in a country.
- Greater educational opportunities.
- Unemployment – inability to secure a permanent position or the unlikelihood of gaining such a position.
- Alienation from the family [owing to changes in personal beliefs, mode of behaviour, or family feuding] or the wider community.
- Changes in personal circumstances – marriage, ambition for self-improvement, better [perceived] employment opportunities elsewhere, etc.
- Natural catastrophes – earthquake, floods, fire, drought, epidemics.

Pull factors:

- Better employment opportunities.
- Self-improvement.
- Better income.
- Better climate.
- Opportunities for career advancement.
- Family relationships.
- Appeal of new activities (cultural, recreational, and intellectual).



(Massey et al. 1993: P432). The Decision of migration might be complex and painful to the migrants who will evaluate all the elements regard them. That is why the author employs the new economic migration theory to explain the scale/amount of the CEEC migration. It expands the neoclassical theory to the micro level and combines the micro personal elements with the macro economic factors. It indicates that the migration scale will be influenced by the economic variation as well as the social structure of the home country.

Moreover, the neoclassical and new economic theories have the similar flow: the roles, including the migrants and the countries, are plain without any preferences. It is the recent theories that could explain migration in more detailed and micro ways. Among them, the network theory, which describes migration as a snowball effect, is valuable to explain the reason why most migrants converge to some specific countries to some extent. The author will introduce some other models in migration as well to supplement network theory.

#### **1.4 Methodology**

The methodology design will fit the analysis and arguments of the whole thesis, which is generally descriptive and explanatory. The author will follow the qualitative research method by critically analyzing the existing research on the issue of the migration from CEEC to the EU-15 members.

The current studies of both academic and official works on this subject will be reviewed. In doing so, the main theoretical approaches are discussed in order to explain the reasons of the features of the CEEC migration. First, as an activity of human being, global migration is far more complex than the scholars estimated since it follows the rules of movement of individuals as well as being influenced by the psychological elements. It is not enough to use only one or two theories in that any theory explores the issue from one specific perspective. To generate a common model of the trend of global migration, the thesis will overview different theories from economic and sociological aspects.

Second, the thesis is a combination of theoretical analysis and empirical analysis. When analyzing the features of the migration, the author will firstly resort to theoretical approaches and test the results with empirical analysis. The strategy is based on the assumption that the CEEC migration is a part of the contemporary global migration trend that mostly happens under relatively peaceful situations. Thus the laws of migration in the global context could also be applied to the case of EU.

The thesis also involves a case study of a member state. In order to figure out the reason of the restriction policy of EU-15, it is needed to carry out some case to explore it. Unlike the theoretical analysis, “The case study is useful for both generating and testing of hypotheses but is not limited to these research activities alone” (Flyvbjerg, 2006:P229). We could obtain information on unusual cases (Extreme/deviant cases), which can be especially problematic or especially good in a more closely defined sense (Flyvbjerg, 2006:P230).

The reason to choose Germany to make a case study is backed up by more than one reason. Generally, among all the countries, the case of Germany is the most special, which fits the requirement to use information-oriented sample. First, it is more meaningful to study the situation of Germany since it has received a large portion of CEEC migrants (about 1/3). Second, comparing to other countries that have already abolished the restrictions, Germany, as well as Austria, are the last ones that still insist on restricting. Third, there is some internal struggle on opening to the CEEC or not in Germany that has existed for a long time. The struggle propels the country, which is not as stubborn as claimed, forwards step by step.

However, it is important to notice that the amount of migrants is hard to estimate precisely, especially when the new member states join the Schengen Agreement, which allows the people to move freely in the Schengen area. Even the Commission could not hand out an exact number of the immigration and all the statistics that could be found now are mostly approximation. Due to different measurement, the numbers estimated by different ones may vary a lot. “For reasons of simplification, and as a consequence of the limited transferability to other times and places and finally due to the lack of data availability the macroeconomic migration specification remains

rather ad hoc and poor in most of the models applied to the question of future East-West migration potential” (Straubhaar 2001:P168). That is the limitation of the thesis.

### **1.5 The Plan of the Study**

The main body of the thesis will start off by introducing the context of the last enlargement in 2004 and the background of the CEEC migration. First, the background and process of the enlargement will be presented as well as the concern of migration before and after the enlargement and the related policies of the old member states. The author will then discuss the major features of the migration wave: The motivation of the migration, the amount of the migrants and the distribution among EU-15. Corresponded to the global migration, the internal migration of EU is also a form of economic movement, which means people, who are attracted by the high wage in other regions, leave home to pursue better life. While with the fast development of the CEEC, the desire of migration has dropped tremendously. The workers could chase their dreams of high quality life not only in the western countries, but also in their homeland. Moreover, the migration wave is asymmetrical throughout the Union, which means most people converge to more developed countries which are also not far from their hometown. Besides the empirical analysis, the thesis will explain the determinants from theoretical perspectives that influence the features. The section is to draw a general picture of the CEEC migration and have a short summary that the migration wave is economic motivated, moderate with a strong influence, and uneven distributed.

After the explanatory analysis of the migration, the paper will discuss the impact of it to the labor market of the EU-15. In short, the positive effect is from the economic perspective; while the negative one is about the social and psychological impact. First, rather than deteriorating the unemployment situation in the old member states, which is what the people there concern mostly, the CEEC workers enhance the competence of the native labor market and relieve the need of labor in some sections.

It propels the economic demand in both the home and host countries. The points are both confirmed by scholars and the Commission. On the other hand, the author will argue that the asymmetrical migration breaks the current balance between the EU-15. The psychological impact is negative since people in the EU-15 afford more burdens after the enlargement.

In the next chapter, the thesis will discuss the reason why the EU-15 restrict the CEEC migration. The author will introduce the policies of the former at first and discuss the driving elements of them in restricting and opening. Moreover, the thesis will then present the case of Germany to analyze the impact of the CEEC migration from a national perspective. The reason to choose Germany to fulfill the case study is that it is still stubborn on its restriction policy to the migrants even though most of others have abolished the barriers. By studying the special feature of Germany in economy, society, the thesis will argue that it is for the consideration of high unemployment and the immigration situation, which is the current threat to the economy of Germany, that block Germany from overall opening.

In conclusion, the author will argue that the restriction policy of Germany might not as strict as what people thought. Probably, it is a way to pacify the anxiety of German people/voters rather than a discriminative means to sort people into first and second class. As the further research of the thesis, the author will discuss the situation of the further enlargement especially if the candidates access to the Union.

## **2 The feature of the CEEC migration**

Although the dream of European Integration becomes true in principle by the effort of generations, the newborn social and economic problems rise simultaneously. Despite of the 15 years rapid development, the economic gap between the old and new members remains tremendous in macro and micro aspects. The significant disparity could be a motive of mass migration from the Eastern European countries to the EU-15 members. “The wider process of EU enlargement has itself generated

unpredicted and often unnoticed patterns of migration - some temporary, some permanent, and much of it circular or return in nature-that have little to do with the mass, one-way East-West migration feared at the beginning of the 1990s” (Favell & Hansen, 2002:P582).

In this chapter, the background and process of the enlargement will be presented as well as the concern of migration before and after the enlargement and the related policies of the old member states. Next, the author will summarize the economic situation of the post-enlargement EU and the realistic motivation of the east-to-west migration. It is important to clarify that the massive migration wave did not happen and to specify the positive effect of the CEEC migration to the development of the EU-15 countries and the labor market of the latter. The thesis will analysis the migration trend from three aspects: the motivation of CEEC migration, the amount of migrants and the distribution of them of the host countries. First, the CEEC migration is driven by the economic gap between the old and new member states. Second, the wave, which has a deductive trend, is far less than what people estimated before the enlargement. This point is supported by the statistics before and after the enlargement and also confirmed by the scholars and the EU coincidently. Additionally, the distribution of migrants is uneven among EU-15: most of them converge into some specific countries.

## **2.1 A Historical retrospection of the fifth enlargement**

Unlike the former enlargement, the EU (including ECC) was cautious to the most recent one that we talk in this paper due to the political and economic background. The first step could trace back to the PHARE (Poland and Hungary: Assistance for Restructuring their Economies), created in 1989 with an aim to assist the ten Communist countries (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, which were admitted by the EU in 2004 and Bulgaria, Romania, admitted in 2007) to improve their capacity in economic transition. As a preparation of the enlargement, PHARE as well as ISPA (Instrument for Structural

Policies for Pre-Accession) and SAPARD (Special Accession Programme for Agriculture and Rural Development) functioned successfully in both economy and society.

From 1993 to 1997, the European Association Agreements (AA) between EU and the countries above, which issued their application for accession from 1994 to 1996, were signed. In December 1997, the road map of eastern enlargement was drawn in Luxemburg and the schedule of negotiations between the EU and the Luxemburg Group (The leading EU candidate countries - Poland, Hungary, the Czech Republic, Slovenia, Estonia and Cyprus) was decided.

The negotiations with the Luxemburg Group began from Mar. 31, 1998, which marked the third period of the enlargement and followed by the negotiations between Helsinki Group (Latvia, Lithuania, Slovakia, Romania, Bulgaria and Malta). The negotiations were held separated with different countries on 31 subjects, among which the most difficult were agriculture and regional policy. Of course, the process was not plain sailing, during which we could also hear the criticism from the candidates, since they are much eager than their negotiators on this issue<sup>4</sup>.

“In December 2000, EU leaders concluded the Nice Treaty to pave the way for further EU enlargement, although it effectively set a limit of 27 member states. The Nice Treaty also set out internal, institutional reforms to allow an enlarged Union to function effectively. Critics argued, however, that the Nice Treaty established an even more complex decision making process. Thus, the EU embarked on a new reform effort” (Archick, 2008:P2). On Dec 13, 2002, it was announced at the meeting of the European Council in Copenhagen that the negotiations had come to the end and the accession of 10 new members to the EU would come into effect since May 1, 2004. In April 16, 2003, in Athens, the Treaty of Accession was signed by EU and new member states<sup>5</sup>.

In December 2004, the EU concluded the accession negotiations with Bulgaria and Romania, and on January 1, 2007, these two nations formally joined the EU,

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<sup>4</sup> Luxemburg Group accuses EU of accession delays.

<http://www.allbusiness.com/government/government-bodies-offices/9139182-1.html>

<sup>5</sup> EU welcomes 10 new members, <http://edition.cnn.com/2004/WORLD/europe/04/30/eu.enlargement/index.html>

making the Union to 27 member states and completing the fifth enlargement, which is also the largest, since 1957. The addition of these two nations stretched the borders of the Union to the Black Sea and increased the population of the EU to over 490 million. Some restrictions in specific trade sectors remained in place for both countries, as did further oversight mechanisms with respect to judicial reforms and combating corruption..

Finally, after 15 years waiting, to some countries 18 years, the Central and Eastern European countries (CEEC) successfully grasped the key to the liberal world. The enlargement is a great chance to the development of the Union as well as a nirvana to the CEEC. The broad market on the east end of the EU could be a stimulus of the economy of the west and the better live condition on the other side also attracts the eyes of the people from the former.

The fifth enlargement made the EU the largest economic unit (19.195 trillion US dollars in 2008) with a population of almost 500 million people. Simultaneously, a great Europe as what the founders foresaw becomes more and more significant in the global economy as well as politics. While internally, the fresh blood to the Union will promote the development of both the old and new members.

To all the countries around the world that are facing economic reconstruction, plenty of investment is one of the most crucial elements. On this point, the EU has its special advantage. During the past 5 years, 27 European countries have formed a unified economic region in which the four freedoms guaranteed by the Treaty of Rome will be largely fulfilled. People, capital, goods and services could move freely throughout the Union. "Economic freedom is the foundation for the utilization of trading advantages and specialization benefits that result from prospering European economy" (Sinn, 2002:P104). After more than 40 years of planned economy, the economic transition in all the 10 ex-communist countries, which are eager of the foreign investment and financial assistance, is painful. Now, the thirst of money could be partly solved after the accession of EU since the west money could enter the east freely in principal. It allows them to invest in the states above without hesitation.

Moreover, not only the new members will benefit from the enlargement, but also

the original EU-15. The broad market of 100 million people and the low labor cost in these countries are the best gifts to the former developed members. For the latter, the need of pursue low costing in Asia and Africa dropped a lot after 2004 in that they have a new choice in their near eastern neighbors where the relative stable political and social condition could guarantee the safety of their economic activities. In this context, the Nordic countries, for instance, “have done rather well in the face of tougher international competition” in that “the rise in Nordic living standards and the increase in Nordic welfare have been rooted in the openness of Nordic economies”(Vainio, 2001:P3).

However, the end of the last era is the beginning of the next one and people will back to the reality when the night of celebration of accession ended. When the atmosphere calms down again, a new question hits us: What does the future look like? What will happen tomorrow? “Another aspect during the first years will be new immigration to the EU-15 from low-skilled but also highly skilled people, who both can help to solve the lack of labour force and bottlenecks on the EU labour market, in particular SMEs (small and medium size enterprises) facing difficulties in recruiting workforce” (UEAPME, 2003:P4). (UEAPME: Union Europeenne de l’Artisanat et des Petites et Moyennes Entreprises)

The paper then will draw a general picture of the CEEC migration from both empirical and theoretical perspectives. It is necessary to figure out which features are the most significant ones since there might be several characteristics in a migration wave. To serve the research question of the impact of CEEC migration, the author will pick three to have in-depth study: the motivation of the migrants, the scale of the migration wave, and the distribution of migrants in the old member states. In the view point of the author, the motivation of migrants will largely determine their activities and the duration of stay in the host countries (The economic migrants will definitely stay longer than the crisis migrants and are much eager to find job). The amount of migrants will have great influence to the labor market (A larger scale of migration will certainly have larger impact to the labor market than the smaller ones). At last, the distribution of migrants will effect of attitudes of different host countries (The



countries that have received more immigrants might differ from those that receive fewer in attitude and policies).

## **2.2 The motivation of CEEC migrants**

Why do the CEEC workers leave home and march into the western countries? What is the motivation of them? There might be various types of migration, each of which may have different reasons. The migration in the war era may be driven by the hope of escaping war and danger, while the one that happens in the peace circumstance may be because of personal reasons. In the post-enlargement EU, where the political conflict and tension have been replaced by European concert, the internal migration belongs to the latter which indicates that the personal interests will be the crucial element that propels the migration.

### **2.2.1 Theoretical analysis**

Why will the CEEC people migrate? The neoclassical theory, which mainly focuses on the migration in the peace situation, indicates that the economic reason may be the determinant of motivation of migrants.

The key concept of the neoclassical theory, which analyses the international migration from an economic perspective, is the labor resources. "The neoclassical cost-benefit analysis focuses on the individual facing a choice to migrate" (Smith 1999: 2). The law of supply and demand in the classical economic theory is applied in the research of migration and they come to the conclusion that the move of labor is the result of the asymmetry of the distribution of global labor resources as well as the maximum of pursue of personal benefits. Todaro predicts that "migration occurs when the expected net present value of earning from migrating, weighted by the probability of employment in the destination country, is positive; and that migrants choose as their destination country the one with the largest wage premium net of transportation costs" (Moretti, 1999:P640).

Both the micro structure factors and the personal choices will influence migration. First, in the macro level, the geographic distribution of the production factors in the global context is an element that will push and pull the migration. “Regions with a shortage of labour relative to capital are characterized by a high equilibrium wage, whereas regions with a large supply of labour relative to capital are faced with low equilibrium wages” (Bauer & Zimmermann, 1999:P13). People in the more developed countries, which are lack of labor, have higher wages than that in the less developed ones which have plenty of labor resources. Thus the income gaps, which reflect the disparity of life and welfare between different countries, cause the migration. In other words, the disparity could be weakened by the flow of people, which will cease when it is solved.

Second, in the micro level, the economic disparities between countries will drive individuals leave their homeland. The decision on migration is independent, freewill choice of a rational individual, who sets off after comparing the current and future status, calculating the cost-benefit and finally choose the destination where he could get the most profits. “The decision to migrate from rural to urban areas will be functionally related to two principal variables: (1) the urban-rural real income differential and (2) the probability of obtaining an urban job” (Todaro, 1969:P139). In the whole process, the prerequisite is the estimation of the payments and rewards: when the prospective earning is significantly higher than the spending on migration, it will come into effect. Rather, migration could be regarded as an investment of human capital: people will chase the maximum of personal interests.

### **2.2.2 Empirical analysis**

In the EU, the following table may give us some information of the wage gap, which is an important concept in the neoclassical theory:

**Table 1:** GDP per capita of EU countries (based on the International Monetary Fund, World Economic Outlook Database, Oct. 2008) (Unit: U.S. dollars.)

<b>Country (EU-15)</b>	<b>2008</b>	<b>Country (EU-12)</b>	<b>2008</b>
Austria	52,159.18	Bulgaria	6,849.48
Belgium	49,430.28	Cyprus	32,194.93
Denmark	67,386.89	Czech Republic	21,040.64
Finland	54,577.85	Estonia	18,809.06
France	48,012.01	Hungary	16,343.32
Germany	46,498.66	Latvia	14,930.12
Greece	33,433.84	Lithuania	14,456.17
Republic of Ireland	64,659.90	Malta	20,743.60
Italy	40,449.60	Poland	14,892.80
Luxembourg	118,045.18	Romania	9,953.33
Netherlands	54,445.06	Slovak Republic	18,584.56
Portugal	24,031.24	Slovenia	28,328.22
Spain	36,970.46		
Sweden	55,623.77		
United Kingdom	45,681.00		

It is well know that the wage gap between EU-15 and EU-12 is large. And what we can see from Table 1 is that the gap in per head incomes between the two groups “is considerably wider than in past access rounds”<sup>6</sup>. Even the highest number of the eastern countries, Cyprus, just ranks at the bottom of the western line--- only a little higher than Portugal, while as the lowest of EU-12, Bulgaria equals to 1/4 of Portugal. The average level of the latter may be only 1/3 of the former and it is also necessary to notice that Poland and Romania, which have the largest population among the EU-12, have relatively lower GDP per capita.

Besides the wage gap, the author will pay attention to the asymmetry of GDP amount in the EU, which represents the economic competence. The country that has larger GDP will definitely offer more job opportunities to the workers.

**Table 2:** GDP amount of EU countries (based on the International Monetary Fund, World Economic Outlook Database, Oct. 2008) (Unit: Billions US dollars)

<b>Country (EU-15)</b>	<b>2008</b>	<b>Country (EU-12)</b>	<b>2008</b>
Austria	432.404	Bulgaria	51.933
Belgium	530.613	Cyprus	25.585

<sup>6</sup> Anonymous, The impact on labour markets, Business Europe, vol 40, issue 11, 2000, pp8.

Denmark	369.583	Czech Republic	217.215
Finland	287.621	Estonia	25.207
France	2,978.12	Hungary	164.339
Germany	3,818.47	Latvia	33.902
Greece	373.516	Lithuania	48.747
Republic of Ireland	285.018	Malta	8.584
Italy	2,399.29	Poland	567.413
Luxembourg	57.609	Romania	213.891
Netherlands	909.465	Slovak Republic	100.569
Portugal	255.483	Slovenia	57.013
Spain	1,683.23		
Sweden	512.889		
United Kingdom	2,787.37		

Even though the new member states consist of almost half of the units of the EU and 20% of the population, the amount of GDP of the EU-12 only shares a smaller portion (7.89%, Table 2). The highest in the right line, Poland, is about 1/7 of the GDP of Germany. It is common that the workers might believe that they could obtain more chances in the countries in the left line since the larger economy means more jobs.

Depending on the analysis above, it is the economic gap between the old and new member states that drives the CEEC workers to the EU-15 countries. However, the wage is not the only element in the issue. The migrants will estimate if they could really find a chance to pursue the high living standard. In other words, if the destination is only a small economy, no matter how high the wage there is, the migration scale will certainly not too large. In practice, the EU-15 might be an ideal target since the CEEC workers could have more opportunity than in their motherlands. Generally, the CEEC migration is an economic motivated wave.

### **2.3 The amount of the migrants**

The study on this subject started to attract the attention of scholars ever since the beginning of the negotiation between the EU and the candidate states and it reached a peak around 2004, when the enlargement came to effect, while the concern on the

issue dropped slowly afterwards. If the migration is only an economic activity predicted by the neoclassical theory, the amount of the migrants could be huge since the economic variation between the old and new member states is tremendous as we can see above. However, what is the fact?

Nearly all the researches before 2004 have similar conclusions. In 2000, a report from the Commission, which urges the opening of EU-15 labor market from the very beginning of enlargement, show that the enlargement will not have serious impact on the employment and wages in the EU. As a response to the countries that will put restriction on the CEEC workers, who are expected to move to the EU-15 for higher wages and jobs, the study forecasted that “an annual inflow of 335,000 immigrants in the first years after enlargement, slowing to 150,000 by 2010”. Although the amount listed above seems to be a shock to the people’s eye, “even after 30 years of immigration from the east, in 2030 east Europeans will represent only 1.1% of the entire EU-15 population and 3.5 % of Germany’s”<sup>7</sup>. “The most comprehensive study, assuming free access to the labour market from 2002 onwards, was done by a consortium of European economic research institutes in 2000 and projects that annual migration flows from the new 10 to the present EU-15 would amount to some 330,000 persons in 2002, decreasing to 150,000 in 2012 and only 2,400 in 2030” (Jandl & Hofmann, 2004:P38). Moreover, “the latest update of this study commissioned by DG Employment estimated a net increase of migration from the 10 new member states of initially 286,000 per year, increasing to 360,000 per year and falling to 100,000 by 2012” (Stacher, 2004:P5). The researches transmit such information that the western governments have no need to worry about the mass immigration from the CEEC.

In addition, Michael Fertig predicted immigration flows from CEEC-10 to Germany from 1996 to 2015 in the medium convergence scenario (Appendix 1). “Due to the assumed convergence in per-capita-income the predicted immigration flows from these countries to Germany will decrease slowly over time” and “they amount to an average immigration number of roughly 67,101 per annum if the extension of the

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<sup>7</sup> Anonymous, The impact on labour markets, Business Europe, vol 40, issue 11, 2000, pp8.

free movement of worker regulation is assumed” (Fertig, 2001:P718). This is corresponded to the figure of the above (335,000 as a whole in the first years and decreasing gradually). “This leads to an accumulated increase in the stock of migrants from these countries in Germany by 1,409,119 persons within this time period” (including the 535,899 people from these countries living in Germany in 1995), while “not allowing for free movement from the accession candidates, as it is proposed by several politicians, would reduce this average immigration figure slightly to 66,740 yielding an accumulated increase of 1,334,807 residents until 2015” (Fertig, 2001:P719). He predicted that it is only a moderate increase of immigration to Germany especially for the first round accession candidates that is far too small to justify the large concern expressed in the media and the public (Fertig, 2001:P719). From his point of view, the restriction on free movement is largely useless since it has no substantial effect to decrease the immigration, as it is obvious that the difference between free-movement and no-free-movement is too small to be cared about. Besides, another element may also be taken into consideration. The birth rates in the CEE-10 countries declined remarkably in the early 1990s (Fertig, 2001: p717). As a result, the working aged people in these states will drop as well after the accession.

Moreover, besides the research, the statistics of migration gives us similar information. In 2005, one year after the enlargement, “between 100,000 and 150,000 people had moved to the older member states”<sup>8</sup>. It is even far less than what the commission estimated.

### **2.3.1 Theoretical analysis**

It seems that the argument of neoclassical theory is not enough to explain the reality in the EU context. Although it is acknowledged that the economic diversity between the western and eastern blocs is huge, the amount of migration is far less than what people expect. The fear of massive migration wave is exaggerated since they are not coming. Given the individuals in the CEEC are rational and have free will, why do

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<sup>8</sup> 100K Immigrants Seen from Enlarged EU, <http://www.dw-world.de/dw/article/0,,1603617,00.html>

they stay at home rather than moving abroad? We turn to the new economic migration theory for some further research.

The new economy migration theory, adopted by Oded Stark and Edward Taylor, was developed based on the neoclassical theory. Besides acknowledging that migration is a rational choice, they treat the family rather than individuals as the main body. In the neoclassical theory, all the other elements besides labor market are assumed to be defect-free, well-functioning and meaningless to migration. However, the new economy theory insists that “choice of migrant destination is also influenced by the differential returns to human capital in internal and foreign labour markets” (Stark & Taylor, 1991:P1177). Moreover, the international migration is not only a means to maximize personal interest, but also a way to increase capital as well as decrease venture. “Households wisely pair their members with the labour markets in which the returns to their human capital are likely to be greatest” (Stark & Taylor, 1991:P1177).

Furthermore, the migration of a family member has further influence other than absolute income---the enhancement of the social status of the family should not be neglected. “If absolute income is controlled for, relatively deprived households are more likely to engage in international migration than are households more favorably situated in their village's income distribution” (Stark & Taylor, 1991:P1176). Rather, it is the international migration of a member of the family that gives the household a chance to get out from the humble status of their local community. In Stark's research, the motive of migration is not the gap of absolute income between regions, but the “sense of relative deprivation” after comparing with other groups. “The decision by households to send migrants to foreign labor markets is influenced by their initial perceived relative deprivation...more relatively deprived households are more likely to send migrants to foreign labor markets than are less relatively deprived households” (Stark & Taylor, 1989:P4). In other words, people will be satisfied with their status quo in a slow-developing society; while when the society or the community changes drastically, the relative deprivation will generate among people since they could not help comparing themselves with others that were far lower than

them originally but have much better lives now. Then migration becomes the most popular way to fill in the deprivation gap. Generally, the social structure also has influence on migration. The people in a society that has more uneven distribution and more serious relative poverty are more enthusiastic to migration.

Thus it can be seen, the migration is more complex than what the economists hypothesized since it is not only an economic activity but also a social one. As a matter of fact, human is not only the simple slave of economy but also a complex of multiple factors. Given the ultimate goal of migration to pursue better life, it is necessary to introduce sociological, psychological analysis and other methods to research the human migration in addition to economic analysis.

In macro level, the income gap between different countries/regions is the drive of migration in a large scale. However, as the decision of migration is made by family/individuals, their current situation, such as the social status, the satisfaction of life, is the micro factors. Migration is a result of the interaction of macro and micro factors and the scale of migration wave depends on how large the income scale is and how unsatisfied the people are. Theoretically, the people who possess sufficient earning and are pleased with their lives are least desired to move since the absolute income and the relative feeling are both satisfied. On the other hand, the individuals that are extreme poor and are at the bottom of the society are eagerest to change their status. The people between these two levels will hesitate on migration since the neither the push nor the pull is strong enough to persuade them to change their current status, so that whether they will migrate depends on their own situations.

### **2.3.2 Empirical analysis**

Appendix 2 shows that the new member states have better growth trend than the old ones. Both of the two groups benefit from the enlargement and most of them reach higher growth rate after 2004 than before (But unfortunately, most of them dropped tremendously under the shock of the financial crisis). It tells us that the economic perspective of the CEEC is promising. To the people there, a rapid developing local



economy is more realistic than the indefinite future in other regions since they will avoid possible difficulties in the latter. Concurrently, CEEC also need more intelligence resources to stimulate their economies and they have their own migration programmes attracting skilled workers abroad as well as natives. "Empirical research shows that the accession countries are not only the suppliers of labour to Western Europe but they themselves have become the centre of attraction to migrants, particularly for their Eastern European neighbors" (Biffi, 2001:P173). On the other hand, the low living cost in these countries may be another element that will persuade the workers to stay. Said by a Polish official in the negotiations of EU enlargement: "The idea of a mass exodus of Poles is nonsense. Some of us actually enjoy living at home" (Fertig, 2001:P719).

Moreover, the enlargement entitled the CEEC, which are no longer the second citizens in the European and the global affairs, equal status to the EU-15 in the free world. The democratization of the former made them repossess their dignity and the freedom in global community, which are then strengthened by the enlargements of EU and NATO. The above change also decreases the sense of relative deprivation since the CEEC people are now equal to the people in EU-15 (at latest after 2011). It largely tunes down the desire of migration to the latter and the psychological push will disappear gradually in the future. "What we have learnt from the EU experience in the past is that if labour has the legal right to move freely, this makes people (especially in border areas) more mobile internationally, but it does not in itself induce mass migration from one country to another" (Straubhaar 2001:P169).

As migration is resulted from a series of push and pull, the wave will come to a peak when both the powers of are strong, while it will drop when the powers recede. In Europe, the power of push is weakening because of the development of the economy in the CEEC which is a result of the elimination of dictatorship and the establishment of democracy. It means that the power of pull may be the only factor that will largely influence the migrants in the context of political improvement in CEEC and consequently the migration wave could not be as large as what happened in the Cold War that people are struggling for both lives and freedom. "With rising per

capita income, enhanced social security systems and increased political and social stability, migration becomes less attractive” (Kraus & Schwager, 2003:P169). In a stable society, where people are relatively more satisfied with their lives, the migration desire is low. Thus, the trend of east-to-west migration will be mediate and digressive since the economic attraction of the EU-15 may decrease as the CEEC are rapid developing.

Besides the study of the scale of migration, another feature of the CEEC workers should not be neglected: The wave of back home.

The life of the eastern migrants is not as good as what they expected. “Economic migrants are described as tending, on average, to be more able, ambitious, aggressive, entrepreneurial, or otherwise more favorably selected than similar individuals who choose to remain in their place of origin” (Brettell & Hollifield, 2000:P61),however, the low class fields are their destinations probably. Even in the countries that do not put restrictions on labor market, the migrants are not capable to compete with the natives. The employment status will largely impair the desire of the migrants to stay in the western members. “According to stated intentions, a large number of potential migrants plan only short stays” (Kelo & Wachter, 2004:P82). Since the majority of the CEEC migrants may not be permanent settlers, their impact on EU-15 labor market will drop as well.

Furthermore, as the home countries of the migrants, the eastern countries will lose five percent of population after the enlargement (Kelo &Wachter, 2004:P83). It is negative for them, which are also experiencing low birth rate (Mentioned in Fertig), since “a large share of the leaving population is young and thus still in their reproductive phase” (Kelo &Wachter, 2004:P83). Consequently, they try to woo their young back home to solve the problem of lack of skilled workers<sup>9</sup>. In these years, to attract the young who are seeking jobs difficultly in the western countries, the wages in Poland increased rapidly in the past years (10.5 percent) and the government also eased the procedure of starting their own businesses. The process of returning home is fastened in the shock of financial crisis and millions of Polish packed their baggage to

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<sup>9</sup> Poland Tries to Woo Its Young Back Home, <http://www.spiegel.de/international/europe/0,1518,507079,00.html>

their hometown<sup>10</sup>.

In summary, the migration wave is only a limited, moderate trend with a strong reflux. The amount of the migrants, which will pursue a permanent residence, only consist a minority of the total number so that the real impact of the migration flow will be more limited.

## **2.4 The distribution of the CEEC migration**

It is noticed that the CEEC migrants will be distributed unevenly among the EU-15 (Kelo & Watcher, 2004:P81). By the end of 2006 there were 685,200 new CEEC nationals (i.e. the “accession eight” countries, without Cyprus and Malta –hereby referred to as EU8) employed in EU-15 of which 34% and 33.1% in the United Kingdom and Germany respectively.<sup>11</sup> (Denmark:4,800 (0,7% of the total EU8 workforce working in EU15), Belgium:8,500 (1,2%),Germany:226,700 (33.1%), Greece:12,000 (1.7%), Spain:30,200 (4.4%), France:15,800 (2.3%), Ireland:47,000 (6.9%), the Netherlands:9,200 (1.3%), Italy:30,000 (4.4%), Luxembourg:2,000 (0.3%), Austria:50,400(7.4%), Portugal:200 (0.03%), Finland:6,600 (1%), Sweden:8,600 (1.3%), the United Kingdom: 233,200(34%)).

### **2.4.1 Theoretical analysis**

It encourages the author to have a micro study of the CEEC migration. Where is the ideal destination for them? Before the empirical analysis, the thesis will be theoretically reflected by the review of network theory and some other models in migration.

Network theory refers to the various connections that exist between the migrants and their relatives, friends in their hometown. It is the combination of a series of

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<sup>10</sup> Unlucky Polish migrant workers return home,  
[http://www.russiatoday.ru/Top\\_News/2009-03-30/Unlucky\\_Polish\\_migrant\\_workers\\_return\\_home\\_.html](http://www.russiatoday.ru/Top_News/2009-03-30/Unlucky_Polish_migrant_workers_return_home_.html)

<sup>11</sup> Who's afraid of EU enlargement?  
[http://www.ecas-citizens.eu/index.php?option=com\\_docman&task=doc\\_download&gid=439&Itemid=](http://www.ecas-citizens.eu/index.php?option=com_docman&task=doc_download&gid=439&Itemid=)

interpersonal relations based on blood relationship, friendship. “After the migration of the first individual, the monetary and psychological costs of migration are substantially lowered for the relatives and friends of this individual in the original location” (Bauer & Zimmermann, 1999:P19). The work of Douglas Massey shows that those who have certain social relation with the migrants abroad are more possible to follow their tracks and will rely on the relationship between them and the successful experience of the migrants. “In effect, this decreases the costs of migrating and thus encourages immigration into countries with established communities of immigrants” (Massey et al., 1993: P449). The massive migration might generate migration network, which have influence on the people of the origin, who will make the migration wave larger unless the situation of their hometown have tremendous improvement. Moreover, “migration networks are powerful mechanisms that can countervail national and supranational laws and regulations” (Elrick & Ciobanu, 2009:P113). From this view, the migration network is social capital to some extent, which spread the migration information broader and truer, gives the followers financial sponsor, accommodation convenience, and finally propels the transnational migration.

In practice, the specific migration group in the developed countries will largely attract the people from the same cultural background and consequently the network will get more and more new blood. It will lead to a snow-ball effect, in which each person who moves to the destination countries holds social ties in their native countries, which may lead to gradually increasing migration. However, not all people from the home country are willing to move, so the snowball effect may stop at some point.

Notwithstanding, the network may not work to the independent migrants who do not have any foreign social capital but are eager to move. For this group of people, the transportation cost of the first migration will be estimated more seriously. “This includes a calculation of the time or cost taken to overcome distance but also an analysis of social relations over time and space” (Kothari, 2002:P22). If migration is an economic activity as defined in the neoclassical theory, people will consider the

benefit and the economic and social cost concurrently and the absolute profit will be the major measurement. When the profit varies little in different countries, the cost will be the determinate factor. When the transportation cost is high, people in different regions tend to be self-sufficient and the disparity of wage will be neglected. It will lead to fewer labor flowing. However, when the cost is relatively low, the trans-regional economic activities will be more and more frequent and the gaps of income will be more outstanding and the hard to eliminate. It means the mobility of labor between nearby countries will be much larger than long-distance ones. It is because those who are not clear about the future will try to minimize the difficulties and loss. If the venture is a totally failure, they do not want to spend too much time and money on the way to home.

However, with the developing of aviation and other transportations, the cost of the way dropped tremendously in the past decades so that the concern of transportation cost is only meaningful to the long-distance transcontinental migration, while the intercontinental flows will be seldom influenced by it. To the latter, the possible difficulties are more than transportation cost, the similarity of culture and language should be taken into consideration as well. Besides the beautiful, uncertain future, it is more significant to integrate into the target community as soon as possible. Even in an equal society without any discrimination, the language will be the largest barrier. And it is also a crucial factor to the migrants if they could get used to the custom of the new community. In practice, the closer the home and host countries are, more similar their languages and cultures are. It is more possible for people to move. It is related to the transportation cost hypothesis since both the two points concern the distance between countries. As listed in the laws of migration, "The majority of migrants go only a short distance". In other words, people will move to their neighbors more often because of the economic and social conveniences. It is why the first wave of migration always flows to the nearby state when the network has not formed.

Moreover, the migration policy of a country is another element that will influence the decision of the individuals. The migration friendly countries will

certainly receive more migrants than the ones that have strict regulation on immigration. While, “restrictive migration policies are the main determinant of the limited migration flows and stocks that can be observed around the world” (Facchini & Mayda, 2008:P695).

Based on the analysis above, the migration is not distributed evenly among all countries. Besides the economic elements, the political and social elements are also meaningful to affect the direction and flow of migration. The scale of migration to the destinations depends on the economic development, the connections between countries and the current amount of migrants in the hosts. And the population and social structure of the home countries are also important. The author will categorize these elements into two sorts: the economic one (wage, job opportunities, etc) and the conveniences (distance, culture, migration policy, etc). Obviously, Most of them will choose the countries having better economy or more conveniences and those who meet both of the criteria are more attractive to the migrants (Model 1). As a consequence, the migration is asymmetrical among different countries.

**Model 1:** The attitude of migrants towards the countries with different conditions:

	Better Economy	Worse Economy
More Conveniences	High	Medium
Less Conveniences	Medium	Low

### 2.4.2 Empirical analysis

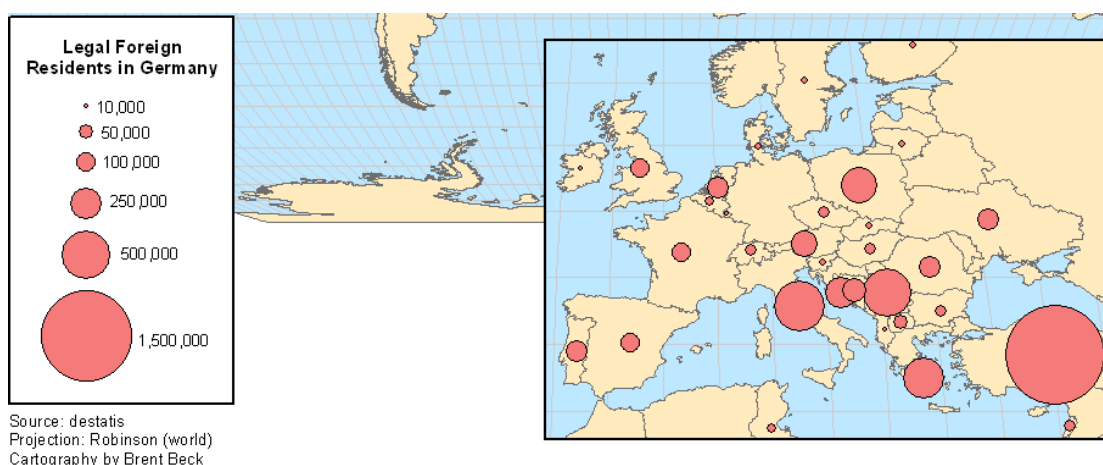
In EU, as the largest economies throughout the Union, Germany, France and UK will certainly be the first choices of the eastern migrants (The GDP of the three in 2008 are 3,818 billion, 2,978 billion, 2,787 billion USD). In personal view, the GDP per capita of Luxemburg is the most attractive (118,045 USD), followed by Denmark and Ireland. However, to the economic motivated migrants, the small economies of the latter three means few opportunities despite the better earning. Therefore, they will

make a compromise between the economy of a country and the personal earning. Then Germany and UK will be the best destinations since the GDP per capita of them also rank in the first half of the Union (about 117% of the average level of EU).

In geography, Germany and Austria locate right at the eastern border of the EU-15, while the CEEC that locate next them are Poland, Czech and Hungary, which are the most populated among the eastern group (Poland 38 million, Czech and Hungary around 10 million). It is no surprise that the migrants will favor the former two members since the expending on the travel and the similarity of culture and language are the activator. Additionally, although Greece also has the transportation advantage, the worse economic condition and lower wage will make the workers to give up the idea of migrate to there.

Furthermore, due to the geographic reason, a large network of Eastern European has already been formed in Germany. About 400 thousand Polish live there<sup>12</sup>. If take into account the migrants from the other CEEC countries, Germany has the largest number of CEEC migrants throughout the EU. The existing migration networks will pull more and more new comers especially the workers from Poland, which has the most population in the eastern part.

**Figure 1:** Germany's foreign-born population by country of origin



Moreover, the immigration policies of the EU-15 are also meaningful to the

<sup>12</sup> Germans and foreigners with an immigrant background,  
[http://www.en.bmi.bund.de/nn\\_148248/Internet/Content/Themen/Auslaender\\_Fluechtlinge\\_Asyl\\_Zuwanderung/DatenundFakten/Deutsche\\_Auslaender\\_mit\\_Migrationshintergrund\\_en.html](http://www.en.bmi.bund.de/nn_148248/Internet/Content/Themen/Auslaender_Fluechtlinge_Asyl_Zuwanderung/DatenundFakten/Deutsche_Auslaender_mit_Migrationshintergrund_en.html)

CEEC workers. In spite of the economic and network advantages, the strict attitude towards east-to-west migration of Germany forced a number of migrants reconsider their original plan. While among the three countries that do not have apply any restrictions to the CEEC labors, the economy of UK may offer them the most job opportunities. Thus, the plan of seeking future in London is put on table.

In summary, among all the EU-15 countries, Germany, along with UK, are the best choices of the CEEC migrants. Compared to other member states, the outstanding economy and the conveniences of former are the most important features that will attract the latter.

According to the statistics, the preference of the geography to the CEEC workers and the uneven distribution of migrants are significant. Although the immigration regulation is restricted, the majority of workers still choose Germany and Austria as their destinations. While as the second economy of EU, the migrants to France are far less than to Ireland, which has a migration-friendly policy to them. It is hard to say if the CEEC workers do have impact to the labor market of France, Italy or Netherland, since the amount of migrants in these countries is only a too small portion of their population. However, to the countries that have accepted more CEEC labors, the asymmetry of migration will aggravate the existing dissatisfaction of the people.

In short, the CEEC migration is economic motivated, moderate with a deductive trend, asymmetrically distributed wave. Will the CEEC workers, who will only consist a small part of the population of EU-15 and will not stay permanently, shock the labor market as what people feared before the enlargement? In the next chapter, the thesis will focus on the economic and psychological impact of the migration to the EU-15 countries.

### **3 The impact to the EU-15**

“Without judging whether or not the following opinions are well-founded, many people in the West feel threatened, or at least burdened, by immigration in terms of its



possible disruption of social systems, exacerbation of unemployment and threatening cultural conformity” (Drbohlav 1997: 87). However, does the CEEC migration really result in a raise of unemployment in the EU-15?

### **3.1 The economic impact**

#### **3.1.1 Theoretical analysis**

Theoretically, it is argued that immigration will have positive effect to the economy and labor market in general. “Economic theory predicts that migration enhances aggregate welfare in both, the home and the host countries” (Boeri & Brücker, 2000:P15). Given that “immigration affects both aggregate demand and aggregate supply, most people would probably agree that extra (immigrant) workers in the economy would raise the supply potential of the economy” and the domestic rate of productivity growth could be raised by the immigration of higher-skilled workers (Blanchflower, 2007:P134-135). Additionally, immigrants are “extra consumers” and will raise “aggregate consumption demand”. Meanwhile, “immigrant labor could lower the natural rate of unemployment---the rate of unemployment that would exist in the absence of cyclical unemployment---by filling skill gaps or by tempering wage demands, as wage bargainers become aware that they can be replaced more easily than in the past” (Blanchflower, 2007:P135).

#### **3.1.2 Empirical analysis**

Although the amount of CEEC workers may not be so large, it is still valuable to reinvigorate the EU-15 countries, which are facing the growing problem of population ageing, since they are the fresh blood to the old members.

##### **3.1.2.1 The impact to the labor gap**

It is argued that labor unions prefer permanent to temporary migration (Persin, 2008:P851). Actually, it is astonishing that the labor unions in the United Kingdom on the side of the government when it declared not to limit the free movement of labor from the CEE members since traditionally labor unions would resist the opening of national labor market (Persin, 2008:P859). However, in an era of transnationalization of labor and the decreasing influence of labor unions, they have to “increase their influence on the labor market by recruiting and representing migrant populations” (Persin, 2008:P859). As a matter of fact, even the labor unions have realized the need of enhancing the competence of the national labor and consequently they favored “the entry of CEEC nationals into the labor market and accepted the general managed migration agenda of the government” without repeating the common topic such as “lower pressures, job loss, as well as the use of temporary migration as back door for permanent migration” (Persin, 2008:P859).

It is necessary to acknowledge the positive economic effect of the CEEC migrants since it will propel the economy by filling the labor shortage. At the same time, the moderate migrants will increase the sense of job crisis of the natives and finally improve the quality of the labor market. “As long as there is a demand for workers, the market-based reasoning for integration allows that the European labour market can draw on labour from throughout the European Union and beyond, orienting its demands to geographically proximate countries found in the periphery of Europe and in the newly opened East” (Favell & Hansen, 2002: P586).

Some scholars have further micro research focusing on one country or one group from the CEEC after 2004. Among them, Maria Brisan & Ramona Cucuruzan and John R. Dobson come to the similar conclusions that CEEC workers filled labor shortages for low paid, unskilled work. They have found that there is a paradox existing in the EU-15 states: the high unemployment and shortages in labor supply which has two levels including high-skilled and low-skilled (Brisan and Cucuruzan, 2007:P19). Rather, the latter is not attractive to the natives of the EU-15 even without the immigrations. By conducting a questionnaire to the Romanian workers living in Spain, who are economic motivated, Brisan and Cucuruzan concluded that most

Romanians have good education background (more than 80% respondents have high school education or higher) and the majority are working under their qualification (as 65.2% respondents declared) (Brisan and Cucuruzan, 2007:P11-12). The situation is similar in the UK. “Contrary to popular argument, EU-8 immigration is not substantially combating the long-standing skills shortage problem. Instead, British employers are using CEE labor to fill shortages in low-paid and unskilled labor” (Dobson, 2009:P131). On the other hand, most CEEC workers concentrate in two sectors, construction and retail, hotels/restaurants; transport, in which the EU-10 workers have a higher employment rate than nationals (CEC, 2006: P12). “Only in agriculture and manufacturing is the proportion of EU-8 workers significant (7 per cent and 2.5 per cent, respectively” (Gilpin et al., 2006, pp. 20-1)<sup>13</sup>.

In general, the fear of massive wave is exaggerated and the migration does not create more unemployment to the natives. The amount of the immigrant from the CEEC could not shock the population structure of the EU-15 states, while the declining trend of immigration also supports their opinion. Furthermore, the change that happened in the structure of labor market of the old members shows positive. “At the most basic level, immigrants increase the supply of labour and help produce new goods and services” (Castles & Miller, 2003:P194).The immigrants fill in the vacant positions in lower level that is common among all the old members, which benefit from their arrival. “Since enlargement ... unemployment rates dropped significantly in almost all EU-8. This suggests that there is no reason to expect increased pressure to move outside EU-8 countries” (European Commission, 2006: P10). “Surely it would make more sense, and result in greater stability for all, if the EU would quickly learn to trust its new members, and grasp this opportunity to put the goal of an area of freedom, security and justice truly into practice” (van Selm & Tsolakis, 2004:P12). In recent years, the EU urged the EU-15 members to open their borders as soon as possible, all the while both official and academic reports are one the side of the Commission. “EU ministers have argued that Europe’s main threat no longer

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<sup>13</sup> Dobson, John R., Labour mobility and migration within the EU following the 2004 Central and East European enlargement, *Employee Relations*, vol 31, issue 2,2009, P133

comes from the communist East but from behind a “new fault line” which has allegedly replaced the Iron Curtain” (Marfleet, 1998:P82).

### **3.1.2.2 The impact to the employment**

The question if the CEEC migration will create unemployment might be one of the most concerns that puzzle the people in EU-15. The study of Tito Beori shows that “the Eastern enlargement of the EU is unlikely to significantly affect wages and employment in the current members of the EU” (Beori, 2001:P14). “Micro econometric exercises carried out in the context of our study suggest that an increase in the migrant share, in a given branch, by about one percentage point decreases average wages of natives by only 0.25 per cent in Austria and 0.6 per cent in the Germany. At the same time, the individual risk of dismissal increases by 0.8 percentage points in the Austrian and by 0.2 percentage points in the German sample. The impact of migration on white collar workers is found in these regressions to be slightly positive or neutral. Since the increase in the share of foreigners from the CEECs-10 is expected to last for a relatively long time period, the impact of migration on wages and employment is likely to be rather moderate even in Austria and Germany” (Beori, 2001:P13-14).

As mentioned above, the CEEC migrants will only consist a small portion of population even in Germany and UK, which have received the majority of them. Although it amounts to 685,200 migrants, it is still far less than 1 percent of the whole working age population of EU-15 (In Appendix 3, it shows that the CEEC migrants is also far less than 1 per cent in almost all the EU-15 states). As a result it could have little impact to the wage and employment of old member states. “The impact of migration on the labour market performance of natives is much smaller than widely believed” (Beori, 2001:P13).

Even having positive effects and little impact to the employment, why does some country still restrict the migration? With the analysis of the characteristics of Europe, the author will argue the asymmetry of the distribution of migration should not been

neglected and the research on this subject should not only put an eye on the EU perspective, but also the national perspective. Besides the economic and social impact, a study of the psychological impact should be valuable.

## **3.2 The psychological impact**

### **3.2.1 Theoretical analysis**

“Fear and suspicion of outsiders, or foreigners or immigrants in the lexicon of contemporary public discourse, is virtually as old as human society” (Messina & Lahav, 2006:373). The psychological influence may be because of religious, economic and culture reasons and may result in anti-immigration. “Two of the major trends in the domestic politics of the major immigration-receiving countries since the early 1970s or so have been the appearance and political advance of organized anti-immigrant groups, movements, and political parties” (Messina & Lahav, 2006:373). The phenomenon that it is common among western world (even including some other countries) that the right wing, which claims nativism or anti-immigration, has been recognized by quite a percent of population reflects the sense of insecurity of natives to the increasing immigration. As analysis above, the coming of immigrants will increase the risk of unemployment to the natives even it is low. However, to some people, they would not assume the risk of dismissal and decrease of wage if there is no immigration. The scholars and public that pro immigration are mostly consider this issue from a micro perspective that people will benefit from immigration since it could propel the economy; while others, especially the low skilled workers that are facing high risk of unemployment, may resist immigration from their own interests. From their point of view, each immigrant, especially the economic motivated ones, such as the CEEC migrants as we discussed here, means they will lose the welfare that originally belongs to them. It is certainly harmful to their interest and will exaggerate their fear to the immigration

Moreover, the attitudes towards immigration vary tremendously between

countries. Given migration is unevenly distributed, it will be a snow-ball effect in the richer countries; while on the other hand, the margin between the better and worse economic countries in immigration will inflate. As a result, the people of the former will definitely assume higher risk of losing job than the latter and they will be more cautious on the issue of immigration.

### **3.2.2 Empirical analysis**

#### **3.2.2.1 The psychological unbalance**

Many researches compared the recent enlargement with the accession of Spain and Portugal in 1986, which also made the European Community fear about mass migration. At that time, “despite the economic differences between these countries and the richer North, the expected mass migration did not occur” (Bauer and Zimmermann,1999:P1) and what is more important is that after 2 decades of development, the Iberia states become labor importing countries rather than exporting ones. However, the 2004 enlargement (including the 2007 enlargement) is more shocking by the sight since a bloc of 12 countries with 100 million population is not what the Iberia could compare with. The psychological impact of the former is far more tremendous than the latter.

After about 10 years of silence, the EU-15 reached a relative balance in governments and public. However, the temporary balance was broken when 12 new members accessed the Union suddenly at almost the same time. It may take a little longer to rebuild a new balance in the enlarged Union since the new imbalance is complex.

“One of the problems of the eastern EU enlargement is the fiscal burden that will result when the existing assistance programmes are extending to the new EU citizens” (Sinn, 2002:105). Besides the investment from the old members, the new members rely on the financial aids of their western brothers to develop their economies. Although all the countries have same responsibility to the EU in principle,

the fiscal contributions of the members vary tremendously. All the new member states (except Cyprus) benefit from the EU respectively, while the countries whose net benefit is negative are all the EU-15, among which the most is Germany (Table 4). The current budget will improve the development of the whole Union by eliminating the economic gaps and propel the European integration in a long term, it, however, will enrage quite a percent of public in that they are paying the expense of enlargement.

**Table 3:** Open Europe estimates for EU-27 budget for 2007-2013 in euros (Billions)<sup>14</sup>

<b>Member state</b>	<b>Money from EU</b>	<b>Money to EU</b>	<b>Net benefit</b>
Belgium	39	33	+6.4
Bulgaria	12	2.3	+9.7
Czech Republic	31	9.2	+22
Estonia	04	0.8	+3.2
Greece	40	15	+25
Hungary	32	8.4	+24
Republic of Ireland	12	11	+0.6
Latvia	06	1.4	+4.6
Lithuania	09	1.7	+7.3
Luxembourg	10	2.3	+7.7
Malta	01	0.5	+0.5
Poland	87	22	+65
Portugal	29	12	+17
Romania	32	7.2	+25
Slovakia	14	3.5	+11
Slovenia	06	3.1	+2.9
Spain	78	76	+2.2
<i>Austria</i>	<i>10</i>	<i>19</i>	<i>-8,5</i>
<i>Cyprus</i>	<i>01</i>	<i>1.1</i>	<i>-0.1</i>
<i>Finland</i>	<i>09</i>	<i>13</i>	<i>-3.7</i>
<i>France</i>	<i>89</i>	<i>140</i>	<i>-51</i>
<i>Germany</i>	<i>78</i>	<i>164</i>	<i>-86</i>
<i>Italy</i>	<i>70</i>	<i>116</i>	<i>-46</i>
<i>Netherlands</i>	<i>13</i>	<i>37</i>	<i>-24</i>
<i>Sweden</i>	<i>09</i>	<i>20</i>	<i>-11</i>
<i>United Kingdom</i>	<i>46</i>	<i>103</i>	<i>-57</i>

Moreover, the fiscal share is not the only the burden of the EU-15, while the

<sup>14</sup> Brief note: European Communities (financial) Bill, <http://www.openeurope.org.uk/research/budget07.pdf>

uneven distribution of CEEC migrants adds fuel to the flames to some extent. CEEC migration is not the only wave that the EU-15 are dealing with. The outside migration from other continents especially Africa and Asia is increasing as well. The latter also follows the similar rule of the east-to-west migration that means most of the migrants flow to the most developed countries or the most convenient ones. In Appendix 3, the working age population from EU-10 in Germany and Austria may not be the largest portion; notwithstanding, the portion of nationals in them is the lowest (except Luxemburg) since the large portion of Non-EU migrants is influential. In this circumstance, the increase of any migrants, no matter where they come from, is sensitive to the people who are facing the risk of unemployment. From this view, the notion of European Identity is still under construction in that the EU-10 are still regarded as foreigners.

### **3.2.2.2 Navitism**

While both EU-15 and EU-12 are very pro-EU, attitudes towards enlargement in the Union vary significantly. Although the overall support for enlargement in the EU reaches 46%; in Austria, France, Germany, Luxembourg or the UK, the support ranges from 30% to 36%.<sup>15</sup> Other studies show that racism is also on the rise in Europe<sup>16</sup>.

Another meaningful phenomenon is that the right wings are dominated in the last elections in most Western Europe countries, Germany, France, Sweden, Denmark and the most well-know is Austria (Freedom Party of Austria). In fact, the anxiety of more immigration is growing in all EU-15 countries and the CEEC migration undoubtedly makes them more nervous. While the internal migration may not be as many as the external migration, its psychological impact to some countries will double when combining with other elements, the rather that it is an asymmetrical one.

In general, the economic impact of the CEEC migration is positive, since it does

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<sup>15</sup> Q&A: EU enlargement, <http://news.bbc.co.uk/2/hi/europe/2266385.stm>

<sup>16</sup> "Racism on the rise in Europe, new study says", <http://euobserver.com/851/22968>



not increase the unemployment in the EU-15, but propels the economy of the latter by filling in the lack of labor. However, in the psychological perspective, it is negative. Because of the absence of European identity, the CEEC migration is still regarded as external immigration by the old member states. It makes the nationals in the latter, who are experiencing the increasing immigration from other parts of the world, more anxious about their employment and welfare. It seems that the voice of the Commission from Brussels has little influence to the nationals of EU-15. To the governments of member states that should basically be responsible to the nationals, their policy should firstly protect the interests of natives as well as their psychology.

After analyzing the influence of the migration from economic and social perspective, the next chapter will start off by introducing the attitude of the EU-15 towards CEEC workers. The thesis will discuss the issue of opening the labor market or not and explore the reason why some countries insist on restricting the latter.

## **4 The reaction of the EU-15---Why do they restrict?**

Certainly the issue of immigration from the east to the west is not a new one. The wave started ever since the 1980s, when a number of people from the former countries escaped from the communist regimes for political reasons. Nevertheless, the concern of immigration is quite different from what it was two decades ago, since the eastern people could move freely without any restriction and discrimination throughout the Union under the principle of the Rome Treaty. In practice, this kind of anxiety was common ever since the beginning of the negotiation of enlargement. As responses to the concern of migration, all the governments of the EU-15 adopted various policies on the labor market. After 5 years of transition, it is valuable to explore the situation of the labor market of the countries above and to evaluate the policies of them.

### **4.1 The restriction policies of EU-15**

Due to concerns of mass migration from the new eastern members to the old EU-15, some transitional restrictions were put in place. Mobility within the EU-15 (including Cyprus) and within the new states (minus Cyprus) functioned as normal (although the new states had the right to impose restrictions on travel between them). Between the old and new states, transitional restrictions up to 2011 could be put in place, and EU workers still had a preferential right over non-EU workers in looking for jobs even if restrictions were placed upon their country. No restrictions were placed on Cyprus or Malta.<sup>17</sup> The restrictions of each country are presented in the form below:

**Table 4:** This overview of measures is originally based on a paper prepared by the European Citizen Action Service (ECAS), with additional research performed by EurActiv.<sup>18</sup>

Countries	Attitude
Austria and Germany	Transitional measures will be imposed not only as regards the free movement of workers but also against the freedom to provide services in selected (country-specific) sectors. The requirement for work permit will remain in force also for those citizens of new Member States who will seek to deliver services across the border and will want to bring their own employees along. In Austria, only those employees who have been legally employed in the country for more than 12 months (at the date of accession of their country to the EU) will be eligible to move freely. In Germany, the previously established bilateral employment quotas will remain in force for at least two years. Austria and Germany are expected to apply the longest possible 'transition period'. In the EU, labour costs are among the highest in Austria and Germany.
Cyprus	The Mediterranean island is exempted from the restrictions on labour mobility.
Malta	The citizens of Malta are free to work in any of the EU-15 countries. Meanwhile, the island nation of

<sup>17</sup> The background introduction of restriction is cited from Wikipedia: 2004 enlargement of European Union. [http://en.wikipedia.org/wiki/2004\\_enlargement\\_of\\_the\\_European\\_Union#Free\\_movement\\_issues](http://en.wikipedia.org/wiki/2004_enlargement_of_the_European_Union#Free_movement_issues)

<sup>18</sup> The form is edited based on: EU-25: Member States grapple with the free labour market. <http://www.euractiv.com/en/enlargement/eu-25-member-states-grapple-free-labour-market/article-117775>  
The source comes from: Who's afraid of EU enlargement? [http://www.ecas-citizens.eu/index.php?option=com\\_docman&task=doc\\_download&gid=439&Itemid=](http://www.ecas-citizens.eu/index.php?option=com_docman&task=doc_download&gid=439&Itemid=)

	400,000 has the right to apply restrictions ('safeguard') on inbound labour migration for up to seven years
The Netherlands	During the enlargement negotiation phase, the Dutch government seemed to be inclined to refrain from imposing restrictions. However, in early 2004 the government decided to tighten its entry policies. The authorities have pledged to speed up work permit applications for employees from eight new Member States (minus Cyprus and Malta, as their citizens do not require a work permit). The fast-track procedure applies to those sectors of the Dutch labour market where a shortage of workforce has been identified. In these sectors the employers will not be obliged to furnish proof that a Dutch or EEA citizen could not be found to fill the vacancy. The Netherlands has also decided to consider tightening its entry policies if over 22,000 workers per year arrived from the eight new Member States
Finland	Helsinki will continue to enforce 'transitional arrangements' for at least two years. The rule of thumb will be that work permits will be granted only if a Finnish national cannot be found to perform the given job. Cyprus and Malta will be exempted from the restrictions, and so will seasonal workers and students seeking to work part-time. Access to the labour market for EU-8 citizens will not be restricted if they reside in Finland for some purpose other than employment (ie entrepreneurs, family members of employees and students). Neither will the transition period legislation apply to those who have already lived and worked in Finland for more than a year or to new EU citizens who would be entitled to work if they were citizens of third countries. The 'transition arrangements' will not affect the free movement of labour within the framework of the freedom to provide services
Denmark	For at least two years, 'transitional arrangements' will be imposed. Only full-time workers will be entitled to a work permit, which will also be conditional on the granting by the Danish Immigration Office of an official residence permit. Citizens of Cyprus and Malta are subject to the same rules that apply to other EU-15 citizens. The employees from the EU-8 states will not have immediate access to the country's welfare schemes. The restrictions apply to wage-earners only -

	all EU-10 citizens are free to establish independent businesses in Denmark
France	Paris intends to maintain 'transitional arrangements' for five years (a minimum of two years) after enlargement. However, the procedures are expected to be flexible depending on the sector or region concerned. The restrictions apply to wage-earners only, while students, researchers, self-employed persons and service providers are exempted
Spain	Madrid will apply restrictions for a minimum of two years. Further details of the restrictions are forthcoming.
Portugal	By and large, Portugal is expected to follow in the footsteps of Spain. The Portuguese government has already set an annual limit of 6,500 on immigrant workers from all nationalities.
Italy	Italy will impose an immigration quota of 20,000 per year from the EU-8 (exceptions are Cyprus and Malta)
Sweden	The country will apply no restrictions on immigration from the EU-10 countries. The Swedish government expects to see around 10,000 job applicants from Eastern Europe (the respective figure was 6,000 in 2002 and again in 2003). Under standing regulations, several hours of paid work are enough for an individual to be granted a work permit
Czech Republic and Slovakia	Workers from the EU-25 states will face no restrictions in the Czech Republic and in Slovakia
Poland	Warsaw will apply reciprocal measures, under which Poland will only allow Irish and British citizens to work freely in the country. The plan is for Poland to oblige citizens of the other EU-15 states to obtain a work permit (citizens of Denmark, the Netherlands and Sweden can expect easier terms, while people from Austria and Germany will face additional limits)
Belgium, Greece, and Luxembourg	These Member States will apply restrictions for a minimum of two years.
United Kingdom	The UK will not be imposing 'transitional arrangements'. At the same time, the country will oblige immigrant workers to register with the Home Office under a new "Workers Registration Scheme" and to obtain a worker's registration certificate. Cyprus and Malta citizens are exempted. No restrictions will be placed on self-employed as well as family members of EU-8 nationals who already have the rights to work in

	the UK. However, EU-10 access to the UK's welfare benefits will remain limited
Ireland	Ireland will open up its labour market to the citizens of the EU-10 states
Hungary	Budapest will impose labour restrictions on a reciprocal basis over the whole seven-year period. The measures will not apply to the citizens of the EU-10 states

The restriction policy of the EU-15 to the new member states is actually a breach of the principles of the EU. As a response, some CEEC also restrict the EU-15 workers to revenge. However, the point is confirmed by the EU and the former has the ultimate right to protect their labor market in at least 7 years. Whereas, how does the CEEC migration influence the EU-15 in the last 5 years? The following sections will analyze the post-enlargement situation from two perspectives: the scale of migrants and the employment status of them.

According to the transition agreements, two years after the enlargement, (May 2006), the Commission will publish a report on the migration levels from the eight new member countries and the impacts on the labour markets of the old member states. Following that report, the EU-15 will have the option to choose either to open up their labour markets and their welfare system completely or keep the limitations. In May 2009, the old member states are expected to open up their labour markets completely. They are allowed to maintain the restrictions for two more years in case they can demonstrate serious threats or infringements. In May 2011, exactly seven years after the enlargement, all member states must open up their labour markets to the citizens of other member states. In case a country foresees no problems with opening up their labour market, it may lift the restrictions even before the first formal opportunity of removal in 2006<sup>19</sup>. This means that they can “decide to go further than others in opening their labour markets, according to local needs and circumstances” (Leonard, 2001:P3).

However, despite of a number of voices of the positive immigration, the western

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<sup>19</sup> Jaakson, Katrin, Labour Migration in the Enlarged European Union, 2005, P18-19, <http://luur.lub.lu.se/luur?func=downloadFile&fileOId=1330179>

countries are still reluctant to do so as what happened when the Iberia entered the Union in middle 1980s. Only 3 countries are willing to accept the CEE workers without any restriction from the very beginning, while others followed those three step by step. Until 2008, when France finally lifted its barrier to the CEE countries on labor market 6 months earlier than expected, as a response to assume the EU's six-month rotating presidency. Austria and Germany, are the only two members which still insist their protection policy. "As it has been pointed out by many observers, the migration restrictions currently in place cannot be explained within a purely economic, welfare-maximizing framework. Political economy factors – shaped by both economic and non-economic drivers – are crucial to understand migration policy outcomes" (Facchini & Mayda, 2008:P695). Thus, it encourages the author to explore the reason why some countries are so stubborn on themselves regardless of the claim of free movement external and internal<sup>20</sup>.

## 4.2 Theoretical analysis

It is interesting that the EU-15, which are lack of labor because of an aging population and low birth rate, still restrict the CEEC workers. It encourages the author to figure out the reason of the restriction policy.

Generally, the restriction of immigration is also a form of immigration regulation, which is common among all the countries around world. Even the most immigration-friendly countries are not open to all applicants since "one of the most pressing challenges for many countries today is therefore to find ways of coping with "unwanted"<sup>21</sup> migratory flows" (Castles & Miller, 2003:P282).

The skilled worker, which is already some kind of scarce resource, is what all the countries competing for. All the western countries have relatively looser regulation for

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<sup>20</sup> Germany Debates Easing Labor Limits for Eastern Europeans,  
<http://www.dw-world.de/dw/article/0,,2717289,00.html>

<sup>21</sup> Unwanted immigration refers to(Castles & Miller, 2003:P283):  
Illegal border-crossers;

Legal entrants who overstay their entry visas or who work without permission  
Family members of migrant workers, prevented from entering legally by restrictions on family reunion  
Asylum seekers not regarded as genuine refugees.

the skilled labors in order to attract the latter to fill in the gap of skill. While to the low skilled workers, which is also internal problem to the host countries, the regulations are rigid. “Most such migrants come from poor countries and seek employment, but generally lack work qualifications. They compete with disadvantaged local people for unskilled jobs, and for housing and social amenities” (Castles & Miller, 2003:P283). The unwanted immigrants (the low-skilled/unqualified workers) will increase the unemployment of the unskilled local people and deteriorate their fear of immigration as we analysed above. What is more, it is meaningless to the skill gap of the developed countries. Consequently, besides encouraging legal immigration, “stopping unwanted immigration is increasing regarded by governments as essential for safeguarding social peace” (Castles & Miller, 2003:P283).

### **4.3 Empirical analysis--Why does Germany still restrict?**

The Commission urges the countries to abolish the barrier of free movement of people annually, however, it seems meaningless to Germany. Why does Germany so stubborn on its restriction policy? In this section, the author will explore the consideration of the German government on the CEEC migration and figure out the “threats” and “infringements” to Germany.

#### **4.3.1 Unemployment**

The reason why the EU-15 fear of eastern migration flow is most related to their employment situation. In Table 5, the first three members (Ireland, Sweden and UK) that opened their labor market in 2004 has relative lower unemployment rate. Although they are not the lowest unemployed economies, they are quite lower than the average level of the EU-15 (8% in 2003<sup>22</sup>). It made them confident to welcome the CEEC workers since the potential migrants might not trigger employment crisis.

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<sup>22</sup> Euro-zone unemployment stable at 8.8%, EU15 steady at 8.0%,  
[http://ec.europa.eu/employment\\_social/news/2004/jan/estat\\_nov2003\\_en.html](http://ec.europa.eu/employment_social/news/2004/jan/estat_nov2003_en.html)

Certainly, not all the lower unemployment rated countries were brave to stand along with the first three, Netherlands, Denmark as well as Luxemburg were cautious so that they had restrictions with others; however, the higher unemployed members were all strict on the issue. Among them, Germany is unlucky one of the highest.

After 5 years of running-in, the unemployment decreased year after year in all the EU-15. On the other hand, as analyzed above, the eastern migrants are too few to challenge the nationals in the west countries so that it is needless to put restrictions again. Nevertheless, in spite of 3 point of reduction in unemployment rate, Germany is still among the highest in the west bloc.

**Table 5:** Unemployment rate of EU-15 (Unit: percentage) (Based on International Monetary Fund, World Economic Outlook Database, April 2008)

Country	2003	2004	2005	2006	2007	2008
Austria	4.292	4.792	5.167	4.75	4.408	3.833
Belgium	8.2	8.4	8.5	8.3	7.5	6.804
Denmark	5.707	5.832	5.116	3.927	2.65	1.725
Finland	9.038	8.828	8.359	7.704	6.841	6.363
France	8.967	9.225	9.275	9.225	8.283	7.787
Germany	9.308	9.775	10.608	9.825	8.383	7.296
Greece	9.725	10.5	9.85	8.9	8.3	7.647
Ireland	4.653	4.456	4.386	4.428	4.532	6.121
Italy	8.45	8.05	7.725	6.8	6.125	6.75
Luxembourg	3.5	3.9	4.3	4.5	4.4	4.371
Netherlands	3.692	4.583	4.717	3.917	3.211	2.819
Portugal	6.27	6.651	7.617	7.658	7.985	7.801
Spain	11.48	10.97	9.16	8.513	8.263	11.325
Sweden	5.617	6.333	7.633	7.042	6.117	6.167
United Kingdom	5.045	4.783	4.791	5.392	5.397	5.548

Obviously, it is the high unemployment situation that hinders Germany from fully opening its labor market. Moreover, Germany is the most populated member states of EU. It means although Germany is not the highest rated unemployed, it has the most unemployed people throughout the Union. Furthermore, another special feature of Germany is the uneven development between west and east border of the country after re-unification in 1990. Despite the capital injection, the East's



unemployment rate is still 18.6% - in many regions it tops 25%<sup>23</sup>. The double unemployment dilemma is the most serious challenge to the German government and the CEEC workers might worsen the existing problem and the discontent of the public.

Along with other member states, Germany eased the regulation on CEEC workers in the second stage of the transition period. In 2007, Germany granted easy access to the German labor market for electrical and mechanical engineers and reduced the minimum annual wage requirements to obtain a work visa for non-EU/EEA workers<sup>24</sup>. It was not a complete plan to abolish the restrictions totally; however, it was a step forward.

On the other hand, it is because Germany received a large percent of CEEC migrants that makes the other members feel little pressure. If all member states were restriction free to the CEEC migrants at the very beginning, the distribution of them could be more asymmetrical.

Shortly, even with the restrictions, Germany still offers more opportunities than other EU-15 states. If all the old members open their labor markets from the very beginning, it is inevitable that the migrants flow to Germany will exceed the number in UK. Given the migration is the only convenience of UK, the workers moved to London might decline if Germany is also fully opened since it is of more convenience than the former in geography, culture and network; consequently, the asymmetry of migration distribution would be more serious. It is reasonable for the Germany government to have such a rule to decrease its attraction to the CEEC workers and pacify the nationals, or the current internal imbalance will be intensified by the eastern labors.

#### **4.3.2 Immigration situation**

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<sup>23</sup> Waiting for the East to flourish, <http://news.bbc.co.uk/2/hi/business/4225346.stm>

<sup>24</sup> Germany eases restrictions for new EU states, foreign students, <http://www.workpermit.com/news/2007-08-25/germany/new-eu-engineers-allowed-to-work-graduates-three-years.htm>

As a non-immigration country, Germany has a long tradition of strict immigration policy. Not until 2002 did the country have its first immigration law. Before that, “Labour (or economic) immigration has been officially ‘banned’ since 1973. Hence, from the oil crisis onward, immigration for working purposes, especially with regards to permanent immigration, did not constitute a separate area of competence”<sup>25</sup>. On the other hand, although criticized by other countries because of the rigid immigration law<sup>26</sup>, Germany, which has the largest foreigner ethnic group in the EU, has received 15.3 million immigrants, which “accounts for 19% of the total population, 9% of whom are foreigners and 10% German citizens”<sup>27</sup>: Germany is undoubtedly an “immigration country”.

Even with a high threshold of immigration, Germany is still the most attractive destination among EU to the migrants. It is rational for the Germany government to restrict the CEEC workers since it is a part of the immigration policy of the country. Unlike the external migrants from other continents, the right of free movement of the CEEC citizens is what the German people fear mostly.

However, Germany, which is attractive to the immigrants, is also experiencing a “Brain Drain”, which means that Germany is losing high qualified labors year after year. The number of emigrants increased from 145,000 in 2005 to 155,290 people in 2006<sup>28</sup>. What is more, the most alarming aspect of the news is that more than half of the emigrants are younger than 35<sup>29</sup>. The high unemployment rate, the high tax and the weak economic performance force more and more high qualified workers move to Switzerland and US for new lives<sup>30</sup>. There is no question, though, that Germany must learn to attract and retain the highly skilled, whether German or foreign.

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<sup>25</sup> Is Ignorance Really Bliss? Germany’s Labour Migration Policy,  
<http://www.eumap.org/journal/features/2004/migration/pt1/germanylabour>

<sup>26</sup> Language Requirement 'Against Human Rights',  
<http://www.spiegel.de/international/germany/0,1518,475839,00.html>

<sup>27</sup> Germans and foreigners with an immigrant background,  
[http://www.en.bmi.bund.de/nn\\_148248/Internet/Content/Themen/Auslaender\\_\\_Fluechtlinge\\_\\_Asyl\\_\\_Zuwanderung/DatenundFakten/Deutsche\\_\\_Auslaender\\_\\_mit\\_\\_Migrationshintergrund\\_\\_en.html](http://www.en.bmi.bund.de/nn_148248/Internet/Content/Themen/Auslaender__Fluechtlinge__Asyl__Zuwanderung/DatenundFakten/Deutsche__Auslaender__mit__Migrationshintergrund__en.html)

<sup>28</sup> German brain drain at highest level since 1940s,  
<http://www.independent.co.uk/news/world/europe/german-brain-drain-at-highest-level-since-1940s-451250.html>

<sup>29</sup> Experts Warn German 'Brain Drain' Is Reaching New Heights,  
<http://www.dw-world.de/dw/article/0,,2212913,00.html>

<sup>30</sup> New Research Challenges Notion of German "Brain Drain",  
<http://www.migrationinformation.org/USfocus/display.cfm?ID=328>

Yet, the structure of the immigrants is not satisfactory. "The federal government turned down proposals to make it easier for talented foreigners to work in Germany. Only 138 people defined as "highly qualified"--such as engineers and entrepreneurs--settled in Germany in the first quarter of this year, out of a total inflow of 123,000 foreigners"<sup>31</sup>. It is argued that most "individuals from countries with free labour movement agreements with Germany show a considerably higher likelihood of leaving Germany", however, the low skilled migrants are more likely to stay longer to pursue permanent residence than the higher skilled (Gundel & Peters, 2008:P769). The phenomenon that higher skilled workers (both natives and migrants) are not willing to stay, while the low skilled migrants (who might to pursue a permanent stay) will increase gradually, will change the structure of the labor market: the upper half of the pyramid will decrease while the lower half will inflate. The labor structure and the migration composition might be the threat and infringement to Germany. "In this sense, it is crucial to reduce out-migration of highly qualified individuals" (Gundel & Peters, 2008:P779). In practice, the new released policy made the skilled workers from CEEC much easier to settle down. It is a step forwards which gives attention to both the national interests and the responsibility of the Union.

On this view, it is not only the unemployment situation, but also the composition of the migration wave and the structure of their labor market that hinders Germany, which has received a large portion of CEEC workers, from accomplishing the enlargement. To Germany, it is necessary to refresh the economy before opening the labor market completely. To a country that have more contribution and sacrifice to the EU, it is considerate to give Germany a little privilege when it is facing more difficulties than other member states.

The restriction is not a regulation to block immigration, but a policy to pacify the nationals that fear of unemployment and immigration. What is more, Germany is not hostile to the CEEC workers since the labor market is opened step by step. The German government gives the foreign students 3 years work permit after graduation

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<sup>31</sup> Europe: Auf wiedersehen, Fatherland; Germany: land of emigration, *The Economist*, vol 381, issue 8501, 2006, pp54.

from college<sup>32</sup>. It is an alternative way to soften the regulation. In fact, the Germany government is friendly to the CEEC labors in a cautious way. The gradually eased regulation reflects that Germany hopes to reduce the venture in the transition period and decrease the fear of the nationals. Although the regulation is not an ideal means, it is still a positive way that could smooth the transition era.

## 5 Conclusions

The issue of CEEC migrations to the EU-15 is a continuous topic since the preparations of the 2004 enlargement. The thesis is focusing on the fears of the people in west members on the mass migration from the new members and its impact to the former.

First, the CEEC migration is mostly economic motivated. In the peace era, the economic reasons are the most influential motivation of the migrants since they try to earn higher wages and therefore to improve their living standards. The larger the income gaps between different regions are, the more people will move to the place that could earn better living. The existing wage gap and the economic disparity between the old and new member states drive the CEEC workers move to the western countries.

However, the CEEC migration is far less than what people expected. Migration is also a result of psychological gap since people are trying to get rid of the sense of relative deprivation to enhance their social classes. As a consequence, only the people who are extreme unsatisfied with their economic and psychological status will have the strong desire to migrant. It means only a few part of the whole population have the plan of pursuing new life, while others may be hesitate on the issue or not willing to do so at all. Given the economic gap between the two groups is shrinking and the sense of deprivation becomes meaningless, the migration in the past 5 years is moderate, unlike what was exaggerated before the enlargement.

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<sup>32</sup> Germany eases restrictions for new EU states, foreign students  
<http://www.workpermit.com/news/2007-08-25/germany/germany-new-eu-engineers-allowed-to-work-graduates-three-years.htm>

On the other hand, the CEEC migration is uneven distributed among EU-15. Germany as well as UK receive the most CEEC migrants. While to some other member states, the amount of eastern worker is so small that could have little impact to the labor market. It is the network of migrants and other elements including geography and culture etc. that make the asymmetrical distribution.

The CEEC migration has economic and psychological impact simultaneously. In the economic aspect, the CEEC workers fill in the labor gap and propel the economy of EU-15 which are short of high skilled as well as low skilled labors. However, in the psychological perspective, it deteriorates the unbalance between the old and new members and increase the anxiety of the former.

The study of the policy of Germany reveals that the country is facing the more economic and social problems than other members. The high unemployment rate and the immigration situation make Germany more cautious on the issue of migration and ease the regulation step by step. Even facing the challenges, Germany still open the door for the CEEC workers given the fulfillment of the restriction is moderate.

It is common acknowledged that all the EU-15 members will benefit from the CEEC migration in a long term. However, the asymmetrical migrants will make the natives who are experiencing the high risk of unemployment more nervous and it is uneven to ask one country to afford the burden of enlargement. In fact, the pace of Germany is a little quicker than what people expected since the Germany government realizes that the need of more workers is getting more and more intense. Although the restriction still exists, it should be regarded as a means to adjust the labor market in Germany rather than a stubborn barrier.

## **5.1 Further research**

Given the short nature of the thesis, it had to be rather compressed and many issues relevant to the subject of migration could not have been touched upon. If this subject could have been studied further and more in-depth, the practice of migration policy of Germany to the CEEC workers could be studied. Although announced as restriction, it

is a question whether the regulation of Germany is strict fulfilled or not.

When comparing the amount of CEEC migrants flow to Germany estimated by different measures, we will find the annual number is around 220000 (Turmann, 2004)<sup>33</sup> (Kelo & Wächter, 2004:P81). However, “in practice Germany has given as many people work as other big countries”, issued 500000 work permits to them from 2004 to 2006<sup>34</sup>. It is even a little more than what the previous research estimated (It is more than the CEEC workers in Germany mentioned above. Probably it is because some of the work permits are short term and some workers might quit their jobs before 2006.). What is the reason behind the phenomenon?

To obtain a work permit in Germany, the employee should be at least well educated (Usually the employee must have a university degree or comparable qualification. For some positions there are special requirements)<sup>35</sup>. In practice, almost 70 percent of the CEEC workers are highly educated or potential high skilled (Kelo & Wächter, 2004:P82). “Postponing the introduction of free movement has only a marginal impact on the scale of migration: postponing free movement for seven years will reduce initial migration by only a few thousand persons” (Alvarez-Plata et al., 2003:P57). Additionally, besides the main stream means, there are other ways for the workers to get work permits, for instance by applying basis jobs with low salary. Thus it is rational to believe that the gate of Germany is open for most CEEC migrants in fact. Probably, most of the applicants are entitled with work permit and the restriction of Germany is only to pacify the public who are experiencing the long term unemployment and the fear of immigration. Certainly, the hypothesis should be tested by future research.

Moreover, the Germany case also indicates that there might a combat between the west and eastern countries to attract more skilled workers. The importance of technique and knowledge is more and more realized by all the countries, which have various projects of pulling the people who possess skills. However, as a result of

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<sup>33</sup> Is Ignorance Really Bliss? Germany's Labour Migration Policy, <http://www.eumap.org/journal/features/2004/migration/pt1/germanylabour>

<sup>34</sup> EU free movement of labor map, <http://news.bbc.co.uk/2/hi/europe/3513889.stm>

<sup>35</sup> Basic Requirements to Qualify, [http://www.workpermit.com/germany/requirements\\_for\\_work\\_permit.htm](http://www.workpermit.com/germany/requirements_for_work_permit.htm)

aging and population declining, the need of skilled workers and experts is common among all European countries. The opening of labor market in the EU-15 is to fulfill the responsibility of the Union on one hand; while on the other hand, it will lead to an intelligence flow to the west. As a response, the new member states also have their means to make them to be better destinations of skilled labors. The combat of skill reflects the weakness of the education and training system in the EU, in which the high unemployment and lack of labor co-exist. It will be discussed in another paper.

Furthermore, it is a question to the EU if it is needed to enlarge further. The current candidates, Croatia, Macedonia and Turkey, and others that are pursuing EU membership, are all weaker economic and lower waged as well as dense populated. Among them, Turkey, which has a population of 68 million and made the effort of accession from 1980s, draws most of the concerns. It is a widely discussed to the EU-27 now if the accession of them will influence the labor market and the welfare system in the current members. The evaluation of the enlargement from the perspective of labor market will possibly influence the future development of the Union. What is more, it is argued that the most significant mission of the EU, which has a large body, in the first decades of the 21<sup>st</sup> century, is to reform the institutions in Brussels rather than to make it as large as possible.

**Appendix 1:** The migration potential from the CEEC-10 to Germany (Fertig, 2001:P718)

year	CEEC-10			First-Round Candidates		
	medium convergence <b>without</b> free movement	medium convergence <b>with</b> free movement	<b>No</b> convergence with free movement	medium convergence <b>without</b> free movement	medium convergence <b>with</b> free movement	<b>No</b> convergence with free movement
1996	72827	76770	78430	35804	38150	39138
1997	71931	75846	77493	35251	37576	38554
1998	71283	75173	77202	34890	27199	38283
1999	70636	74502	76545	34533	36826	38013
2000	69995	73837	76069	34178	36455	37742
2001	69361	73179	75596	33827	36087	37472
2002	68736	72530	75127	33479	35723	37203
2003	68118	71890	74662	33135	35363	36936
2004	67509	71257	74200	32795	35007	36670
2005	66907	70632	73741	32459	34655	36405
2006	66312	70014	73285	32126	34307	36141
2007	65725	69403	72831	31797	33962	35879
2008	65144	68800	72381	31472	33622	35618
2009	64571	68204	71933	31150	33284	35359
2010	64004	67614	71488	30832	32950	35100
2011	63444	67032	71046	30517	32620	34843
2012	62890	66456	70607	30206	32293	34588
2013	62343	65887	70170	29898	31970	34333
2014	61803	65324	69737	29593	31650	34080
2015	61269	64768	69306	29291	31334	33828

Notes: CEEC-10 covers the following countries: Bulgaria, Czech Republic, Slovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovenia. The first-round candidates are Czech Republic, Estonia, Hungary and Poland. For assumptions see next.



**Appendix 2:** GDP growth rate of EU countries from 2000-2008 (based on the International Monetary Fund, World Economic Outlook Database, April 2008)

Country	2001	2002	2003	2004	2005	2006	2007	2008
Austria	0.831	0.857	1.214	2.309	2.043	3.302	3.439	1.894
Belgium	0.744	1.401	1.009	2.785	1.975	2.91	2.679	1.356
Denmark	0.705	0.466	0.384	2.296	2.459	3.903	1.82	1.174
Finland	2.636	1.643	1.774	3.728	2.841	4.853	4.399	2.43
France	1.854	1.027	1.087	2.47	1.711	1.989	1.883	1.369
Germany	1.239	0.011	-0.269	1.058	0.763	2.882	2.534	1.405
Greece	4.491	3.904	5.036	4.578	3.834	4.195	4	3.548
Republic of Ireland	5.908	6.43	4.33	4.273	5.923	5.735	5.28	1.752
Italy	1.822	0.458	-0.014	1.529	0.551	1.841	1.457	0.251
Luxembourg	2.517	4.105	2.097	4.876	5.022	6.118	5.366	3.083
Netherlands	1.926	0.076	0.336	2.237	1.51	3.005	3.458	2.146
Portugal	2.016	0.759	-0.805	1.516	0.91	1.343	1.892	1.3
Spain	3.645	2.704	3.098	3.267	3.62	3.857	3.825	1.815
Sweden	1.058	2.411	1.913	4.127	3.298	4.089	2.579	2
United Kingdom	2.372	2.053	2.77	3.259	1.839	2.909	3.12	1.63
Country	2001	2002	2003	2004	2005	2006	2007	2008
Bulgaria	4.066	4.483	5.007	6.642	6.246	6.322	6.167	5.5
Cyprus	3.986	2.102	1.907	4.199	3.949	4.044	4.365	3.4
Czech Republic	2.456	1.897	3.602	4.485	6.373	6.36	6.456	4.248
Estonia	7.663	8.016	7.24	8.256	10.155	11.188	7.111	3.02
Hungary	4.072	4.373	4.175	4.813	4.132	3.877	1.326	1.8
Latvia	8.041	6.476	7.195	8.676	10.599	11.925	10.243	3.624
Lithuania	6.645	6.917	10.316	7.32	7.937	7.663	8.773	6.5
Malta	-1.613	2.617	-0.307	0.24	3.353	3.43	3.776	2.171
Poland	1.205	1.444	3.867	5.344	3.617	6.249	6.52	4.927
Romania	5.745	5.12	5.224	8.4	4.1	7.9	6	5.4
Slovak Republic	3.395	4.763	4.765	5.209	6.565	8.536	10.368	6.615
Slovenia	3.102	3.656	2.814	4.444	4.145	5.719	6.066	4.11

**Appendix 3:** Resident working age population by nationality, 2005, in per cent of total (Source: Eurostat, Labour force survey 1st quarter 2005 (Ireland 2nd quarter 2005))<sup>36</sup>

	National	EU-15	EU-10	Non-EU
Belgium	91.3	5.8	0.2	2.8
Denmark	96.4	1.1	N/a	2.4
Germany	89.5	2.8	0.7	7
Greece	94	0.3	0.4	5.3
Spain	90.5	1.2	0.2	8.1
France	94.4	1.9	0.1	3.6
Ireland	92.3	3	2	2.8
Luxembourg	57.9	37.6	0.3	4.2
Netherlands	95.7	1.4	0.1	2.8
Austria	89.2	1.9	1.4	7.5
Portugal	97	0.4	N/a	2.6
Finland	98.3	0.4	0.3	1
Sweden	94.8	2.3	0.2	2.7
UK	93.8	1.7	0.4	4.1
EU15	92.4	2.1	0.4	5.1

<sup>36</sup> <http://www.publications.parliament.uk/pa/ld200506/ldselect/lducom/273/27306.htm>

## **Executive Summary**

The thesis concentrates on the internal migration of the European Union (EU) after the most recent enlargement in 2004 and 2007, which entitled 12 new member states into the Union. It is a descriptive and explanatory analysis of the influence of the migration from the central and eastern European countries (CEEC) to the EU-15. The thesis starts off by introducing the theories of global migration since the European migration discussed in this paper is also a part of the global trend. The theoretical analysis is to find a general model of migration which will be applied to the situation in the EU as well.

The thesis uses the theories to answer two basic questions of most migrants when they are facing the choice of migration, which is the result of the interaction of a series of power: why to migrate and where to move. First, in the contemporary world, the economic elements become the most prominent impetus of the human migration and the economic motivated migrants consist of most proportion of global wave. The neoclassical migration theory indicates that people will flow to the region where they could get higher wages and better living condition. When comparing the host and home countries, the individuals will choose the one that could maximum their personal value. Whereas, the new economic migration theory notes besides the economic reasons, the migrants are also motivated by the psychological factors, which means to escape from the sense of relative deprivation and enhance the social class of their families in the hometown. Thus the migration is not only decided by the economic situation, but also by the social condition. The migration trend will depend on the structure of a society, in which the people who are not satisfied with their living as well as social condition are most pro-migration, while the opposite party is the least. It means that the definite migrants are only a portion of a community, while most people, who are between the two poles, will hesitate. In a relative stable society, the migration will be mild.

Second, when facing the options of destination, migrants will choose the one where they could find more conveniences. The network theory indicates that the

existing network in one country will attract more migration and consequently it forms a snowball effect. The individuals who have already moved abroad will keep connections with their families and friends in their home countries. They will become the bridge of the new comers and offer helps to them. The countries that have a network will be a determinate element that will largely influence the individuals' choice. On the other hand, other conveniences, including the distance, which will affect the transportation cost in the first migration, the culture and language, and the migration policy of the host country will also be taken into account when the migrants are make the decision of move. As a consequence, they will flow to the countries that have better economy and offer them more conveniences, while the desire of moving to the ones that have worse economy and fewer conveniences will be relative low. In practice, the migration distribution is asymmetrical since the former will receive most migrants.

When studying the situation in the EU, we will find the economic disparity and wage gap between the east and west countries will be the most significant element that will drive the people from the CEEC move to the west. However, the rapid developing economy of the new member states will convince more people to stay at home and enjoy the low cost living. On the other hand, the accession of the EU enhanced the status of the CEEC in the international community. It led to a decreasing trend of relative deprivation since the migration to the west countries has few influence in improving their social class in that the new ones are equal to the old member states in principle. It means that the CEEC are generally stable in society and have a positive economic development, which deduces the desire of their nationals to leave home. Consequently, the migration trend from the eastern members is moderate and has a trend of decline year after year.

On the other hand, the employment status of the CEEC workers in their new destination is depressing. Although most of them are well educated, they working status are mostly under their expectation. A large number of them are working under their qualification. Especially in the shock of the financial crisis, numerous CEEC workers flow back to their home countries, where is also experiencing the lack of

labor. When calculating the migration flow forth and back, we will find the amount of migrants is far less than what people expected and the fear of mass migration is exaggerated. In fact, they have more positive effect on the labor market of the EU-15. Filling the labor gap, enhancing the competence of the native labors are the most significant influences.

However, even the Commission urged the EU-15 to open their labor market completely as soon as possible, the member states are not willing to do so. In the first round, only 3 countries are completely open to the CEEC workers from 2004, while some others abolished the barrier gradually in the next years. By 2009, Austria and Germany are the last ones that still have restrictions on the CEEC labors. The thesis argues it is the asymmetry of the migration that influenced the decision of the EU-15 on labor market. In the past 5 years, most of them flowed to UK and Germany. Although Germany is one of the countries that have the strictest regulation on the eastern migration, it still received almost 1/3 of the migrants because of its economic charm, the geographic convenience and the existing large groups of network from the CEEC. While to others, the CEEC workers are too few to impact their labor market. No wonder the latter gave up the barrier, it is because some countries afford most of the pressure.

The thesis then studies the case of Germany to explore the reason why it still insists on the restriction policy. The author argues that the unemployment situation might be the most serious obstacle that block Germany from opening up its labor market. In the last years, the unemployment rate in Germany kept ranking among the top list throughout the EU. What is more, taking into account the largest population, the unemployed worker there is the most in the Union. Moreover, the uneven distribution of unemployment, especially in the eastern part, also puzzles the governments. It leads to a less pro-EU wave and a right turn in politics since people are more self-protected.

Furthermore, the alarm of brain drain to Germany is getting more and more serious. A number of German, most of which are young and skilled, emigrant to other countries. Unfortunately, the number increase annually. However, although Germany

received most migrants in the EU, most of them are not high qualified. It may lead to a deformation of the labor structure: the upper half (skilled and experts) is becoming smaller, while the lower half (low skilled) is expanding. It will harm the economy of the whole country, which is eager to the skilled worker but less attractive to them. That is the most serious threat to Germany to some extent.

Germany, whereas, still eased its regulation on the CEEC workers step by step even facing the problems. It is hopefully that the unfinished enlargement will be completed in the near future.

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