Too much or too little long-distance mobility in Europe?

EU policies to promote and restrict mobility

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Foundation seminar on worker mobility
1. The policy issues

The European Commission has designated the year 2006 as the ‘European Year of Workers’ Mobility’. The main idea is first of all to inform the European citizens and employees about opportunities, advantages, rights and public and private support of working in another country or another region in Europe. Secondly, the European Commission highlights the importance of higher job mobility for better career and income prospects of employees. The advantages for the overall European economy are to overcome a combination of skill shortages, bottlenecks and unemployment on its labour markets. Though these objectives apply universally labour market and demographic analysis shows that some regions and some countries are likely to face increased shortages of skilled labour in the future and thus would benefit from higher mobility: South of UK, Denmark, Sweden, The Netherlands, southern Germany, Western Austria, Catalonia and the centre of Portugal.

The quest for more labour mobility between regions and between jobs is seen by European policy makers as an essential part of the Lisbon agenda of the European Union. Increases in long distance geographical mobility and more flexibility on the labour market resulting in higher mobility rates between employers, sectors and occupations are regarded as necessary in order to improve adaptability of companies. This is viewed as vital in order to deal with the increasing challenges of globalisation, rapid technological change and a developing knowledge society, and to guarantee high employment levels, a strong competitive position and the necessary social cohesion in Europe.

A complementary political rationale is the need to ensure and promote the right of freedom of movement in the EU as a basic human and social right. Since the Treaty of Rome (1957) the freedom of movement is one of the core ‘acquis’ of the European Communities. Opportunity and individual capability of mobility are seen as a key condition for quality of life of citizens in a more a more integrated European Union. The importance of this basic right is well perceived by the citizens of Europe, as a recent Eurobarometer study from late autumn 2005 shows. When asked what the EU represents to them, 53% of EU citizens say ‘freedom to travel and work in the EU’. This answer comes first, well ahead of the introduction of the Euro as common currency (44%) and safeguarding peace (36%).

Despite the strongly founded interest of the EU to champion more mobility inside the European Union, most enlargement processes of the EU were accompanied by transitional arrangements between old and new Member States, limiting the right of free movement on the labour market for a transitional period of time. The same happened in 2004 with the accession of ten new Member States, where a maximum period of five years was agreed, which can be prolonged to seven under exceptional circumstances. In the run-up to accession Europe witnessed a lively and controversial debate on this issue. Finally three Member States decided not to apply any restrictions from the outset. In the context of the expiry of the first two-year period of transitional arrangements, and with the recent Commission publication on their employment and
economic effects (2006)\textsuperscript{1} coming two years after enlargement, the debate has started again on the pros and cons of transitional arrangements. The Commission recommends their suspension; some Member States have already announced their discontinuation (e.g. Finland, Spain and Portugal), whereas other Member States in particular Germany and Austria confirmed their intention to uphold existing restrictions of access to their national labour market.

This brief resume focuses in the first part on an analysis of long-distance mobility in Europe. In a second part it presents the projections of mobility between the former EU15 and the eight new Member States with transitional arrangements.

\section*{2. Trade-offs and alternative strategies related to long-distance mobility of labour}

When discussing long-distance mobility of workers in the EU (between regions and across country borders), one should first of all acknowledge that we are faced with several trade-offs. Although it is quite clear that the economy and functioning of EU labour markets would benefit from a higher level of geographic mobility – this is obvious by looking at the differences in unemployment levels in different EU countries, with simultaneous shortages and excesses of labour, especially of skilled labour – there are risks as well.

For the individual, long distance geographical mobility means a complete change of social environment. It very often involves a loss of established social networks of family and friends and the need to start again within a new social environment, with a different social security, health and school system, often combined with the need to learn a new language. This situation is exacerbated as long distance mobility goes usually hand in hand with the challenge to find a new job. This is often accompanied with the devaluation of acquired company specific skills and the loss of an established social position inside the previous company. On the other hand a new job offers the opportunity to learn new skills, to make new experiences and to develop one’s own career.

For both the receiving and sending regions, a higher level of mobility is a challenge to social cohesion and economic performance: the receiving region must make the effort of integrating new workers and their families, whereas the sending region loose valuable labour resources –very often the most valuable- (‘brain drain’ versus ‘brain gain’). On the other hand, well organised return migration may provide the conditions for long-term win-win situation. Thus, mobility is \textbf{both an opportunity and a challenge} for European regions and Member States, and only by trying to find a balanced solution to these trade-offs will Europe maximise its benefits from an integrated single labour market.

In addition, the social partners and governments are aware that there are alternative strategies to long-distance mobility of labour. One strategy is to bring labour to capital,

\footnotesize{\textsuperscript{1} European Commission Report on the Functioning of the Transitional Arrangement set out in the 2003 Accession Treaty, (COM), Brussels, 2006}
but an alternative is to bring capital to labour. The regional and structural policy of the European Union provides a good example of those policies. Another strategy is to support cross border commuting without a change of residence. Its extent is increasing over time but remains relatively low, as on average around 0.2% of the EU15 working population commutes between Member States. But also multinational companies are permanently confronted with decisions about the regional allocation of capital, often leaving behind winners and losers in their subsidiaries with sometimes significant effects on regional labour markets.

3. Levels of mobility in the EU compared to the US

We will now turn to some facts and figures on long-distance mobility in Europe, based on the recent 2005 Eurobarometer study in all 25 EU Member States, carried out by the Commission and currently being analysed by the European Foundation (Dublin). The objective is to stimulate the discourse on key and pertinent policy questions, which are directly related to the European Year on Workers Mobility.

In a first step the analysis looks at the general level of long-distance mobility in Europe. According to a recent estimate\(^2\), around 1.5% of the EU workforce was born in a different Member State from their current state of residence. Our analysis of the Eurobarometer data shows that only about 4% of the EU population has ever lived in another EU country and another three percent in a country outside the European Union (see Figure 1). It is normally assumed that this level of mobility is too low, but too low compared to what? The usual point of comparison is the US, and of course, the difference is significant, especially if we compare mobility between states in the USA and between countries in Europe: around 32% of the US population does not live in the state in which they were born\(^3\). But although the distances are greater, moving between states in the US is -due to lower institutional and language barriers- comparable to moving between larger regions in European countries, and in this case the difference is much less spectacular: according to our Eurobarometer analysis, around 21% of the EU population has ever lived in a region or country other than their own\(^4\). Interesting in this context is also the long-term stability of the extent of inter-state mobility in the US. Since 1947 the annual rate of geographical mobility between the different US states fluctuates with variations of one to two percentages points around 5%. Taking together the extent of local and long distance moves, the US show a long term declining trend in geographical mobility\(^5\).

\(^2\) Pioneers of Europe's Integration: Mobility and the Emergence of European Identity among National and Foreign Citizens in the EU, study carried out in 2002 by the universities of Alicante, Florence and Oxford, the CNRS (Paris) and the German Centre for Survey Research and Methodology (ZUMA).

\(^3\) Source: US Census Bureau, data from 2000.

\(^4\) In order to avoid double counting the three different forms of long distance mobility in Europe cannot be simply added up, as some respondents have experience in more than one form of long distance mobility. It has to be acknowledged that the numbers in figure 1 are not directly comparable either: the US figure is people living in a different state, whereas the EU figure shown is people who have ever lived in a different region or country (which is likely to be slightly higher). It is very difficult to find any directly comparable figure in this respect.

\(^5\) See presentation given by Brett Theodos on geographic mobility and geographic labour mobility in the United States at the EU-US Seminar on labour mobility in the EU and the US: Trends and Challenges ahead, Brussels 6-7.April 2006
Even so, the level is still below that of the US, and probably below the ideal level. But how much mobility do we really want? What is the optimal mix of mobility and stability that should be aimed for in the European Union?

![Figure 1: Comparison of the level of long-distance mobility in EU and US](image)

It should, of course, be noted that the general EU level of geographical mobility only represents an average of the very different levels of long-distance mobility in each EU Member State. The differences between countries in this respect are quite significant, as Figure 2 shows. In general, Nordic countries show the highest overall levels of mobility (around 40% of the working age population have lived in a different region or country), followed by Ireland and the UK– countries with a relatively liberal welfare regime – with a mobility level around 30%; in Central Europe, the levels of mobility are around the EU average of 20%, except for France which has quite a high mobility level (30%). At the bottom are southern European countries with an average mobility level of less than 15% and the former communist Member States with a level of around 10% long-distance mobility.

So it is not entirely correct to say that the levels of mobility in Europe are too low: the fact is that mobility in at least five EU countries has been as high as in the US or even higher. Looking at the five countries with high mobility rates, one can see that there may be a close relationship between mobility levels and strong economic and labour market performance. However, there are exceptions, such as Spain, with its low mobility rate and one of the highest growth rates in Europe in recent years. This raises a more general question: does the effectiveness of mobility policies not depend to a

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6 A methodological note: this graph shows the proportion of people that has ever lived in a different region or country, so that it basically shows the patterns of geographical mobility in the past, and not so much the current levels of mobility. Also, the bars show the total percentage of long-term mobility, broken by the types ("layers") of mobility: but as it is a multiple-answer item, the divisions reflect the proportion of answers, not the proportion of respondents.
large extent on existing macro economic conditions? Is it true that those policies are most effective under conditions of high employment rates, low unemployment and strong economic growth?

Figure 2: Past Patterns of Long-Distance Mobility in the EU (source: EB2005)

4. Socio-economic differences

Just as there are important differences between countries in mobility levels, there are significant differences in individual characteristics. Figure 3 shows the past geographical mobility levels\(^7\) in the EU by gender, age and education. Although these figures are EU averages, and might therefore hide some important differences between countries, they are nevertheless interesting. One should first note that gender does not make a big difference: the proportion of men and women that have been mobile across regions or countries in or outside of the EU is nearly the same, giving women a small edge with two percentage points. This is another indication of the ongoing feminisation of long-distance mobility based on increasing levels of education and professional training of women, better labour market chances for women in specific parts of the service sector (e.g. care for children and the elderly) and higher degrees of emancipation of younger women from traditional family or partnership structures.

Obviously, speaking about past mobility patterns, age is an important factor, because the older you are, the more probable it is that you have lived in another country or in another region. With the exception of the youngest age group the extent of long distance mobility is fairly even between 23 and 26%. The largest increase in regional mobility of around 16 percentage points is between the youngest and second youngest

\(^7\) That is, the percentage of people that has ever moved region in each of those categories.
age group, whereas the four age groups of core employment (25 and 64 years of age) have between each other an increase of one to two percentage points.

But what makes a huge difference is educational level: highly educated persons have a high level of mobility compared to the low or average educated in the EU overall. Highly educated EU citizens are (and have been) twice as mobile as lower educated citizens, between regions and countries, inside and outside the EU. This raises again an issue which must be taken into account in the discussion: for the highly skilled, there is already quite a high level of mobility in Europe; the real challenge would be to increase mobility levels for the low or medium skilled. There may be, however, good individual reasons for a lower long-distance mobility of less qualified workers. Due to their significantly higher employment risks, this group of people depend more than their highly qualified colleagues on support from their social networks and in particular their enlarged families, if they become unemployed.

5. Drivers and barriers in long-distance mobility

An effective and targeted mobility policy, supported by related initiatives of governments and of the social partners, needs to take into account people’s motivations. What are the perceived drivers enticing people to move to another country? What are the perceived barriers preventing such a move? To what extent is long-distance mobility motivated mainly by economic considerations of higher wages and better working conditions? What is the impact of housing and other local conditions, such as the weather? Are there any perceived trade-offs between possible economic advantages and social disadvantages of mobility?

So let us see now what are the main factors encouraging people to move to another country in the EU. Here there are two major and two minor strands of motivation at work. More than a third of the mobile people indicate the importance of economic
factors such as more money and better quality of employment. However, slightly more important at over 40% are the opportunity of meeting new people and discovering new places. Considering the high proportion of younger people and of students within the group of people with intentions of moving to another EU country in the next five years, these results should not be surprising. So the drivers of long-distance EU mobility seem to be work plus fun and excitement.

The minor drivers for mobile people are better weather (22%) and better housing conditions or a better local environment (17% each). That housing is a driver is not surprising, considering the high importance of housing for the subjective quality of life of people in Europe. As far as the weather is concerned, one sees further indications of a ‘Floridarisation’ of southern Europe with more people from Northern Europe, e.g. from Sweden willing to move to countries with better weather conditions.

And what are the factors discouraging people to move? Figure 5 indicates that the people with no intentions to move are basically put off by the fear of losing one’s social network (44% mention ‘losing direct contact with family and friends’ and 27% ‘missing support from family and friends’ as discouraging factors). It is interesting to note that these ‘social network factors’ are considered more important than the problem of having to learn a new language, usually considered as one of the main factors limiting geographical mobility between EU countries. While our data show that this is an important factor, it is way below the fear of losing the support and contact of family and friends. Of less importance but also noted are housing conditions and health care facilities.
Findings from the 2005 Eurobarometer study on mobility confirm the fact that geographical mobility poses important trade-offs for the individual, in terms of social and economic considerations. On the one hand, the main factor discouraging geographical mobility in the EU is the fear of losing one’s social network (family and friends); on the other hand, the main factors encouraging mobility are job and income-related plus the willingness to ‘discover new things’.

What are possible policy options? People’s motives are out of the direct control of the policy makers. What social partners can do is try to offer good working conditions and good salaries to the workforce they wish to attract. What social partners in tandem with governments in addition could consider are policies which acknowledge existing trade-offs and related risks and try to manage them. New ideas on employment policy like the combined ‘flexi-curity/life-long learning’ approach try to embrace these trade-offs, by supporting positive transitions and by reinforcing existing ‘safety nets’ (social protection, unemployment insurance, etc) so that the individual does not depend so much on the support from his/her social networks, and therefore facilitating the take-up of risks like moving to a different country to find a better job. On the other side this approach increases the employability of individuals over their working life course through a systematic access to further education and training with traditional means of public and private training programmes or with the help of a suggested ‘employment insurance’ based on individual drawing rights in the form of paid days of leave, which would be available to the individual employee. Also the availability and use of long-term working time accounts for further qualification may improve the employability and may reduce the apprehension against long-distance mobility.

Also local and regional policymakers may consider the results, if they want to attract a young or qualified workforce. The results seem to indicate that beside good jobs, receiving regions need to have policies in place providing for a good social, cultural and physical infrastructure (urban development) and to have a ‘welcoming’ and ‘embracing’ attitude towards newcomers. Any policy to attract economic migrants
should go hand-in-hand with a systematic integration policy of migrants, their families and of second and third generation migrants.

6. Predicting the extent of future intentions to migrate from the NMS to former EU15 countries

Over the past few years, there has been a fairly controversial and heated debate in Europe on the effects of enlargement on workers’ mobility from new Member States to EU15. The recent report from the Commission\(^8\) assessed the results of the transitional arrangement over the last two years. What lies ahead? What future intentions have citizens from the eight former communist Member States to move to another EU Member State in the next five years?

The Eurobarometer 2005 results show a clear split between four countries (Czech Republic, Hungary, Slovakia, and Slovenia) on the one side, with a fairly low level of basic intended EU-internal mobility rate of between 1-2%; and on the other side the three Baltic countries and Poland with a relatively higher level of basic interest to migrate in the next five years of between 7%-9% (see table 1). In order to assess the relative extent of this migration potential and to shed some light on the reasons behind these differences, we are going to: 1) make four groups of countries: high mobility NMS (Poland + three Baltic countries); low mobility NMS (CZ, HU, SK, SI); high mobility EU15 (DK, SE, FI, IE); and low mobility EU15 (the rest); 2) we are going to look at the socio-demographic characteristics of the people with mobility intentions in each group; and 3) we are going to look at the factors encouraging mobility for people with mobility intentions of each of these groups.

(Figure 6)\(^8\)
Comparing old and new Member States, the four high mobility countries in the former EU15 (the three Nordic countries and Ireland) have a significantly higher future intention to migrate than the citizens in the four low mobility NMS8 countries. Secondly, and even more surprising, even the low mobility countries of former EU15 have a slightly higher future intention than citizens in the Czech Republic, Slovenia, Hungary and Slovakia. Within this perspective it is difficult to see why future internal EU migration from these four countries creates a significant challenge to the labour markets of the former EU15 countries.

According to table 1 the three Nordic countries, Ireland and Luxembourg had an intended basic EU-internal mobility rate in autumn 2005 of between 4%-6% over the next five years. Their rate is more than two times higher than the rate for the Czech Republic, Slovenia and Hungary. At the same time around 6% of Danish citizens express the possibility of moving to another EU country in the next five years, a rate quite close to Poland and Latvia with 7%.

Following a well established methodological approach to identify a firm intention to migrate, these figures can be scaled down to between a factor of 2 or 3, which would leave a corridor of between 0.5% to 1.8% for the lower NMS8 migration countries and a corridor of between 2.5% to 4.2% for the four higher NMS8 migration countries. This seems to be the most realistic estimate of the expected migration inflow from these countries into former EU15 in the next five years.

Also important is the dynamic over time comparing the results from 2005 with results from 2001. In the four low mobility countries there is a rather small increase in the general intentions of mobility from 2001 to 2005. This increase is similar or smaller than in the EU15 countries, where in general we can appreciate also an increase in mobility intentions in 2005 compared to 2001.

The situation in the four high mobility countries is significantly different in comparison with 2001. All four countries report a 5-7 percentage point increase of the basic intention to migrate and a 2-3 percentage point increase in the firm intention. We think these figures are credible, as actual labour market figures on economic migration from Poland and the three Baltic Countries to the EU15 and in particular towards UK, Ireland and Sweden confirm a substantial outflow. Also the establishing social networks of migrants from those countries in former EU15 countries create an additional pull factor for an increased intention to migrate.

The differences in intention to migrate for these countries are highly significant and can be explained by the different economic situation and outlook in the EU15 and the NMS8 countries. In the EU15 countries the economic recovery is strong and the employment situation is improving. In the NMS8 countries the economic situation is still weak and the employment situation is deteriorating.

Table 1: Intentions to move to another EU country in the next 5 years: 2001 and 2005 in some EU countries

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9 In a previous report by the European Foundation on Migration trends in an enlarged European Union, (Krieger 2004: 9-10) the difference was empirically measured between ‘general inclination’, ‘basic intention’ and ‘general intention’ to migrate in the next 5 years. These results suggest to define a corridor using a factor 2 for maximum and a factor 3 for the minimum of firm intention to migrate.

10 One methodological issue is that the instruments issued in 2001 and 2005 differ slightly. In 2001 a filter question was used and the wording was more firm. We think, however, that those effects are limited or not existent otherwise the trend would go all in the same direction of a strong increase between 2001 and 2005. As seen before this is not the case.
The question that has to be asked is, what do these figures mean for the current debate on transitional arrangements? What are possible effects for the receiving and sending countries in the short and in the long term? Does the predicted extent of 2.5-4% migration outflow from the four high migration countries justify further transitional arrangements? What is the situation with the four low migration NMS8 countries, which have a lower migration rate than the EU15? Would it make sense to suspend immediately or over the next 12 months the transition arrangements for these four countries?

7. Socio-economic characteristics of citizens with future intentions to migrate inside the EU

What are the differences in regard of socio-economic factors between the four country groupings? Not surprisingly education, in general has a very strong effect on willingness to move. But as one can see in figure 7, it seems that the effect of education is particularly strong in the four high mobility NMS. There, the effect is linear, as it increases substantially with every step, whereas in the other country groupings mobility intentions only increases substantially for the people currently studying. Even in the high mobility countries of EU15, only the still studying people show a really high level of mobility intentions. What is worrying from the point of view of Poland and the three Baltic countries is the extent of willingness to migrate from the better qualified, which might become a problem if realized, a real brain drain.
Almost one in 10 people with higher qualifications and nearly one in five of all students are willing to move to other EU countries.

(Figure 7)

Finally, the analysis focuses on the age profile, which shows some quite interesting results (figure 8). Firstly, in high mobility NMS, after the age of 54, there is almost no mobility intention at all; whereas in high mobility EU15 countries people with 55 to 64 show a higher degree of intentions to move. This clearly points out to the effect of post-retirement mobility intentions, which is relatively important in EU15, but not existing in the new Member States. Secondly, in the high mobility NMS, the intentions of mobility rise until around 35 years if age, and then fall sharply; in all other country groups, mobility is much higher in the very young age group, and falls substantially afterwards. Actually, where the differences are really large between high mobility NMS and high mobility EU15 is in the age group of 25 to 34: in Poland and the Baltic states, this age group shows a very high EU mobility intention (almost 1 in 5) whereas in Denmark, Sweden, Finland and Ireland this group of people is much less willing to move. This seems completely reasonable considering the huge difference in job opportunities for people in this age group in between the two groups of countries. Finally, it is also quite interesting to see that in general, age has a stronger impact on mobility intentions in the NMS than in EU15. To conclude: From a policy point of view Poland and the three Baltic countries must reflect about the high percentage of citizens between 15 and 34 with a general openness to possible future migration. The intended combined brain and youth drain creates a serious challenge for all four countries.

(Figure 8)
8. Motives of citizens with intentions to move in the next five years

Finally, the analysis will focus on the motives to migrate inside the EU in the near future. Here the differences between the various country groupings are really significant (see figure 9). In the former communist NMS (both with high and low mobility intentions) the main factors by a large difference encouraging mobility are income and work-related. In EU15, and particularly in the high mobility countries the “fun” factors (discover a new environment and meeting new people) and the wish to learn a new language are much more important than in the NMS. Despite this structural difference work related factors remain important at a second level order for citizens in the former EU15 and learning a new language has also a significant influence on the intentions to migrate for citizens in the former communist NMS. These results give a clear answer to suspicions in certain circles in the EU15 that migration from the NMS would be mainly motivated by easy access to welfare payments or to better public services in the receiving countries. The results show a high willingness to work of potential migrants and little encouragement provided by access to a better health service, better schooling or a better local environment in the receiving countries.

It is also interesting to note that “better weather” is quite often mentioned as a factor in EU15 (nearly 25%) whereas in NMS better weather is only mentioned in around 5% of the cases (which can hardly be explained by the weather conditions in the former communist NMS). This probably shows again that mobility intentions in EU15 are more leisure and retirement related, whereas in NMS migration they are strongly economically motivated.

(Figure 9)
What discourages people from the NMS to migrate to another EU country? In the high mobility NMS the most important factor mentioned to stay at home is the worry to lose contacts with family and friends. This is followed by the concern to be confronted with worse housing conditions and with the loss of social support. That means also in Poland and the three Baltic countries social costs of migration are a deterrent, but to a much lesser extent than in the other country groupings. E.g. the worry to loose social contacts is in the low mobility NMS 10 percentage points higher and even 20 percentage points higher in the high mobility countries of the former EU15. One may speculate that there seems to be a threshold of relative economic deprivation between sending and receiving area below which economic concerns are dominating migration intentions and behaviour. Only beyond since threshold economic and social concerns are of similar importance.

People in the low mobility countries of the NMS have a relatively similar motivation structure than respondents the two country groupings of the EU15 with one exception. Twice as many respondents in the low mobility NMS are worried about the challenge to learn a new language.

(Figure 10)
9. Conclusions

In conclusion, geographical mobility remains a policy challenge for Europe. European policy is drawn between worries of ‘too little’ geographical mobility between regions and Member States and its consequences for reduced adaptability and competitiveness on one side and worries of ‘too much’ geographical mobility between the poorer regions of Eastern Europe and richer parts of central and northern Europe with effects on national labour markets on the other side. Citizens need active support to use their right of free movement in an enlarging European Union, thereby increasing flexibility and adaptability in the labour market. The Commission report on the functioning of transitional arrangements analyses the past effects of increased internal mobility in an enlarging EU. These new research results on current and future practice of migration from the eight NMS inform the debate on the expected extent and structure of future migration from the new Member States. On the basis of these results one can conclude that the extent of future migration varies significantly between the eight new Member States, its overall extent remains very limited and that probably in the medium and long-term the effects of a combined youth and brain drain may create a more serious challenge for the sending than for the receiving countries.