

# **Intra-EU mobility: demographic and social consequences for sending and receiving countries**

*By Klara Foti*

Extended abstract

## **Introduction**

In the Europe 2020 Strategy, intra-EU mobility is described as a means to create modern labour markets and raise employment levels. The European Commission commits itself to facilitate and promote intra-EU labour mobility in order to better match labour supply with demand. Meanwhile, there is a heated debate on the consequences in both the sending and the receiving countries. As regards the former group, concerns over increased outflow have been raised and high on the agenda due to implications both from demographic and economic perspectives. Similarly to most EU15 Member States, population of the sending countries is also ageing; the recent economic crisis affected their economies, with serious social consequences (slow growth, high unemployment, increasing poverty rates and inequality, etc.) The key question is how their governments are trying to cope with those challenges posed by increased outflow of their citizens. In the receiving countries the debate on the consequences centres on the “welfare magnet hypothesis”: it is argued that migrants and mobile EU citizens from the Central and East-European Member States (EU8 and EU2<sup>1</sup>) are attracted by higher level of services (in terms of better access and quality). As a consequence, migrants are said to put additional pressure on social services.

The objective of the research project launched by Eurofound (European Foundation for the Improvement of Living and Working Conditions, an EU agency) is to analyse these questions from a comparative, cross-country perspective. The empirical part of the project, entitled “The social dimension of intra-EU mobility: Impact on public services” is due to start in January 2014. Among other issues, the characteristics and profile of the EU8 + EU2 citizen will be investigated in most of the main receiving countries within the framework of individual country studies. This time, the data are to be mainly based on administrative registers and the censuses. Although the project is planned to finish during the second half of 2014, the aim of the paper is to present preliminary findings of this research.

## **Relevant findings of previous research: some highlights**

This is a non-exhaustive short outline of those key findings that are found particularly relevant to our current research projects. It must be emphasised that due to the broad context and the complex nature of the topic, the below list of issues could be regarded as simply some highlights. Interactions between the different factors are quite complicated and often covered in previous research. The aim of our project is to explore further these interactions and to provide new evidence.

### *Specific features of EU mobile citizens and their impacts*

---

<sup>1</sup> EU8: countries from Central and Eastern Europe, which joined the EU in 2004: the Czech Republic, Estonia Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, EU2: the two countries from Central and Eastern Europe, which joined the EU in 2007: Bulgaria and Romania.

It has to be clearly seen that intra-EU mobility has some specific characteristics, differentiating it from that of the migration of third country nationals. One of the most important differences identified by findings of previous research (for example, OECD, 2013), is the *high employment rate* among them, i.e. *strong and dominant motivation for work*. Certainly, if migration category (defined by OECD) is considered, EU mobile citizens constitute quite a *homogeneous group, compared to third country nationals*, since they are *mostly labour migrants* (even if migration for non-work reasons, such as family<sup>2</sup>, study, retirement, is recently on the rise (Benton et al., 2013., p. 20.)

Research findings from several sources agree that EU mobile citizens tend to be young, well-educated and have no family (as yet). In fact, education level of the EU10 mobile citizens is higher than that of the host population in EU15: the share of EU10 migrants with high educational attainment stood at 26.9% in 2009 (whereas the respective share within the total EU10 population was 15.5% only, and the corresponding figure for the total EU15 population was also lower, 21.7% - Kahanec, 2012, p. 29). Despite this, however, the EU12 migrants work in less-skilled occupations than natives. (2010 Labour Force Survey-data, Kahanec, *ibid*, p. 22.)

As regards their reliance on welfare services, for example, in the UK the “recent EU8 migrants” (i.e. the 8 countries from Central and Eastern Europe which joined in 2004) tend “to have very high employment rates as well as a large percentage possessing high levels of education” Linked obviously to their high employment, the authors found that this is one of the groups of migrants in the UK (besides Australasian and American), which is the least likely to claim welfare benefits (Drinkwater and Robinson, 2013, pp. 107 and 109, respectively). As regards the impact the intra-EU mobility have, there is scarce evidence available, specifically targeting the group of EU8+EU2 citizens, due to a research focus on third country nationals. One reason for less academic interest is presumably due to the free movement, i.e. that intra-EU mobility cannot be influenced through traditional migration policy tools (i.e. quotas or point system, list of occupations, etc.)<sup>3</sup>.

### *Impacts of the crisis*

Apart from the aforementioned slowdown in inflow as one of the assumed consequences, it is clear that the crisis more adversely affected the EU8+EU2 mobile workers than the natives and the EU15 mobile citizens. This is reflected in differences between their unemployment rates. As Kahanec (2012) has shown, in this regard, the EU mobile citizens from Central and Eastern European Member States do not differ much from other migrant groups (third country nationals). Their unemployment rate is even higher than natives in Spain (where, as is known, that of the latter stands already at a high level). Similarly, in Germany, Austria, the Netherlands, Italy, Denmark and Ireland, labour market outcomes of EU8+EU2 mobile workers became worse than those of natives (Kahanec, *ibid*, p. 20).

As regards Ireland, for example, an analysis devoted specifically to the Irish situation (Barrett et al., 2013) has shown that in mid-2009 the annual employment loss for immigrants was “as high as 20 per cent...as compared to 7 per cent for natives”. The authors found that despite the immigrants’

---

<sup>2</sup> But even the family migration is different from that of third country nationals from low income countries since in case of EU citizens, the joining adult family members also seek employment.

<sup>3</sup> Indeed, a report by a UK parliamentary committee came to the same conclusion (quoted by Benton and Petrovic, 2013 – see *The Economic Impact...*, 2008)

worse labour market performance, their number in unemployment registration (“live register”) fell more rapidly than that of the natives. Although the possibility of a slower job loss for them than for the natives cannot be excluded, the authors suppose that the stricter eligibility criteria, applied for immigrants, but not for natives, may have played some role in this. When assessing the stricter eligibility criteria, they conclude: ‘While the approach can be deemed as “successful” in terms of limiting the number of immigrants drawing benefits, there remains a question mark over the impact of the policy on poverty levels among immigrants. Given the evidence...on the severity of the recession on immigrant employment, it is possible that the effect of this on immigrants accessing the welfare system is resulting in hardship and so a note of caution needed”.

Mobile citizens from EU8+EU2 may well face similar hardship in other EU15 host countries as well, largely as a consequence of the “habitual residence test”.

### **Key issues and hypotheses**

Due to specific characteristics of EU mobile citizens (their higher propensity of work, compared to third country nationals), it is crucial to ask what kind of integration measures the EU mobile citizens need, i.e. to what extent these measures should be different from those designed for third country nationals? Indeed, whereas research focused mainly on the “welfare magnet” hypothesis, and the issue of welfare dependency, less attention has been paid to *integration needs*, and measures for accelerating integration have not been identified as yet. After the enlargement, there was an assumption that intra-EU mobility was of a temporary nature and, thus, integration was deemed as irrelevant. The rationale behind the absence of measures could also be because it is presumed that the mobile EU citizens enjoy the same rights as the natives do (at least in principle), and, subsequently, there is no need for specific measures targeting them. Reality has shown, however, that it proves difficult to implement regulations aiming at equal treatment (even those officials involved in implementation are often not aware of them). In addition, the mobile EU citizens are not well informed of their rights. Finally, formally granted equal rights do not always facilitate integration since there are other obstacles making mobile EU citizens vulnerable (for example, insufficient knowledge of language, lack of awareness of certain local rules, cultural differences, etc.)<sup>4</sup>

Based on previous research and the empirical evidence provided so far, our hypothesis is that the key motivation of the new mobile EU citizens for moving is the high income they could achieve through working in the host countries. Therefore their main goal, as is clear from their high employment rate, is work, not welfare dependency. So welfare use cannot be regarded as an attractive factor *per se*, even if as a consequence of the crisis, their reliance on welfare services increased, similarly to natives (and, as evidence shows sometimes even more due to their more vulnerable position), contrary to ‘welfare tourism’ beliefs. A research paper on the experience in the UK revealed that similarly to the Australasian and the American migrant groups, the “EUA8 migrants are the least likely to claim benefits”, and this is related to their characteristics (many of them

---

<sup>4</sup> The need for integration measures for EU citizens was recognised even before the crisis by Zaiceva and Zimmermann (2008)

actually stay short-term and do not participate in the UK benefit system at all). The authors conclude that “much higher benefits are claimed by other groups, especially migrants from Asia and *other parts of Europe*” (emphasis is mine – KF) - Drinkwater and Robinson, 2013, p. 109. The authors point out that whereas in the case of the former group this could be explained by cultural differences, in the latter – migrants from other parts of Europe – this could hardly be the case, and they call for further investigation as to the cause of high reliance on benefits by migrants from other parts of Europe. It would be interesting to see to what extent free movement could have a favourable effect on skill composition of migrants (i.e. people with higher skills tend to migrate), whereas restrictions, despite obviously opposite intentions, may induce inflow of lower skilled migrants, whose welfare dependency could be higher.

Another hypothesis is that the intra-EU mobility has substantial social consequences on the sending countries, which are apparent not only in changes of demographic pattern in these countries (e.g. age composition of the population), but also in lives of individual families. This could have far-reaching consequences also for some social services in the future in these countries as well. For example, impacts on family members left behind, or the effects of outflow on regions/small areas/villages, impacts are already significant. Our hypothesis is that long-term care services will be built up more extensively in the future, not only due to demographic changes but also due to more (payable) demand for these from the part of EU mobile citizens (in the form of remittances to their family members left behind).

## References

Benton, Meghan and Petrovic, Milica, 2013, How free is free movement? Dynamics and drivers of mobility within the EU, Migration Policy Institute Europe (MPI)

Barrett, A, Joyce, C., Maître, B., 2013, Immigrants and welfare receipt in Ireland. In: International Journal of Manpower, Vol. 34. No. 2., pp. 142-154

Drinkwater, S. and Robinson, C., 2013, Welfare participation by immigrants in the UK, in: International Journal of Manpower, Vol. 34. No. 2., pp. 100-112

Kahanec, M, 2012, Skilled labour flows: lessons from the European Union. IZA Research Report No. 49, p. 29-30