

Ten years of East-West intra-EU labour mobility: patterns and policies

CEU, Budapest

14-15 April 2014

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Structure of presentation

- Post-enlargement labour mobility: a new quality
 - free movement/freedom of residence
 - parallel mobility channels
- Transitional measures and (side)effects
 - asymmetrical LM opening and its consequences
 - diversion effect
- Crisis as stress test for mobility and labour markets
 - dynamic environment,
 - effects on nationals and EU10 migrants
- Qualitative aspects: skills/occupation mismatch
- Drawing a balance

Why is East-West labour mobility different than previous migration waves

East–West post-enlargement EU migration is unique:

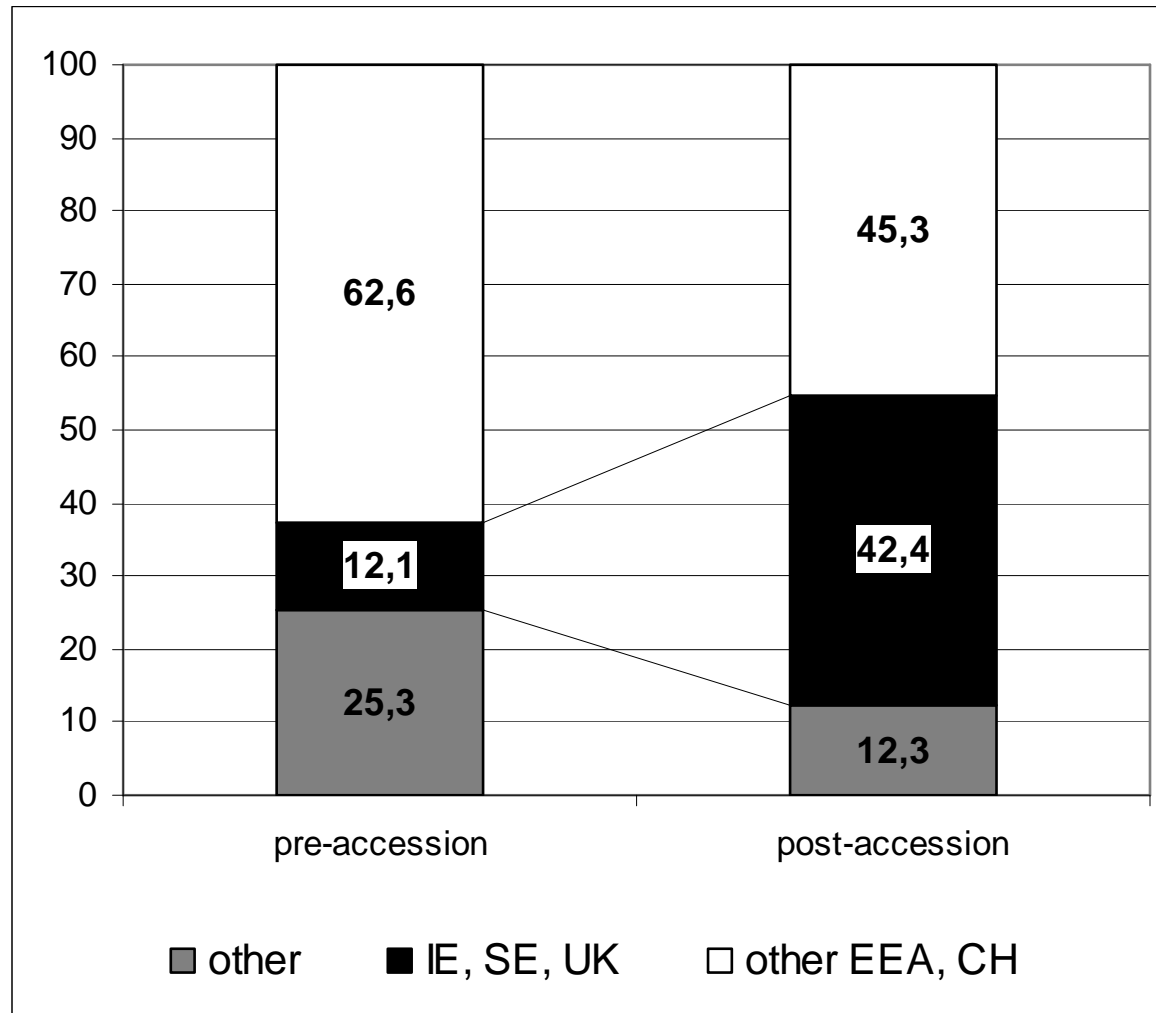
Large income/wage gaps in geographical vicinity (2004: cca 1:10; 2013: cca 1:5), but qualification levels of EU10 migrants similar or higher than that of EU15 nationals

Various forms of mobility in a rapidly changing economic and regulatory environment (employment, cross border commuting, posted work, self employment).

The four mobility channels were subject to different regulation/standards

Transitional measures (up to seven years for NMS), only UK, IE, SE opened LM → resulted in geographical diversion but also shift to other mobility channels (Posted work, /bogus/ self employment) with adverse effects

Diverted migration routes: Polish pre¹- and post²-accession migrants, in %



¹Aged 15 and over who have been abroad for at least 2 months in the period 1999-2003;

²Aged 15 and over who have been abroad for at least 2 months in the period may 1st 2004-31st – December 2006.

Source: CMR Migrants' Database, based on the Polish LFS.

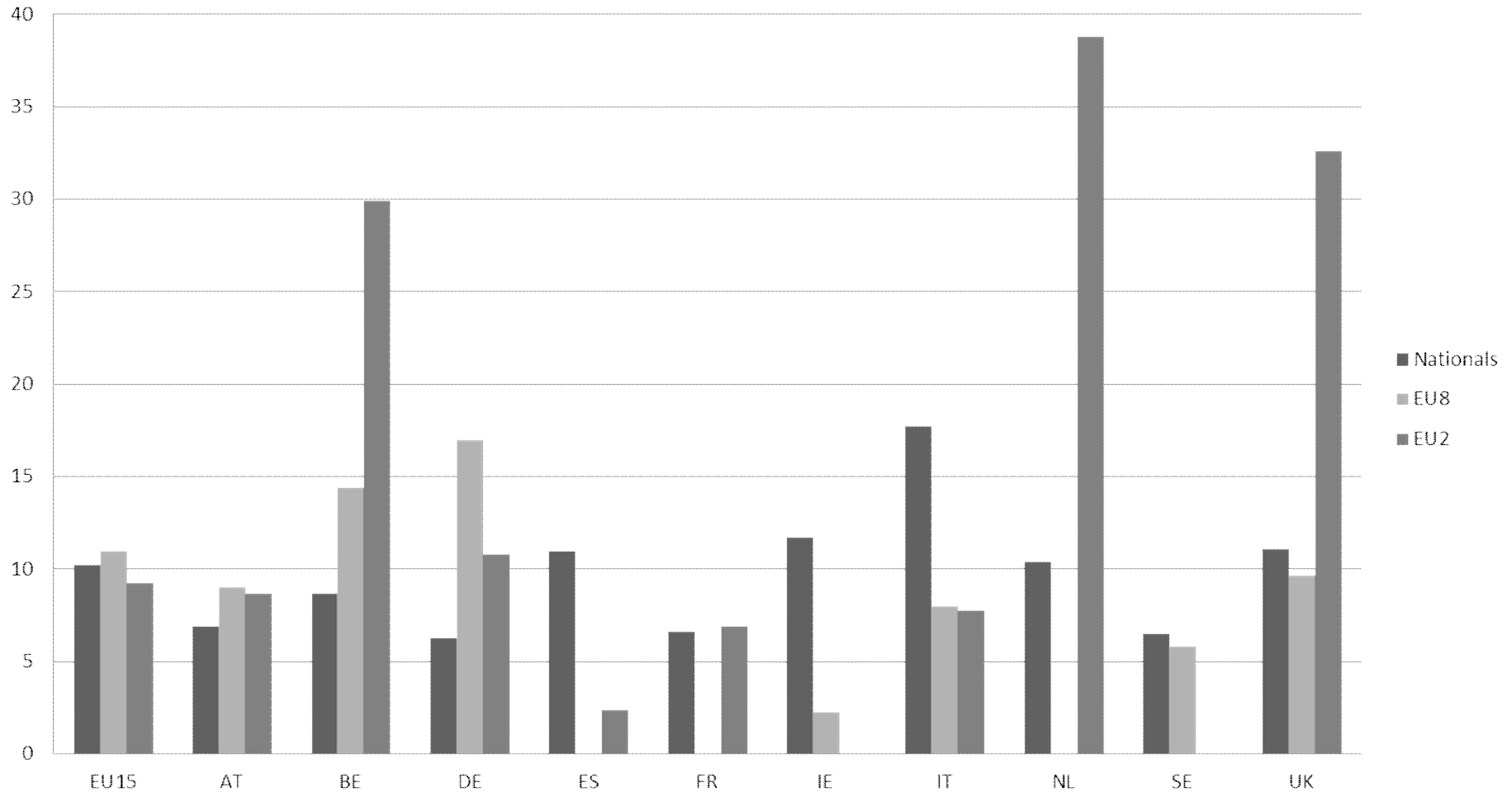
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(bogus) self-employed: a side effect of transition measures

- The use of self-employment as a means of avoiding the transitional measures imposed by that country can be documented for a number of countries. Own-account EU2 self-employment in the Netherlands and Belgium have a share of up to four times higher than nationals. Both countries still have transitional measures in place for EU2 workers with some simplifications. The case of the United Kingdom is also very illustrative. The proportion of self-employed amongst EU8 migrant workers with no transitional measures is broadly in line with natives, but among EU2 workers, who remain subject to such measures, the proportion is more than three times as high.

Self-employed (without employees) as share of total employment, by nationality, 2011Q1

2011Q1



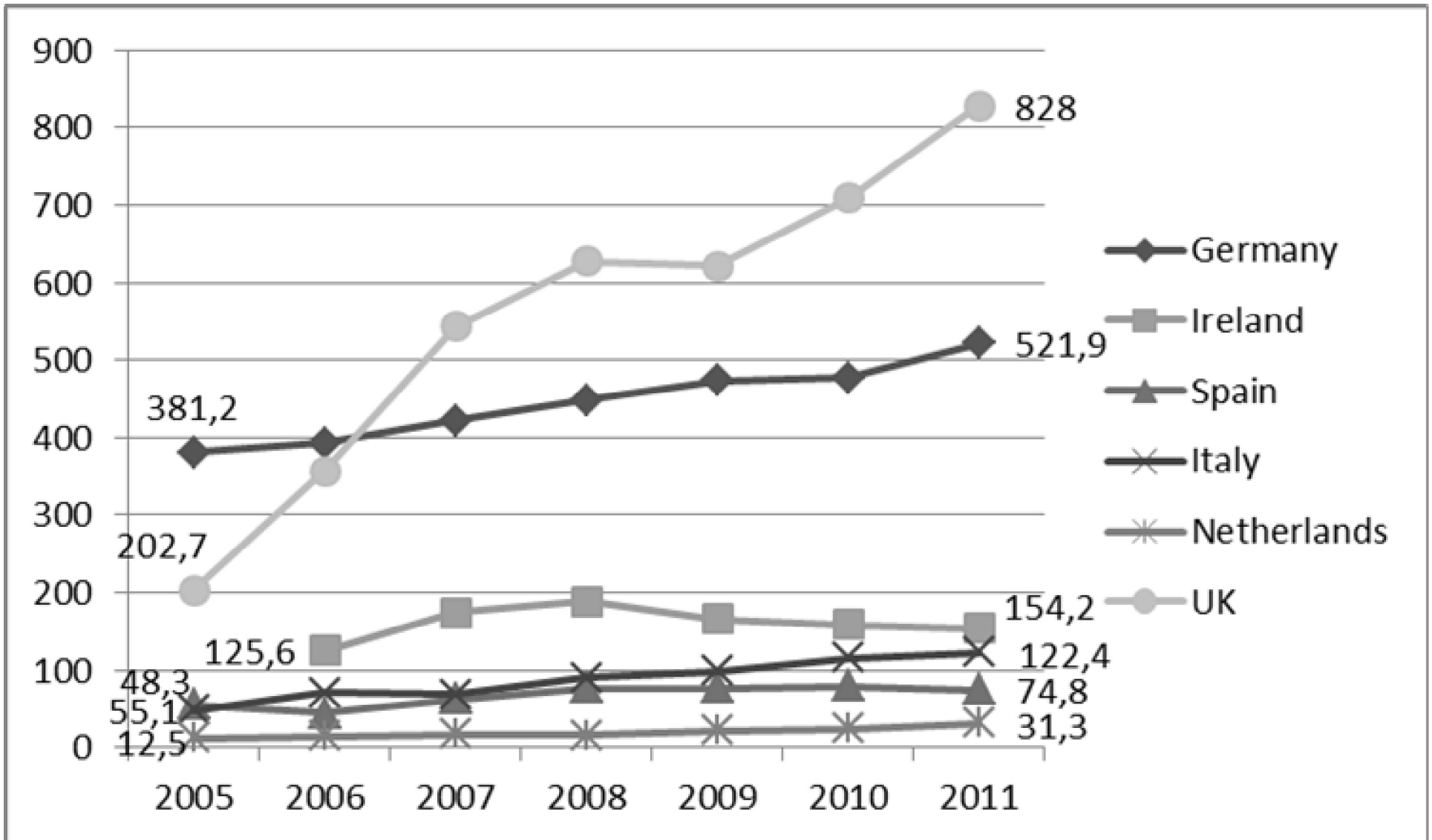
Main trends of labour mobility during the crisis

The interaction of the timing of both the transitional measures and the crisis impacts in both sending and receiving countries were decisive.

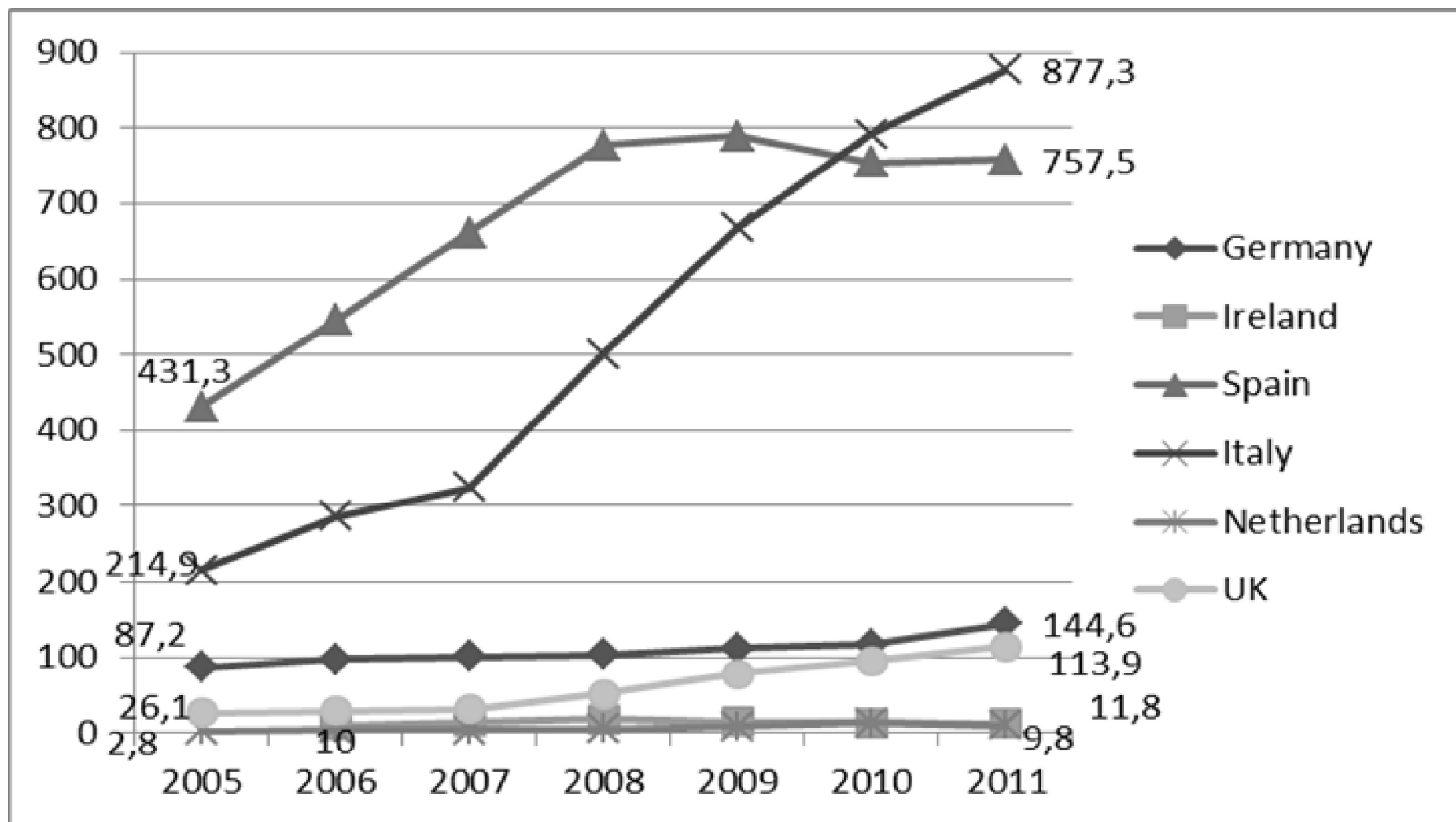
The main trends during the period of the crisis (Eurostat LFS data, second quarter 2008 – second quarter 2011):

- Working age population – nationals vs EU10 citizens**
- Employment**
- Change of employment rate**
- Unemployment rates and changes**
- Skills/occupation match**

EU8 migrants in population of receiving EU15 country (Stocks, 1000)



EU2 migrants in population of receiving EU15 country (Stocks, 1000)

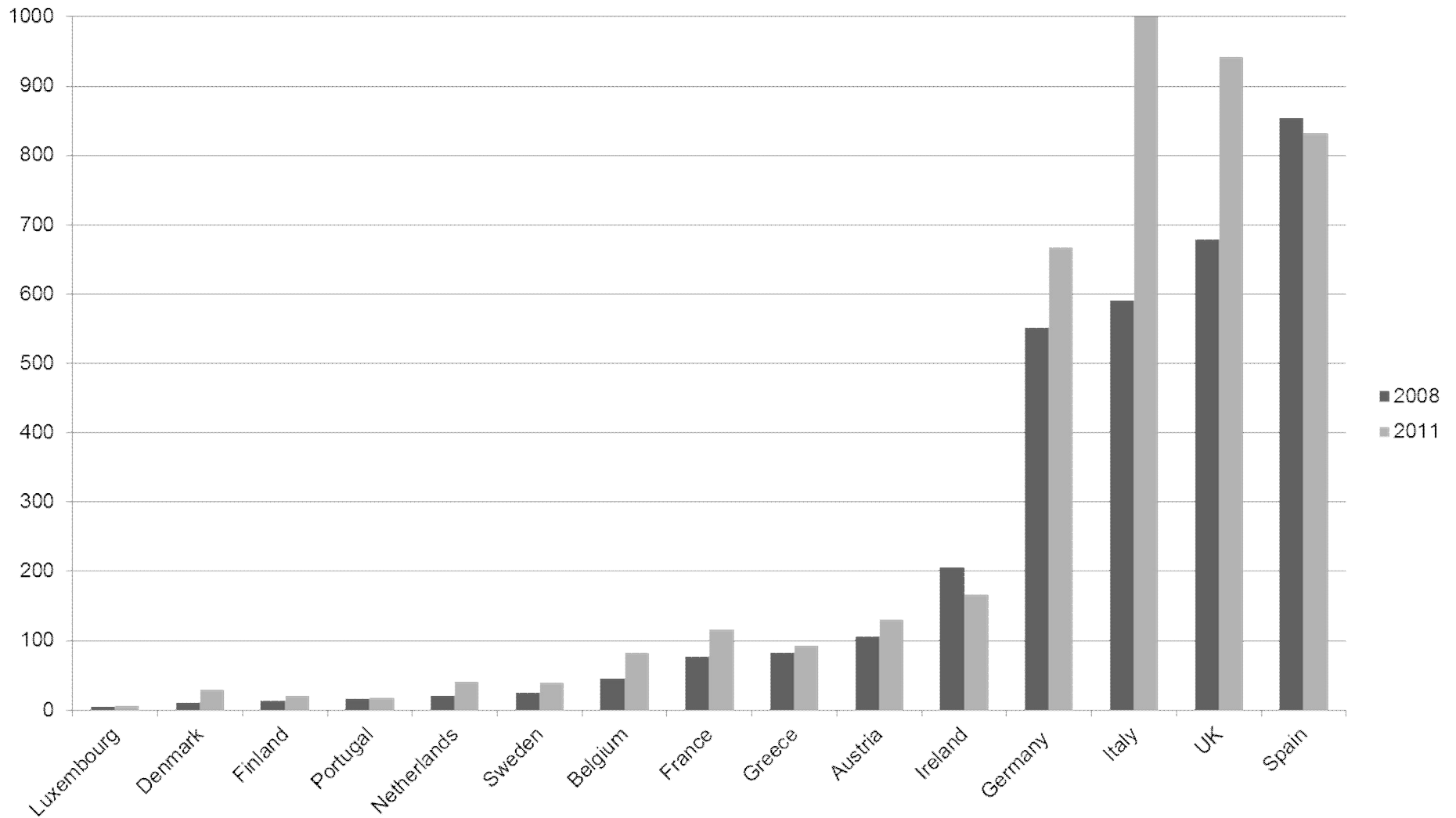


Intra-EU migration dynamics at the time of the crisis

As regards receiving countries only Spain and Ireland show a decrease of EU-10 nationals of working age population between Q2 2008 and Q2 2011 in line with expectations (severe recession/labour market tension in receiving country)

Surprising is however that all other major receiving countries saw an increase of EU-10 nationals, especially the 25% increase (+200th) EU-10 migrants in Italy, also the substantial increase in the UK (by about 100th) is remarkable

The effect of the crisis: working age population of EU10 countries in the EU15 (1000-s)



Employed nationals vs EU10 citizens in receiving countries during the crisis

While the number of employed nationals showed a decrease in all receiving countries during the crisis (except Germany and Luxemburg), the number of EU10 employed grew in all but in Spain and Ireland

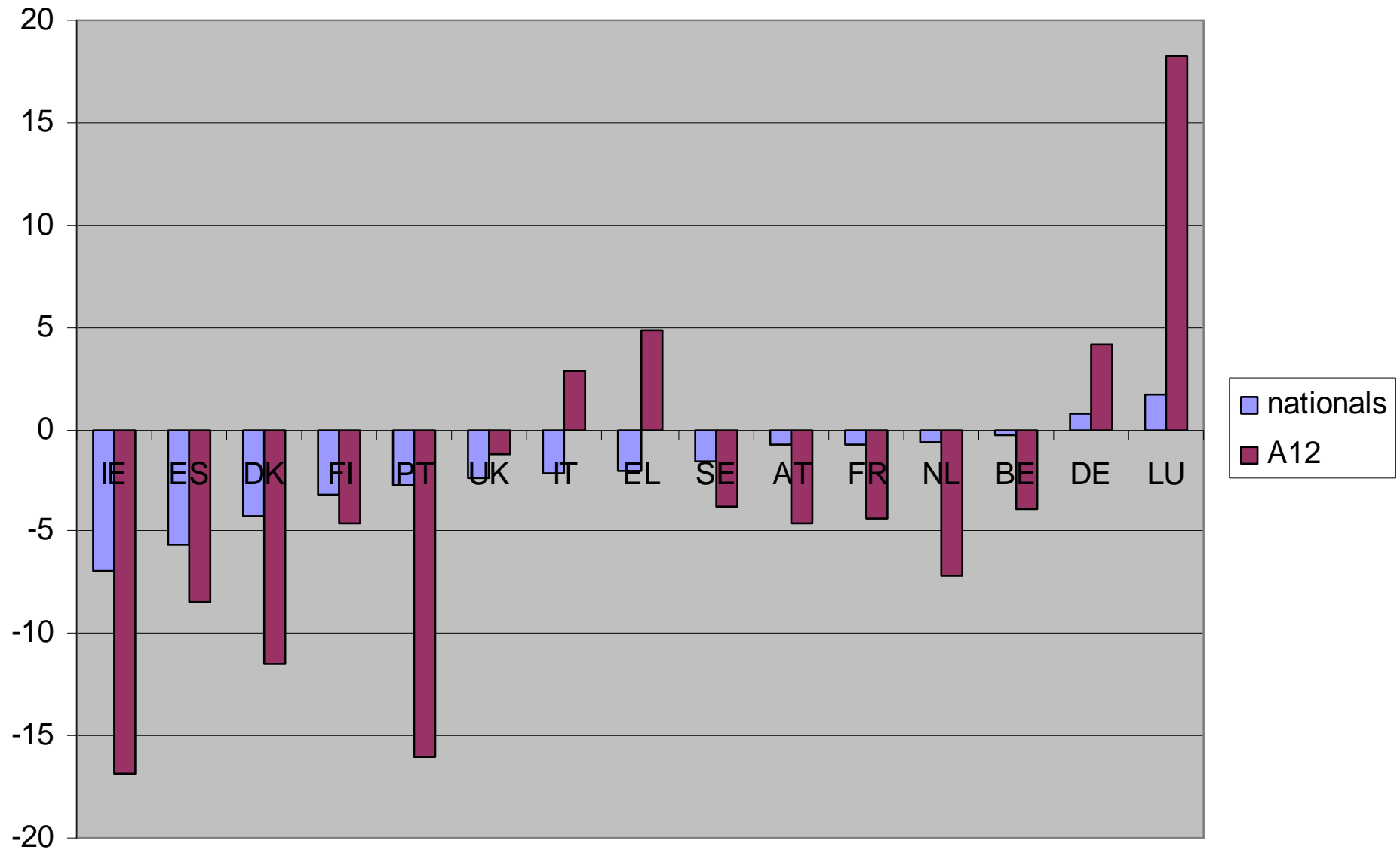
In DK, IT, GR, PT, FI, UK, SE, the number of employed nationals decreased while that of employed EU10 citizens increased

France has a comparably low level of EU10 migrants stock (77 thousand in 2008 and 113 thousand in 2011), lower than Austria, a country with an almost ten times smaller population

Particularly strong increase in Italy and Belgium (in Italy this is in line with large growth in overall non-national population)

This may also be due to the effect of the liberalisation of the LM after the second transitory period

Change of employment rate of nationals and of EU12 during the most intensive period of the crisis, 2008Q2 and 2010Q2 (%-point)



Employment rates of nationals vs A12 citizens and its change during crisis

Employment rates of EU10 migrants tend to be generally higher than that of nationals, still there are exceptions: France, Germany, Austria, Sweden

In most receiving countries the employment rate of EU10 citizens suffered greater decreases than that of national during the crisis (in 10 out of 15 receiving countries)

In the UK, Italy and Greece EU10 nationals were less effected by the crisis than nationals (in the latter two EMP rate of EU10 increased while that of nationals decreased)

In Germany and Luxembourg the EMP rate of EU10 citizens increased more than that of nationals during the crisis

Nationals vs EU10 migrants during crisis

- During the crisis EU10 migrants were harder hit in the majority of EU15 countries and at least partially acted as labour market buffers. Both nationals and EU10 migrants saw declines in employment rates in the majority of EU15 countries but the trend was stronger for EU10 migrants;
- On the other hand unemployment increased and EU10 migrants were again disproportionately affected (more often in irregular and non-standard forms of employment and in branches severely affected by the crisis).
- At the same time, as net inflow of EU10 migrants grew but jobs in receiving countries were generally lost, **on absolute levels, jobs by nationals shrank more, than those filled by EU10 workers.**

Qualitative aspects: skill levels and skills/occupation mismatch

- Skills–jobs mismatch among migrant workers is substantial in both the United Kingdom and Italy, with disproportionate shares of EU10 migrant workers in EU15 countries working in blue-collar jobs. While a minority of UK nationals and EU15 citizens are employed as blue-collar worker (44 per cent and 36 per cent, respectively, in 2010), the share of blue-collar workers is 82 per cent for EU8 and 79 per cent for EU2 nationals).
- In 2010, out of around 33000 tertiary educated EU-2 workers in Italy, 20400 performed low-skilled jobs.
- Around 97000 EU-8 tertiary educated (out of 150000) had low-skilled jobs in UK
- Over-education thus seems to be far more widespread across EU8 and EU2 immigrants compared to the other groups.

Job qualifications of immigrants in the UK and in Italy, 2006-2010

UK					
	UK	EU-15	EU-8	EU-2	Non-EU
2006					
White collars	54.6	59.7	16.9	27.4	55.2
Blue collars	45.4	40.3	83.1	72.6	44.8
2010					
White collars	56.0	64.2	18.0	21.4	52.8
Blue collars	44.0	35.8	82.0	78.6	47.2
Italy					
	Italy	EU-15	EU-8	EU-2	Non-EU
2006					
White collars	54.4	82.1	13.8	4.9	5.2
Blue collars	45.6	17.9	86.2	95.1	94.8
2010					
White collars	57.0	86.6	13.9	5.5	6.1
Blue collars	43.0	13.4	86.1	94.5	93.9

Job mismatch of migrants, 2006 and 2010

UK										
2006	UK		EU-15		EU-8		EU-2		Non-EU	
	WC	BC	WC	BC	WC	BC	WC	BC	WC	BC
By age left educ.										
<16 yrs	28.9	71.2	24	76	4.9	95.1	0	100	29.1	70.9
16/20 yrs	49.3	50.7	46.8	53.2	11	89	16.8	83.2	40.4	59.6
21 ⁺ yrs	79.4	20.6	82	18	32.3	67.7	38.5	61.5	71.3	28.7
2010	UK		EU-15		EU-8		EU-2		Non-EU	
	WC	BC	WC	BC	WC	BC	WC	BC	WC	BC
By age left educ.										
<16 yrs	30.4	69.6	14.7	85.3	0	100	0	100	15.6	84.4
16/20 yrs	51.3	48.7	52.1	47.9	10.7	89.3	18.8	81.2	41	59
21 ⁺ yrs	78.2	21.8	81.2	18.8	35.5	64.5	46.1	53.9	65.8	34.2
Italy										
2006	ITA		EU-15		EU-8		EU-2		Non-EU	
	WC	BC	WC	BC	WC	BC	WC	BC	WC	BC
up to lower second.	18.8	81.2	36.4	63.6	7.3	92.7	1.6	98.4	2.7	97.3
upper second.	69.7	30.3	67.1	32.9	10.9	89.1	4.3	95.7	5.3	94.7
tertiary	97.1	2.9	97.5	2.5	80.0	20.0	24.5	75.5	21.2	78.8
2010	ITA		EU-15		EU-8		EU-2		Non-EU	
	WC	BC	WC	BC	WC	BC	WC	BC	WC	BC
up to lower second.	19.9	80.1	13.7	86.3	6.2	93.8	1.8	98.2	2.3	97.7
upper second.	68.3	31.7	82	18	10.7	89.3	3.6	96.4	6.6	93.4
tertiary	96.8	3.2	98.1	2	50.7	49.3	38.2	61.8	22.2	77.8

Conclusions and policy implications

East–West post-enlargement EU migration is a highly differentiated process with diverse implications. It includes various forms of mobility in a rapidly changing economic and regulatory environment. The interaction of the timing of both the transitional measures and the crisis impacts are also important.

Over-education proves to be a clear phenomenon for EU10 migrants. EU10 migrants characteristically have higher educational attainment than non-EU migrants and often also than the local population in the target countries. The jobs–skills mismatch and thus the underutilisation of human capital points to one of the biggest challenges facing intra-EU labour mobility. We see little sign of improvement, as migration duration increases. This phenomenon can be seen also as a failure of migration related policies to improve the efficiency of cross-border labour mobility.

Freedom of mobility under pressure

Freedom of movement of workers is core value of EU, not negotiable
Since the Maastricht Treaty also 'Freedom of residence within the EU',
this means not just for work!

'Free mobility' came under pressure in the last years fed mostly by
populist nationalistic parties, but at certain places at the edge of
getting mainstream (UK, NL, Germany at 'Länder' level, Swiss
referendum)

The claim of 'benefit tourism' (UK, Germany): this is a political
campaign; no evidence (on the contrary): Dustmann 2012, Brücker,
2013: EU10 migrants less likely than nationals to take
unemployment and welfare benefit;

Higher employment rates/lower unemployment rates also support this
Trade unions need to defend the value of 'free movement' but also
take efforts to address local problems/tensions in a co-operative way
(local tensions are more often related to cuts on local government
budgets)

Functional assessment

Given the catastrophic labour market situation in Europe with huge differences among member states,

- **with dramatic developments in the southern periphery**
- **with continuing LM stress in the East**

Free movement of labour in effect (exc. HR)

Does cross border labour mobility help? Is it a solution???

Does it contribute to better labour allocation?

The major evidence on post enlargement East-West labour mobility is the high level of skills/occupation mismatch, the under-utilisation of human capital

Is this a temporary phenomenon or a new South-North mobility wave can follow this pattern

New wave of South-North migration?

Germany witnessed a new wave of immigration from crisis ridden countries, especially from Southern Europe, although the absolute numbers are still limited, migration flows (and % increase since 2011) in 2012 were:

Greece: 35,8 thousand (increase: 41,7%)

Italy: 45,1 thousand (increase: 39,5%)

Portugal: 12,6 thousand (increase: 39,5%)

Slovenia: 5,3 thousand (increase: 60,3%)

Spain: 37,6 thousand (increase: 33,9%)

Hungary: 54,8 thousand (increase: 30,6%)

A similar trend can be seen in the **UK**, where Spanish registrations for a UK national insurance number had been doubled in two years (from 23th in 2010 to 45th in 2012) and the number of registrations “PIIGS” from countries has doubled since 2009 to cca. 120 thousand by 2012

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Policy implications, role of trade unions

The design and application of transitional measures was clearly not optimal and resulted in adverse effects

Even if formal acknowledgement of qualifications exist, in practice it does not work

The role of middle man and recruiting agencies was controversial

Welfare migration was marginal, but it is over-dimensioned and results in tensions (UK, in certain German provinces)

Role of trade unions: in UK, IE, SE they supported the opening up of the LM for NMS, but in 2011 this changed for RO, BG (IE, UK)

In DE, AT trade unions supported transitional measure up to the maximum of 7 years

Trade unions are active in supporting migrants (info centres, brochures) and also recruit them as members (UK)

Cross-border co-operation between trade unions of sending and receiving countries (UK-PI, IE-PL, DE-PI, AT-HU)

Book publication

- <http://www.ashgate.com/isbn/9781409434504>

