Department of Balkan, Slavic and
Oriental Studies
MA in the Politics and Economics of Contemporary
Eastern and Southeastern Europe

DISSERTATION

Topic: ***"Labour Mobility: A comparative analysis between EU and US"***

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Thessaloniki 2010

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“Europe is facing a combination of skills shortages, bottlenecks and unemployment. ‘Mobile’ workers – people with experience of working in different countries or changing jobs – tend to be better at learning new skills and adapting to different working environments. If we want to see the number of workers in the right jobs envisaged by the EU growth and jobs strategy, we really need a more mobile workforce”.

Vladimír Špidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities.

1. INTRODUCTION

Europe is dealing with the growing challenges of globalisation, rapid technological change and a developing knowledge society. Greater labour mobility between regions and between jobs is a crucial element in order Europe to become a more competitive, flexible and adaptable economy. Mobility is crucial for the economy and employers, but it also offers huge benefits for individual workers.

For the individual, moving country or region entails a complete change of social environment. It can mean a chance to learn new skills, have new life experiences and develop one's career. However, it can also mean the loss of established social networks and of an established position in the former workplace, as well as the devaluation of company-specific skills. In addition to the effort involved in adapting to different social security, health and school systems, the migrant often has to simultaneously find a job and learn a new language.

For the regions and the Member States experiencing inflows and outflows, greater mobility challenges social cohesion and economic performance: the hosting region gains new labour resources (a 'brain gain'), but needs to integrate new workers and their families. The sending region often loses its most talented people (a 'brain drain'), however, if return migration is well organised, it has the potential to result in a win–win situation for all parties in the long term.

So in order to maximise the benefits arising from an integrated single labour market, Europe must balance the trade-offs that labour mobility creates.

2. ECONOMIC THEORIES FOR LABOUR MOBILITY

The study of mobility - migration lies at the core of labor economics because the analysis of labor flows—whether within or across countries—is a central ingredient in any discussion of the labor market.

2.1. Neoclassical Theories

According to the neoclassical principals, the two factors who act in the labour market are the individuals/workers whose purpose is their utility-maximization and the employers who seek for profit-maximization. Through an "invisible hand," workers who migrate, searching for better opportunities, accomplish a goal that no one in the economy had in mind: an efficient allocation of resources. And while in reality labour markets are imperfect, labour mobility is one of the mechanisms that is used in order to correct market imperfections and to lead to the labor market equilibrium. In other words in a competitive economy labour flows can improve labor market efficiency.

As far as it may concern the costs and benefits that come from migration, the neoclassical theories of economic migration seem to offer some straightforward answers. According to the neo-classical theories, migration has an all-round beneficial effect, with gains for all, or nearly all, directly involved. The receiving country (assumed to have a labour shortage) gains as immigration removes labour scarcity, facilitates occupational mobility and reduces wage-push inflationary pressure, leading to fuller utilization of productive capital, increased exports and economic growth. For the sending country, emigration can reduce unemployment and boost economic growth through access to strategic inputs such as remittances and returning skills. The migrants, in turn, can benefit from higher wages and productivity in the capital-rich receiving country. The neoclassical theories also suggest that with wages rising in the sending country and falling in the receiving country, factor costs eventually become balanced, and migration between the two countries ceases[1].

[1] http://www.iom.int/jahia/webdav/site/myjahiasite/shared/shared/mainsite/published_docs/books/wmr_sec02.pdf

One of the most well known neo-classical theories that interpreted the global migration as a part in the process of the economic development, was the homonym "theory of economic development", which was initiated by Harris & Todaro[2] in 1970 and focuses to costs and benefits of the migration from one region to the other until the equalization of the expected labour utility between the two regions to be succeeded.

2.2. International Trade Theories

The question of factor (in particular labour) mobility forms an integral part of international trade theory. The theory of international trade was based on the Ricardian[3] assumption that factors of production are mobile internally and immobile internationally, accepting only one factor of production, labour, to be necessary to produce goods and services.

In "International Trade and Factor Mobility" (1957), Mundell demonstrates the substitutability of international trade and factor mobility. In the context of the Heckscher-Ohlin-Samuelson[4] model that begins - based to the Ricardian model - with the assumption that labor is immobile across countries and mobile internally, the perfect factor mobility across sectors within an economy provides a tendency for commodity-price equalization, even in the absence of international trade in goods. This result complements the Stolper-Samuelson[5] theorem, which demonstrates the tendency for factor-price equalization as a consequence of goods trade, even in the absence of international trade in factors. International factor mobility also serves as a substitute for trade in another sense in the Heckscher-Ohlin-Samuelson (H-O-S) model, since an increase in the volume of factor movements can decrease the volume of trade.

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[2] Harris, J.R. and M.P. Todaro. 1970. "Migration, Unemployment and Development: A Two-Sector Analysis." *American Economic Review* 60 (March), p. 126-142.

[3] L. Karp, Ricardian model, International Trade, October 20, 2005.

[4] http://internationalecon.com/Trade/Tch60/T60-0.php

[5] http://internationalecon.com/Trade/Tch60/T60-0.php

According to international trade theories, a labour abundant country is exporting those goods that are relatively intensive in the production of labour, it is, in a sense, exporting labour. The export of labor intensive goods leads to the equalization of wage rates across countries even if labor itself is immobile. In other words, the trading of goods substitutes for the trading of people.

2.3. Theories of Economic Migration

Recent theoretical developments ignore the international trade aspects of labor migration and focus solely on the study of migration flows. They have borrowed, however, one of the key insights of the international migration literature: that there exists an "immigration market."[6] In other words, just as goods are traded across international boundaries in the international goods market, people are also "traded" across the same boundaries in the immigration market.

As reported previously, through migration labour can be "allocated" to different labour markets. The recent theories of immigration analyze the allocation of labor across international boundaries. These theories are based on the behavioral assumption that individuals migrate because it is in their benefit (either in terms of psychic satisfaction or income) to do so. Individual behavior, of course, is constrained by their wealth and by the existence of immigration policies that limit (or encourage) the entry of persons into particular geographic areas (Borjas, 1996). No single, unified theory of immigration that simultaneously addresses all these issues yet exists. Instead, a number of theories or hypotheses have been developed to explore each (or a specific aspect) of the various questions individually.

Neoclassical economists focus on the focus on differences in wages and working conditions between countries as the costs of migration. According to Borjas (2000), migration decisions are guided by the comparison of the present value of lifetime earnings in the alternative opportunities. The worker moves if the net gain is positive.

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[6] Borjas, G. J. (1989). "Economic Theory and International Migration". *International Migration Review*, Vol. 23 (3), Special Silver Anniversary Issue: International Migration an Assessment for the 90's, pp. 457-485, The Center for Migration Studies of New York, Inc.

The propositions that have to be examined in order the individual to migrate or not are:

1. An improvement in the economic opportunities available in the destination increases the net gains to migration, and raises the likelihood that the worker moves.

2. An improvement in the economic opportunities at the current location decreases the net gains to migration, and lowers the probability that the worker moves.

3. An increase in migration costs lowers the net gains to migration, and reduces the likelihood of a move.

In sum, Borjas (2000) believes that "migration occurs when there is a good chance that the worker will recoup his human capital investment". This means that, migrants will tend to gravitate from low-income to high-income regions, and the larger the income differential between the regions or the cheaper it is to move, the greater the number of migrants.

On the other side, Stark & Bloom (1985)[7], with the theory of the New Economics of Labour Migration react to the proposals of the neoclassical theory and add to the factors that restrict the decision for migrations, factors not only related to the labour market.

In a different framework is being set the theory of dual labour markets, a macroeconomic theory, which regards migration as a result of the labour market demand of the contemporary industrialized economies. Piore (1979)[8], a staunch supporter of this theory, believes that migration is not an outcome of low wages and high levels of unemployment coming from the sending countries of immigrants, but rather is caused by conditions that prevail in host countries.

Finally, one completely different theory of migration, which is considered to be a dynamic nature theory, is the theory of migration networks, according to which

[7] Stark O., Bloom D. (1985). "The New Economics of Labor Migration". *American Economic Review*. 1985, 75, p. 173-178.

[8] Piore, M. J. (1979) *Birds of passage: Migrant labor and industrial societies.* Cambridge University Press, Cambridge and New York.

immigration has mainly many social foundations, with the formation of migrant networks to be probably the most important. As Massey (1990)[9] states, networks build into the migration process lead to its growth over time, in spite of fluctuating wage differentials, recessions, and increasingly restrictive immigration policies in developed countries.

[9] Massey D.S. (1990) "The social and economic origins of immigration", *Annals of the American Academy of Political and Social Science*, 510, p. 60-72.

3. THE INSTITUTIONAL FRAMEWORK OF LABOUR MOBILITY IN THE EU

In a Europe that has no internal borders and competes most of global economy, the changing needs of its aging society and the rapid changes in its labor market, demand much higher levels of mobility. The mobility is an essential tool for effective functioning of single market and is essential for the possibility of more people to find better employment. Workers should have greater mobility among jobs ("job mobility") and between regions or Member States ("geographical mobility"). Prerequisite is the development of the right skills that will provide the European citizens the opportunity to change frequently jobs and to advance their professional career. This is the main objective of commonly agreed principle of flexibility[10], a concept that can help workers manage successfully their job rotation, enlargement or mobility in periods of accelerating economic changes.

3.1. Labour Mobility & Legal Framework

Mobility of workers in a European-wide labour market has been a primary objective since the creation of the European Community. Free movement as a right has existed since the foundation of the European Community in 1957. It is enshrined in Article 39 of the EC Treaty and has been developed by secondary legislation, particularly Regulation 1612/68[11] on freedom of movement for workers within the Community and Directive 2004/38/EC on the right to reside.

Article 39[12] of the EC Treaty that governs the free movement of workers ensures:

- the right to seek employment in another Member State,
- the right to work in another Member State,
- the right to reside for that reason,
- the right to stay there,

[10] http://www.eurofound.europa.eu/emire/ITALY/LABOURFLEXIBILITY-IT.htm

[11] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31968R1612:EN:HTML

[12] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12002E039:EN:HTML

- equal treatment concerning access to employment and working conditions.

Article 39 EC applies to the so-called migrant workers, i.e. EU nationals who leave one EU country to go work in another EU country. It also applies to EU nationals who return to their country of origin after having exercised this right to free movement but it does not cover persons who have never left their country of origin.

There are moreover certain rights which are extended to family members of the worker. The family members have, in particular, the right to live with the worker in the host Member State and the right to equal treatment as regards for example education and social advantages. Some members of the family have also the right to work there.

Also concerning the right of free movement of workers of the 10 new Member States, from, to and between the EU countries that joined the EU on 1 May 2004 (Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia) and on 1 January 2007 (Bulgaria, Romania) may be restricted during a transitional period of maximum seven years after accession. These restrictions only concern the freedom of movement for the purpose of taking up a job and they may differ from one Member State to another.

3.2. Labour Mobility & Single Market

Labour mobility is an essential tool for effective functioning of single market. The Single Market has been one of Europe's defining achievements as it is meant to deliver jobs, growth and greater choice and prosperity for Europe's citizens and businesses. It came into effect in January 1993 and works on the basis of four freedoms - the free movement of goods, labour, services and capital throughout the EU. This means, for example, that companies can buy and sell goods without them being subject to barriers to trade, that people can work in any member state with their qualifications recognised, that services such as banking may be used across member states, and that capital and currencies can move freely. All Member States of the EU are part of the Single Market, even if they have not joined the euro[13].

[13] http://ec.europa.eu/economy_finance/een/index_en.htm

Freedom of movement existed since the foundation of the European Community in 1957. With the 1957 Treaty (Treaty of Rome), the European Economic Community was established making possible the abolishment of customs barriers within the Community and the establishment of a common customs tariff to be applied to goods from non-EEC countries. This objective achieved on 1 July 1968. In June 1985, the Commission, under its then President, Jacques Delors, published a White Paper seeking to abolish, within seven years, all physical, technical and tax-related barriers to free movement within the Community. The aim was to stimulate industrial and commercial expansion within a large, unified economic area on a scale with the American market. The enabling instrument for the single market was the Single European Act**,** which came into force in July 1987. Its provisions include beside other the gradual establishment of the single market over a period up to the end of 1992, by means of a vast legislative programme involving the adoption of hundreds of directives and regulations. Finally in 1993, the single market becomes a reality. From 1993 until now the single market helps to bring down barriers, create more jobs and increase overall prosperity in the EU. The Commission presents and regularly updates the Internal Market strategy, which sets out a long-term strategic vision and framework for improving the functioning of the Single Market[14].

3.3. Labour Mobility & EU Policies

3.3.1. Lisbon Treaty

Labour mobility is considered to be the key of Lisbon Strategy. The Lisbon Strategy was launched in 2000 as a response to the challenges of globalisation and ageing. The European Council defined the objective of the strategy for the EU "to become the most dynamic and competitive knowledge-based economy in the world by 2010 capable of sustainable economic growth with more and better jobs and greater social cohesion and respect for the environment". In order this to be achieved, through the Lisbon Strategy and the European Employment Strategy the geographic and job mobility were considered as an important factor for creating jobs and developing the

[14] http://ec.europa.eu/internal_market/top_layer/index_2_en.htm

employability and adaptability of the EU workforce in rapidly changing labor markets.

Taking stock five years after the launch of the Lisbon strategy, the Commission found the results to date somewhat disappointing, and the European economy to have failed to deliver the expected performance in terms of growth, productivity and employment. Job creation had slowed and there was still insufficient investment in research and development. The date of 2010 and the objectives concerning the various rates of employment were thus no longer put forward as priorities. According to the "Lisbon Strategy review 2005 – 2008"[15], the policy priorities the Commission set, intended to:

- invest more in human capital by improving education and skills,
- improve the adaptability of the workforce and business sector, and increase the flexibility of the labour markets in order to help Europe adjust to restructuring and market changes,
- attract more people to the employment market and modernise social protection systems.

3.3.2. Action plan for skills and mobility 2002 - 2006

Achieving the objectives established in Lisbon in March 2000 of more and better jobs, greater social cohesion and the creation of a European area of knowledge requires a skilled and adaptable labour force on more open and more accessible European labour markets. Thus, on February of 2002 the European Commission approved the "Action Plan on skills and mobility 2002 – 2006"[16]. According to this plan, in order to be achieved progress on mobility of European workers from 2002 until 2005, the Commission proposed the following priority actions:

- ❖ strengthening of occupational mobility and skills development,
- ❖ improving information and transparency on job opportunities,

[15] http://europa.eu/legislation_summaries/employment_and_social_policy/growth_and_jobs/c11325_en.htm

[16] http://europa.eu/legislation_summaries/education_training_youth/lifelong_learning/c11056_en.htm

- facilitating geographic mobility.

The 2002 Action Plan also proposed to be declared the year 2006 as European Year mobility.

3.3.3. Action plan for job mobility 2007-2010

After the final report[17] of the project: "Action plan for skills and mobility for the period 2002 – 2006", which was published on the 25th of January of 2007, the lessons that were to be learned from this project and the key areas where the efforts have to continue are:

- more responsive education and training market work and prepare citizens for mobility through learning language,
- remove legal and administrative barriers and promoting cross-border recognition of qualifications,
- and creating a single information portal for the mobility-based job matching system at EURES[18].

Based on the above lessons learned and the close relationship between labour mobility and several topical policy issues, such as flexibility with security, lifelong learning, multilingualism and demographic change, Commission launched an action plan for job mobility for 2007-2010.

The objectives of this Action Plan[19] are:

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[17] Commission of the European Communities, Brussels, 25.1.2007, COM(2007) 24 final, Report from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: "Final Report on the Implementation of the Commission's Action Plan for Skills and Mobility COM(2002) 72 final".

[18] EURES is a Job Mobility Portal that has a human network of more than 700 EURES advisers. The purpose of EURES is to provide information, advice and recruitment/placement (job-matching) services for the benefit of workers and employers as well as any citizen wishing to benefit from the principle of the free movement of persons. The main objectives of EURES are:
- to inform, guide and provide advice to potentially mobile workers on job opportunities as well as living and working conditions in the European Economic Area
- to assist employers wishing to recruit workers from other countries and
- to provide advice and guidance to workers and employers in cross-border regions (source: http://ec.europa.eu/eures/home.jsp?lang=en).

- Improving existing legislation and administrative practices governing the mobility of workers, providing policy support for mobility from authorities at all levels,
- strengthening the EURES as the preferred instrument of single and integrated support to facilitate the mobility of workers and their families,
- promoting awareness of the possibilities and advantages of mobility among the wider public.

[19] Commission of the European Communities, Brussels, 6.12.2007, COM(2007) 773 final, Communication from the Commission to the Council, the European parliament, the European Economic and Social Committee and the Committee of the Regions: "Mobility, an instrument for more and better jobs: The European Job Mobility Action Plan (2007-2010)".

4. LABOUR MOBILITY IN EU

4.1. Implementation of Labour Mobility in EU

The Lisbon Agenda, with its aim of making the EU the most competitive and dynamic knowledge-based economy in the world, remains very prominent in the European policy discourse. There is a strong belief that increased opportunities for Europeans to change residence and/or jobs more freely can contribute to this aim. Mobility can assist in ensuring that EU citizens 'work to live' and improve their quality of life, as well as assist in strengthening social cohesion within Europe and assuring the sustainable development of European society in general.

The importance of mobility to European policymakers is evident from the decision to designate 2006 as 'European Year of Workers' Mobility'. To learn more about the extent of European citizens' geographical and job mobility, and their future intentions, the European Commission funded a special Eurobarometer survey[20], which was carried out at the end of 2005, covering 24.000 EU citizens living and working in the 25 Member States then forming the Union. The European Foundation for the Improvement of Living and Working Conditions conducted the analysis of the data in cooperation with the Commission, looking at the drivers of, and barriers to, mobility in Europe, and the economic and social effects of mobility patterns. Below are the results of this survey and also findings of other researches that were based on the 2005 data of the Eurobarometer survey, the more recent Eurobarometer report of the period November - December 2009[21] and other relevant European Commission's sources.

4.1.1. Levels of Labour Mobility in EU

The overall picture of geographical mobility gained from the Eurobarometer data is that Europeans are not very mobile. Long-distance mobility is not common: only

[20] European Foundation for the Improvement of Living and Working Conditions (2006). "Mobility in Europe". Luxembourg: *Office for Official Publications of the European Communities*. Available at: http://www.eurofound.europa.eu/pubdocs/2006/59/en/1/ef0659en.pdf

[21] Special Eurobarometer 337 (2010), "Geographical and labour market mobility". Report, Fieldwork November - December 2009, European Commission.

18% of Europeans have moved outside their region, while only 4% have ever moved to another Member State and 3% outside the Union. However, almost a quarter have moved within their region. This level of mobility is frequently contrasted with the levels of geographical mobility seen in the US, where almost a third of citizens (32%) live outside the state in which they were born, substantially more than the 22% of Europeans who have ever lived in another region or Member State. However, migration between states in the US takes place within the same linguistic, political and cultural context, unlike long-distance migration in Europe.

As far as it may concern the levels of job mobility, the Eurobarometer survey looked at the relative proportions of people who had never changed employer after the age of 35 years (this age was chosen to balance the fact that younger people may never have had the opportunity to change jobs). The levels of job mobility are considered to be low, but not as low as those of geographical mobility. Across the EU25, 23% of respondents had never changed employer.

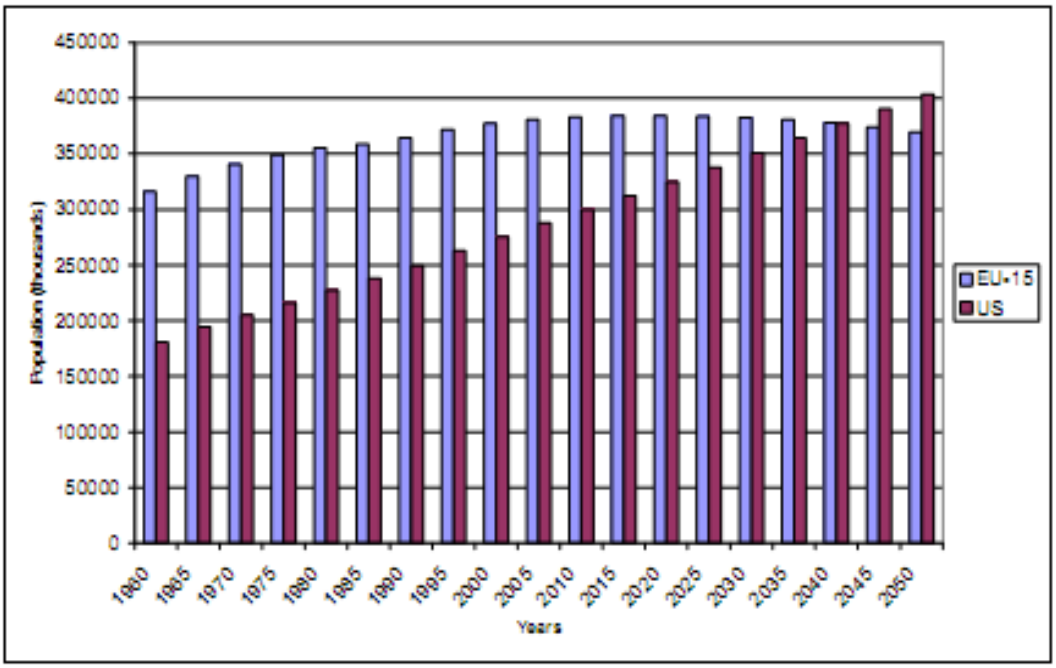
One of the main findings of this study that has to be mentioned is that job mobility and geographical mobility are clearly related, as a majority of moves across regions or borders are made for job-related reasons. The findings on geographical and job mobility can thus be combined to form a composite picture of European mobility. Across Europe, it would seem that levels of geographical and of job mobility coincide: in countries that have high levels of geographical mobility, people tend to change jobs more often.

4.1.2. Why is Labour Mobility so important for the EU?

The present EU member states are facing a daunting demographic outlook. Population projections reveal that a decrease in population size is expected in virtually all EU countries over the next 50 years. For example, the EU-15 population, which in 2000 was nearly 100 million larger than that of the US, is anticipated to become smaller relative to the US by 20 million in 2050, as the figure below indicates. In addition to the decrease in population size, EU is undergoing a relatively rapid population ageing process. Given the demographic challenge of decreasing natural population growth and an increasing average age of the EU population, job mobility

and migration have become increasingly necessary to fill job and skill shortages across Europe[22].

Figure: 4.1 EU-15 population growth versus US[23]



Sources: Eurostat, UN Population Division, US Census Bureau and author calculations.

An also frequent argument for the necessity of increased intra - EU mobility is that it will bring about stronger integration of Europe. The European integration process is premised on the free movement of capitals, goods, services and persons. The low levels of labour mobility remain a serious problem, given that labour mobility is a crucial adjustment mechanism for macroeconomic shocks – demographic, demand-driven, or even technological – affecting European economies in different ways and at different times (so-called "asymmetric shocks"). So in the aftermath of an adverse economic shock, there are main types of adjustment mechanisms available to a region or a country. Labour mobility is one of them. While an external adjustment mechanism – as the depreciation of the national currency – in a monetary union as this of the European Monetary Union is not possible, labour mobility, as also capital adjustment (mobility) and net fiscal transfers (i.e. lower tax

[22] Larsson, A. (April, 2004), "A New European Agenda For Labour Mobility: Report of a CEPS-ECHR Task Force", Brussels, *Centre for European Policy Studies.*

[23] Larsson, A. (2004).

contributions or higher gross transfers), can lead to optimality so as EU to correspond quickly to economic cycles and to absorb efficiently the asymmetric shocks, coming this way closer to the convergence of real prices – unemployment rates, wages and wealth - [24].

According to the findings of IZA Research Report of 2008[25], that was conducted based to the 2005 Eurobarometer data, there are indirect evidence on the correlation between intra – EU migration and European integration. The following table shows the marginal effects obtained from of a regression explaining the pro-pensity of individuals thinking that moving across regions and countries within the European Union is "a good thing for European integration" on a full set of individual characteristics including indicators of past migration experience.

Table: 4.1 Factors Impacting Positive EU Integration Attitudes

	Marginal Effect
Age	**-0.001**
Female*	-0.015
Married*	**-0.041**
Low education*	**-0.181**
Intermediate education*	**-0.099**
Lives in city*	**0.023**
Has moved in EU*	**0.053**
Has moved outside EU*	**0.072**
Has studied in another EU country*	0.027

Notes: Results from probit regression including full set of country, sector and occupation dummies. Sample weights applied. Variables statistically significant at least at the ten percent level highlighted in blue. * attached to a variable name indicates an indicator variable. For these variables the estimated coefficient represents the percentage point change in the outcome for the discrete change in the variable from 0 to 1. Source: Eurobarometer 64.1, own calculations.

The results indicate that besides socio-demographic characteristics, notably education, own experiences with moving abroad substantially affect the view on geographic mobility as a factor fostering European Integration. In fact, individuals

[24] Janiak, A. & Wasmer, E.. Economic Papers 340 / September 2008. European Economy: Mobility in Europe – Why it is low, the bottlenecksand the policy solutions. European Commission, *Directorate-General for Economic and Financial Affairs, European Communities*. Available at: http://ec.europa.eu/economy_finance/publications

[25] IZA Research Report No. 19, July 2008, "Geographic Mobility in the European Union: Optimising its Economic and Social Benefits", Bonin H., Eichhorst W. et al., by IZA, NIRAS Consultants, AMS. Available at: http://www.iza.org/en/webcontent/publications/reports/report_pdfs/iza_report_19.pdf

who moved at least once in their lifetime within the EU are 5.3 percent more likely to answer that mobility is good for integration, than comparable individuals without such a move.

4.1.3. Costs and Benefits of Labour Mobility

From an economic point of view, higher levels of geographical mobility are associated with higher rates of GDP growth, higher employment rates and lower rates of long-term unemployment. Greater geographical mobility also seems to be associated with fewer regional labour market imbalances. While it is not possible to establish a causal relationship on the basis of this, it is highly significant that such geographical mobility is not associated with lower GDP or rates of employment. Similar positive associations are seen at the microeconomic level. Job related inter-regional mobility is associated with greater individual labour force participation, higher employment rates and better access to employment on permanent contracts. Inter-country migration appears to improve the employment opportunities for those moving for job-related reasons. As far as it may concern the benefits of job mobility, at the macroeconomic level, greater job mobility is associated with higher rates of GDP growth, higher employment rates and lower rates of long-term unemployment. While it is not possible to establish a causal relationship on the basis of this, it is highly significant that job mobility is not associated with lower GDP or rates of employment[26].

From a social point of view, a geographical move and/or change of residence can lead to a better job (at least subjectively), with consequent greater motivation and satisfaction for the individual. In addition, it can prevent the social exclusion caused by unemployment. But just because mobility delivers benefits, it is not correct to say that more mobility is always a good thing. Moving region or country poses challenges to individual citizens, their families, employers and wider societies. One of the possible negative effects of such a move is the loss of social networks, which may lead to the need to purchase services, such as childcare or care for elderly and dependant relatives; in turn, this can lead to additional costs for services that were

[26] European Foundation for the Improvement of Living and Working Conditions (2007). "Foundation findings: Mobility in Europe – The way forward". Available at: http://www.eurofound.europa.eu/pubdocs/2007/03/en/1/ef0703en.pdf

previously supplied by the wider familial or social network. Another negative effect could be the arising of difficulties in coordinating the employment careers of both spouses, with consequences for the household and its work–life balance[27]. A very serious negative consequence of labour migration happens when younger and better-educated workers migrate, which is a fact that represents a substantial loss to a country or a region – a so-called 'brain drain', something that could result to a depress of productivity growth and eventually of economic growth in the sending country.[28]

In order mobility to deliver its potential benefits over the long term, it has to balance these externalities. In other words it has to become an optimum mobility. In theory, the optimum level of geographic mobility is to be found, where the net benefits are at the maximum, i.e. at the level of geographic mobility maximizing the distance between the level of total benefits and the level of total costs[29]. According to the above, geographic labour mobility is considered to be the tool that can lead to a more balanced allocation of jobs and workers in the EU. Optimality seems also to be the key for the desirable levels of labour mobility in EU, according to the analysts of the 2005 Eurobarometer survey, as they also agree with the notion of optimality. They state that the EU should focus not on how to reach a maximum level of mobility, but rather on how to realize the optimal mobility for workers, companies and societies. The key is not more mobility but rather better mobility. If, for example, geographical mobility would result in a severe loss of cohesion within communities, it should not be promoted, equally, if people are forced to change one precarious job for another, job mobility is not something to be welcomed.

4.1.4. Europeans Intentions regarding Mobily

But despite low labor mobility, more and more powerful arguments argue that people are more willing to move than in the past. According to the 2005 Eurobarometer survey, 57% of the respondents reported that mobility among regions and countries is useful for European integration, 46% consider it a positive factor for labor markets and the individual and 40% to benefit the economy, while these

[27] European Foundation for the Improvement of Living and Working Conditions (2006).

[28] European Foundation for the Improvement of Living and Working Conditions (2007).

[29] IZA Research Report No. 19, July 2008.

percentages increased between the period 2006 – 2009, as the Eurobarometer report of 2010 indicates, with the Europeans to be more likely (60%) to think that people moving within the EU is a good thing for European integration, 50% to think it is a good thing for the labour market, and 47% to think it is a good thing for the economy, noting that although 48% of the Europeans think that moving around is a good thing for individuals, when it comes to the impact on families people are less certain.

Moreover the Eurobarometer data of 2005 revealed that 5,5% of EU-10 reported that they are likely to move to another Member State over the next five years. Also intentions for future mobility within Europe had until 2005 increased in all Member States to varying degrees. But this situation changed during the last four years. More particular, as the Eurobarometer report of 2010 indicates, since autumn 2005 overall willingness to move decreased most dramatically in countries as Greece (down from 67% in 2005 to 38%), Italy (down from 68% to 39%) and Poland (down from 73% to 45%), while also further five countries saw decreases of 15-25 percentage points: Portugal (down 22 points), Belgium (down 20 points), Germany and the Czech Republic (down 18 points) and Slovakia (down 17 points) in comparison to the percentage points of 2005. So although Europeans in 2009 believe more in labour mobility, they seem to be less willing to move than they used to be.

A more revealing picture is presented in the table below, which shows the breakdown of Europeans' intentions to move in terms of destination until the year of 2005. Almost 7% of the EU population is expected to move to another region within the next five years and 3% within the EU. Looking at demographic correlates, findings indicated that intentions to migrate within the EU were greater among men; people under 35 years of age; the better educated and students and unemployed people (who, on average, showed somewhat higher intentions to move to all five destinations). Note that in the Eurobarometer survey of 2005, when respondents were asked that if they were unemployed would they be ready to move to another region or country in order to find a job, only 30% said no, 5% did not know, 29% said they would be ready to move to another region only, and 5% to another country only. The rest (31%) answered they would be ready to move to either another region or another country. But these percentages have changed and more specifically decreased during the last four years.

Table 4.2: Mobility intentions by demographic characteristics (%)

	Within city/town or region	Across regions	Within EU	Outside EU
Total				
EU25	18	7	3	2
EU15	18	7	3	2
NMS	15	4	5	1
Gender				
Male	19	7	4	2
Female	17	6	3	1
Age				
18-24	37	19	9	5
25-34	29	9	6	3
35-44	18	6	2	2
45-54	11	5	2	1
55-64	9	4	1	1
65+	9	1	0	0
Educational level				
Low or none	10	2	1	1
Average	18	6	2	1
High	21	8	4	2
Still studying	34	24	12	6
Employment status				
Working	20	7	3	2
Unemployed	27	11	6	2
Retired	10	2	1	0
Homemaker	13	4	1	1
Household type				
Couple, no child*	14	5	2	1
Couple with children*	17	6	2	1
Single	30	13	7	4
Single parent	35	14	6	1
Divorced/seperated	20	8	3	2
Widowed	9	2	1	0

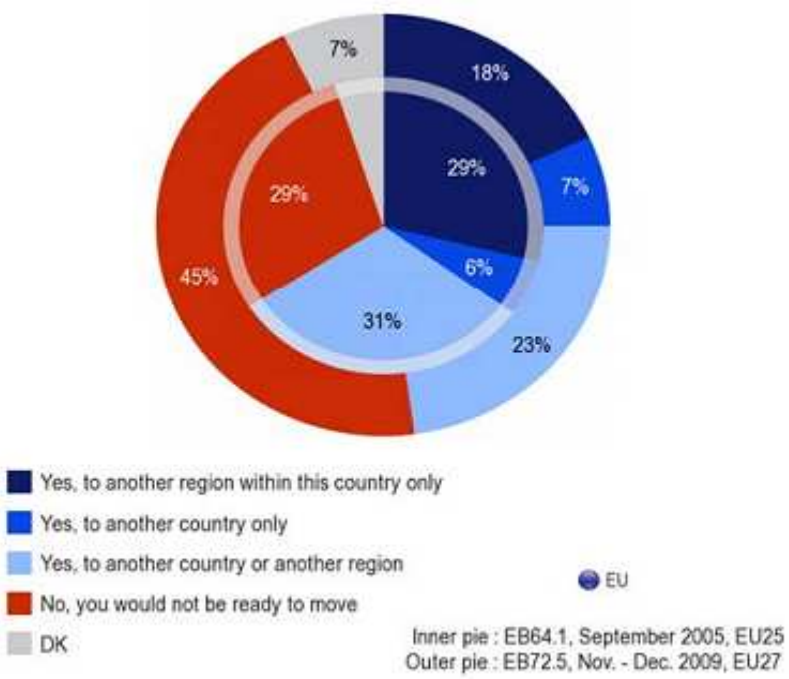
Note: Figures indicate percentage of respondents who expressed an intention to move in the next five years.
* Married or living together; child = person aged 0-14.

Source: Eurobarometer, 2006.

As it is been reported in the Eurobarometer report of 2010, almost one quarter (23%) would be ready to move to another country or region, when in the previous study the relative percentage was 31%, 18% would only move to another region in their country when in the previous study the relative percentage was 29%, and 7% would only consider moving to another country, when in the previous study the relative percentage was 5%, showing a slight rise. In spite - or perhaps due to the worsening economic climate since autumn 2005, in general Europeans are now less willing to move if they become unemployed and are unable to find a job where they

live. In fact, the proportion willing to move to another region and/or country has decreased from 66% to 48%. The most dramatic decrease has been among those willing to move to another region within the same country - down from 29% in autumn 2005 to 18%, as the figure below indicates[30].

Figure 4.2 Question 20. "If you were unemployed and had difficulties finding a job here, would you be ready to move to another region or country to find one?"[31]

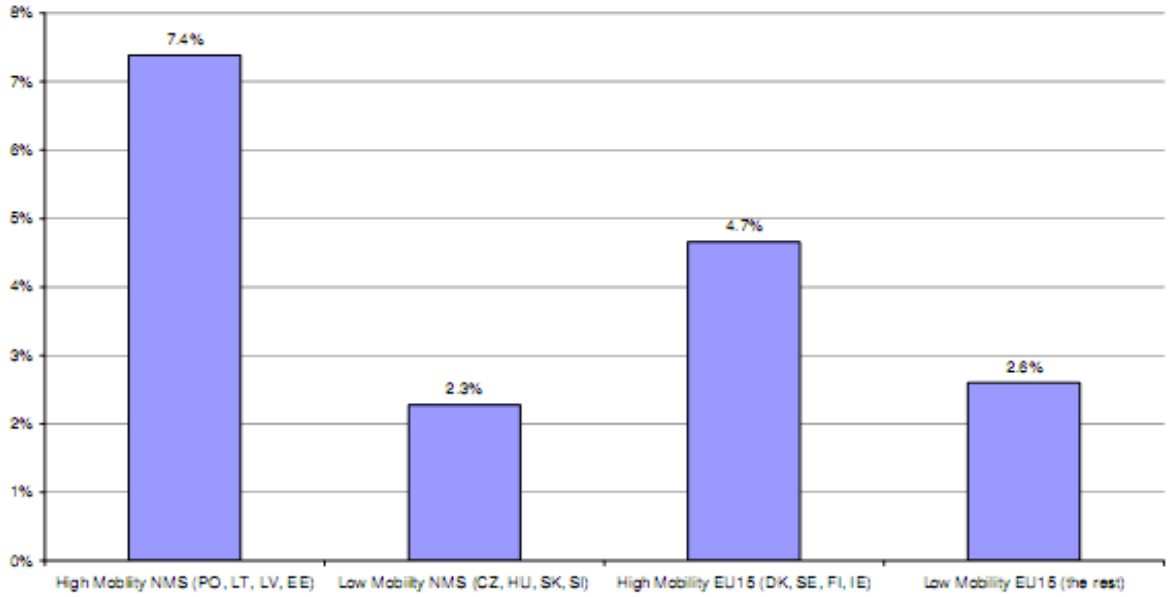


Furthermore, the Eurobarometer 2005 results show - as the figure below indicates - a clear split between four countries (Czech Republic, Hungary, Slovakia, and Slovenia) on the one side, with a fairly low level of basic intended EU-internal mobility rate of between 2-3%, and on the other side the three Baltic countries and Poland with a relatively higher level of basic interest to migrate in the next five years of between 7%-9%. Also comparing old and new Member States, the four high mobility countries in the former EU-15 (the three Nordic countries and Ireland) have a significantly higher future intention to migrate than the citizens in the four low mobility NMS-8 countries.

[30] Special Eurobarometer 337 (2010).

[31] Special Eurobarometer 337 (2010).

Figure: 4.3 EU-internal mobility potential next five years



Source: Krieger, H. & Fernandez, E.[32]

Table 4.3 Countries with mobility intentions above/below EU average[33]

Statistically signficant differences with EU average in % envisaging to work abroad in the future		
Country	**%**	
DK	51%	*Mobility intentions above the EU average*
EE	38%	
SE	37%	
LV	36%	
LT	35%	
FI	35%	
SI	30%	
HU	29%	
UK	26%	
FR	25%	
PL	23%	
SK	23%	
IE	22%	
NL	22%	
EU27	**17%**	**EU average**
ES	12%	*Mobility intentions below the EU average*
CZ	11%	
DE	11%	
EL	8%	
AT	8%	

It has to be noted that as far as it may concern the EU mobility potential, as the Eurobarometer report of 2010 reveals, during the past four years – from 2006 until 2009 - the countries for which the share of citizens envisaged to work abroad remained almost the same, with few exceptions.

[32] Krieger, H. & Fernandez, E.. "Too much or too little long-distance mobility in Europe?", EU policies to promote and restrict mobility. Foundation seminar on worker mobility. Available at: http://www.migration-online.de/data/mobility4paper2006.pdf

[33] Special Eurobarometer 337 (2010).

4.1.5 Profile of mobile Europeans

The results of the Eurobarometer study (2006) revealed furthermore the profile of mobile European citizens, both based on demographic characteristics and also based on nationality. As table 4.4 below shows, from the results of past intra-EU mobility levels it became clear that gender differences are small in terms of distance of past movement. In terms of age, the oldest age group (people over 65) moved more within their town or city, but made fewer long-distance moves. But here, too, the differences are not dramatic. As expected, the youngest age group (which includes many students) is underrepresented in each distance-of-move category. As regards employment status, it appears that, in general, unemployed people – compared to those working or retired – have displayed less past mobility in almost all distance-of-move categories. As far as it may concern the educational level, results showed that about 7% of the highly educated report moved within the EU since they left their parental home, compared to 4% among the lower educated. The results also revealed that people with high educational level are more mobile, as far as it may concern mobility across regions and within EU. This could be attributed according to the analysts of the Eurobarometer survey, to willingness to move for career reasons, even over long distances and between countries, which is much more part of the professional culture of highly educated workers than of less well-educated workers. So, the Eurobarometer mobility survey data of 2005 confirm that younger, higher educated cohorts are more internationally oriented than the older cohorts. Similar seem also to be the results concerning the profile of the mobile Europeans of the Eurobarometer's report of 2010.

Table: 4.4 Past mobility level in distance moved, by demographic characteristics (%)

	Within city/town or region	Across regions	Within EU	Outside EU
Total				
EU25	53	18	4	3
EU15	55	19	5	3
NMS	45	9	1	1
Gender				
Male	52	17	4	3
Female	55	19	4	3
Age				
18–24	19	7	2	0
25–34	48	17	5	3
35–44	61	18	5	3
45–54	62	19	4	4
55–64	60	21	4	4
65+	59	20	4	3
Educational level				
Low or none	59	13	4	2
Average	56	17	3	3
High	54	27	7	5
Still studying	17	9	3	1
Employment status				
Working	56	18	4	3
Unemployed	49	16	4	2
Retired	59	20	4	3
Homemaker	56	16	5	2

Source: Eurobarometer, 2006.

Furthermore, the next step of the analysis concerns past mobility in terms of country differences (see table 4.5). In general, geographical mobility is higher in the Nordic countries, by contrast in most of the NMS and in most of the southern European countries where mobility within or outside the region is relatively low. The two countries with the greatest intra-EU past mobility are Ireland and Luxembourg (followed by Cyprus).

Table: 4.5 Past mobility, by destination and by country (%)

	Within city/town or region	Across regions	Within EU	Outside EU
Belgium	62	14	5	3
Denmark	65	38	8	6
Germany	62	19	5	4
Greece	36	17	5	2
Spain	49	11	5	3
Finland	68	36	5	3
France	61	30	3	4
Ireland	47	20	15	5
Italy	46	8	2	0
Luxembourg	57	21	14	3
Netherlands	59	23	5	3
Austria	56	10	4	1
Portugal	44	9	5	2
Sweden	70	44	8	5
United Kingdom	55	25	7	6
Cyprus	53	19	9	3
Czech Republic	44	9	2	0
Estonia	54	25	1	2
Hungary	51	11	1	1
Latvia	48	24	2	3
Lithuania	62	8	1	1
Malta	30	7	3	3
Poland	43	8	1	0
Slovakia	36	6	2	0
Slovenia	40	10	2	2
Total	**53**	**18**	**4**	**3**

Source: Eurobarometer, 2006.

4.1.6. Mobility Reasons

As reported in the first chapter of this essay, most migration theories state that migration decisions are driven by personal expectations on income levels in the destination and sending countries and by the social and economic costs of migration (e.g. Borjas, 2000). Also, individuals form expectations on income levels at different destinations which are determined by the respective wage levels and employment opportunities (Harris and Todaro, 1970).

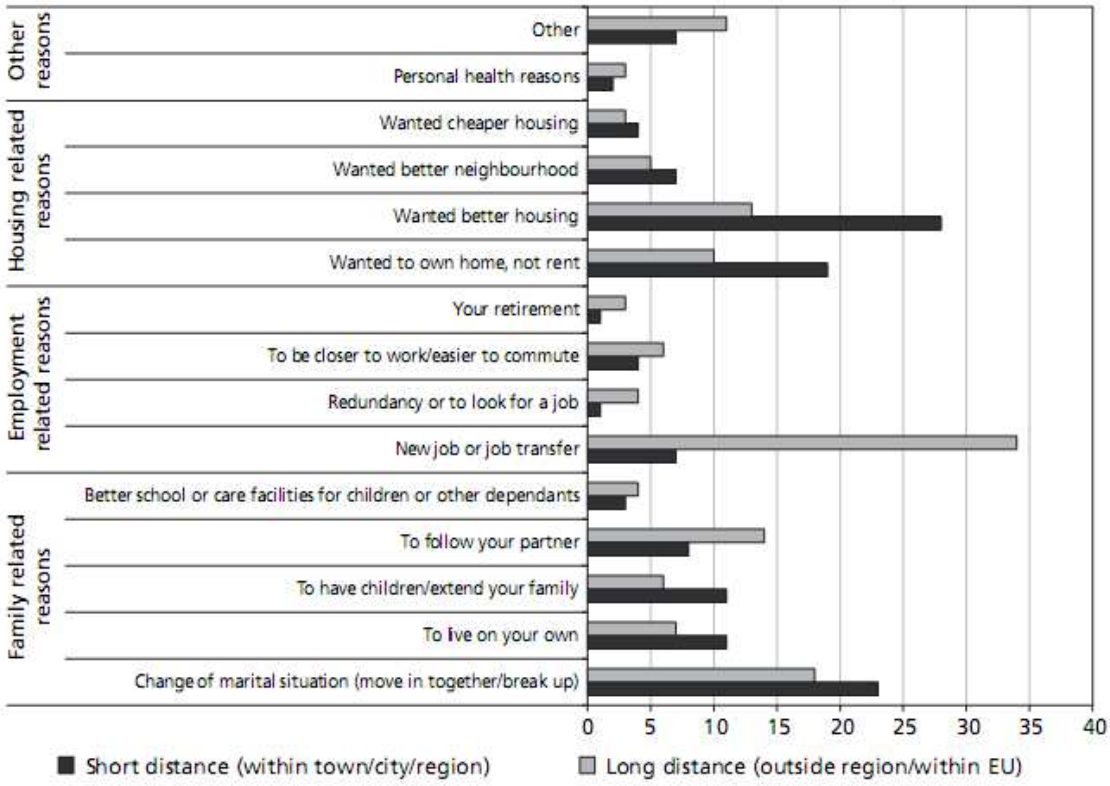
The literature also suggests that income is not the only (and maybe not even the main) motivation for inter-regional mobility. One completely different theory of migration is the theory of migration networks of Massey (1990), according to which immigration has mainly many social foundations, with the formation of migrant networks to be probably the most important.

Theories that refer to migration decisions seem not far from the reality. The Eurobarometer survey[34], revealed the reasons for mobility according to the answers of the responders. As figure 4.4 shows, the three most important reasons for short-distance moves (i.e. within town/city/region) are better housing (28%), a change of partnership or marital situation (23%) and the desire to own a home rather than rent (19%). Long-distance moves (i.e. outside region, within EU), however, are more often related to the labour market (new job or job transfer, 34%), a change of partnership or marital situation is also a key motive for moving (18%). The major reasons for having made short-distance moves in the past are similar for males and females.

Generally, the most important reasons for mobility are more or less the same across birth cohorts. Thus, there is evidence that supports the idea that – besides the possibility for improvement of working (job) and living (housing) conditions – geographical mobility is related to life-course changes and, more specifically, to a change of partnership or marital situation.

[34] European Foundation for the Improvement of Living and Working Conditions (2006).

Figure: 4.4 Reasons for short- and long-distance mobility (%)



Source: Eurobarometer study, 2006.

4.1.7. Barriers for Labour Mobility

As recent researches indicate, labour mobility across the European Union remains still low. Mobility is considered to be rather limited due to the existence of various obstacles. The people, in addition to any uncertainty they feel for the benefits of mobility, they face different barriers to movement, such as: Legal and administrative barriers, housing costs and availability of housing, occupation of spouse / partner, portability of pensions, linguistic obstacles and issues of recognition of qualifications in other Member States.

The 2005 Eurobarometer survey[35] carried out in all 25 EU Member States revealed the following as far as it may concern the cross border mobility in Europe:

[35]Eurobarometer study (2005), "resume". Available at: http://www.eurofound.europa.eu/pubdocs/2006/36/en/1/ef0636en.pdf

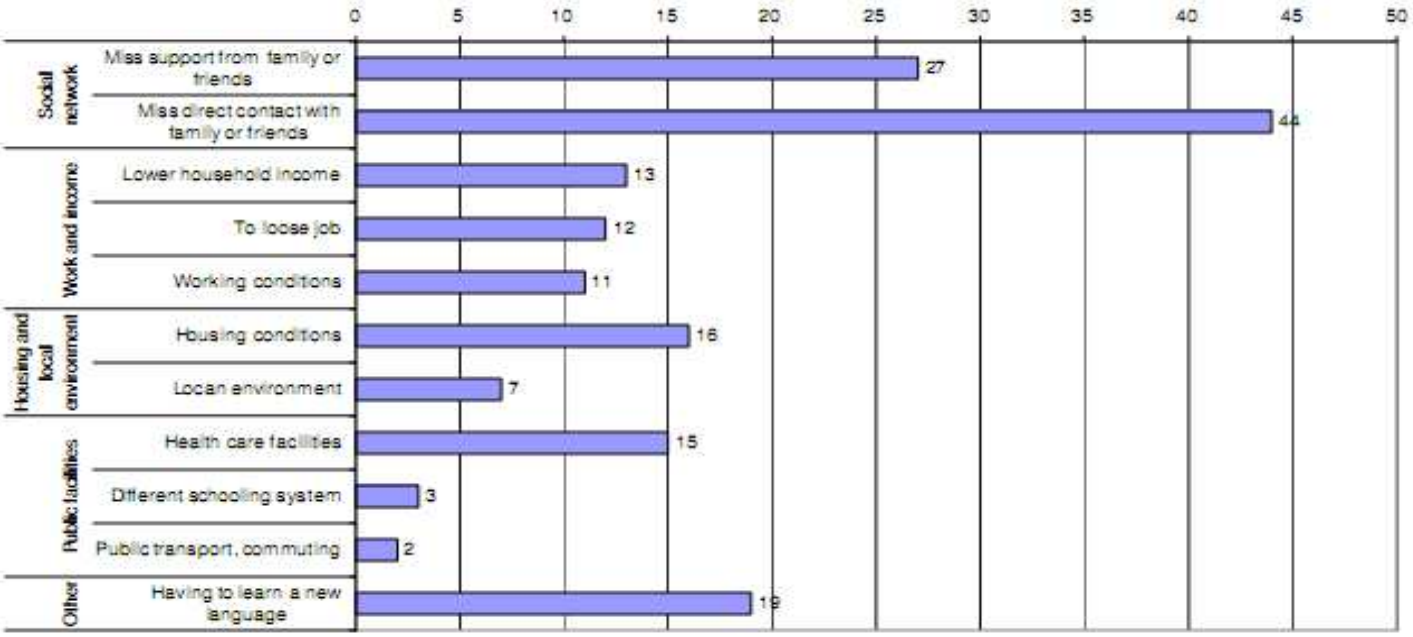
About 2% of the workforce one of the 27 EU member states live and work today in another Member State, when by comparison, the percentage of third countries who are resident in the EU is almost double and only approximately 4% of the EU population has ever lived in another EU country while another 3% has lived in a country outside the Union.

These results of low cross border mobility can be most likely explained by the fact that moving across borders involves the loss of social networks in the country of origin. It also involves the search for new employment opportunities and the learning of new language skills. Moving across EU borders is not only hampered by a variety of institutional and legal hurdles between Member States, but also by the fact that the decision to move is affected by cultural barriers and by the social costs of leaving one's family, friends, colleagues and local community. It is also strongly influenced by the individual's personal life-course stage (e.g. the presence of young children, having a working partner or job career phase). The decision not to move, therefore, is not, a priori, a sign of a lack of willingness to move; rather it is constricted by institutions, culture, networks and individual life-course trajectories and assessments.

The figure below, derived from the analysis of the 2006 Eurobarometer survey on geographical and job mobility[36], shows the factors that would discourage respondents from moving to another country (only people with no intention of moving). It 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 these data show that it 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.

[36] European Foundation for the Improvement of Living and Working Conditions (2006).

Figure 4.5: Factors that discourage people to move to another EU country (only people without moving intentions)



Source: Eurobarometer study, 2006.

Findings from the 2006 Eurobarometer study on mobility confirm the fact that geographical mobility poses important trade-offs for the individual, in terms of social and economic considerations. The main factor discouraging geographical mobility in the EU is the fear of losing one's social network (family and friends).

Apparently, the same results occurred from the Eurobarometer report of 2010, regarding the reasons which might discourage the Europeans from working abroad. Specifically, 39% of Europeans are discouraged from working abroad because it would mean leaving home. Concern for family and friends is also key - 27% do not want to impose large changes on their families, whilst 21% do not want to leave their friends. Finally, problems' learning a new language is a disincentive for 19% of the European[37].

[37] Special Eurobarometer 337 (2010).

According to another research, the Economic Survey of the European Union of 2007[38], which was conducted by OECD, only 4% of the EU workforce has ever lived and worked in another member state. In this research, the language barrier is one explanation, but it is not the only one. Most of the policy obstacles seem to have been removed. The main exceptions are the transitional restrictions on migrants from the new member states. Around half of EU15 countries now give free access to workers from the ten countries that joined in 2004, but only two of them have fully opened their doors to workers from Bulgaria and Romania. Most of the new member states have granted free access. So far, enlargement has not led to the flood of migrants that was initially feared. While the overall level of migration has been rather modest, the inflow to some countries has been higher than expected, due mostly to their strong labour markets and the fact that they did not impose restrictions. These countries have benefited through better job matching, a reduction in structural unemployment and the easing of labour shortages.

Experience showed clearly the negative impact of European, national, regional or local level obstacles to geographic mobility. Apart from the legal and administrative obstacles, e.g. in social security sector, mobility is hampered by practical constraints in areas such as loss of family bonds, housing, languages, employment of spouses / partners. But there are other factors deterrent to mobility, such as the non-recognition of experience mobility to improve career prospects. These barriers are related to issues that have to be addressed at different levels: local, regional, national and EU level[39].

[38] Economic Survey of the European Union, September 2007, OECD. Available at: http://www.oecd.org/dataoecd/60/48/39311348.pdf

[39] Επιτροπή των Ευρωπαϊκών Κοινοτήτων, Βρυξέλλες, 6.12.2007 COM(2007) 773 τελικό.

4.2. Labour mobility in the enlarged EU

The free movement of workers was defined as one of the four fundamental freedoms of the then European Economic Community as early as the Rome Treaties of 1957 and was fully implemented by the six founding members of the Community whose joint population numbers 180 million in 1968. In the course of the Eastern enlargement round, eight Central and Eastern European countries (NMS-8)[40] and two other countries (Cyprus and Malta) joined the EU on May 1st, 2004, and another two countries, Bulgaria and Romania (NMS-2), acceded at the 1st of January, 2007. While the rules of the Internal Market for the free movement of workers have been immediately applied for citizens from Cyprus and Malta, transitional arrangements have been agreed for the NMS-8 and the NMS-2. These transitional arrangements allow the EU member states to postpone the free movement of workers up to a maximum period of seven years.[41]

The transitional provisions are divided into three different phases: At first, in the two years following accession, all member states can apply national rules on access to their labour markets, at the end of this two-year period, each member state can choose to apply national rules for another three years or implement the Community rules regulating free labour mobility in the EU. If the countries decide to apply the Community rules, a safeguard clause allows for the possibility to reintroduce work permits temporarily in case of a labour market disturbance. There will be an automatic review by the European Commission before the end of the two+year period and a further review on request of each affected member state, but the decision on the application of transitional periods is left to the national governments. At the end of the five year period, a member state can prolong the transitional arrangements for another two years only if it experiences (or are "threatened" by) 'serious disturbances' in its labour market.[42]

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[40] NMS-8 are New Member States of the European Union that joined in 2004 (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic and Slovenia).

[41] http://ec.europa.eu/social/main.jsp?catId=466&langId=en

[42] European Integration Consortium, Nuremberg 2009, "Labour mobility within the EU in the context of enlargement and the functioning of the transitional arrangements", by Herbert Brücker et al.. Labour Mobility - Final Report.

4.2.1. Migration Flows from the New Member States (CEEC's, Romania & Bulgaria) to the EU-15

EU enlargement in 2004 and 2007 not only increased the chances of workers to find jobs but also the opportunities for employers to find employees. In the study of European Integration Consortium of 2009[43], it was examined the impact of the transitional arrangements for the free movement of workers on the sending and receiving countries. The available data suggested that foreign population from the eight new member states from Central and Eastern Europe (NMS-8) and the foreign population from Bulgaria and Romania (NMS-2) increased the migration flows in the EU.

More specifically, as table 4.6 below indicates, the number of foreign residents from the NMS-8 in the EU-15 has increased from 893,000 persons in the year before Eastern enlargement (2003) to 1.91 million persons of the EU-15 by the end of 2007. This corresponds to an annual increase of 250,000 persons on average since Eastern enlargement compared to 62,000 persons in the years from 2000 to 2003. Since the beginning of Eastern enlargement in 2003, almost 70 per cent of the immigrants from the NMS-8 have been absorbed by the UK and Ireland. These two countries have replaced Austria and Germany as the main destinations for migrants from the NMS-8. The stock of foreign residents from the NMS-8 increased from approximately 95,000 to about 609,000 in the UK since 2000 according to the LFS (Labour Force Survey) data and from 43,500 to about 179,000 persons in Ireland since 2004, as the table below indicates. In contrast, Austria and Germany experienced only a modest increase in the number of foreign residents from the NMS-8 during the 2003–2007 period. The stock of foreign residents from the NMS-8 has increased by about 30,000 persons in Austria. Germany has revised its migration statistics in 2004 such that the actual increase cannot be calculated properly.

[43] Herbert Brücker et al. (2009). European Integration Consortium.

Table: 4.6 Foreign residents from the NMS-8 in the EU, 2000-2007[44]

Host country	2000	2001	2002	2003	2004	2005	2006	2007
				in persons				
Austria [1]	n.a.	54,797	57,537	60,255	68,933	77,264	83,978	89,940
Belgium [1]	9,667	12,102	14,106	16,151	19,524	25,638	32,199	42,918
Denmark [1]	9,101	9,447	9,805	9,807	11,635	14,282	16,527	22,146
Finland [1]	12,804	13,860	14,712	15,825	16,459	18,266	20,801	23,957
France [3]	37,832	44,946	44,857	33,858	43,138	36,237	44,181	36,971
Germany [1]	434,603	453,110	466,356	480,690	438,828	481,672	525,078	554,372
Greece [3]	13,832	12,695	14,887	16,413	15,194	19,513	18,357	20,257
Ireland [4]	n.a.	n.a.	n.a.	n.a.	43,500	94,000	147,900	178,504
Italy [2]	40,433	40,108	41,431	54,665	66,159	77,889	91,318	117,042
Luxembourg [1]	n.a.	n.a.	1,156	1,574	2,278	3,488	4,217	5,101 *
Netherlands [1]	10,063	11,152	12,147	13,048	17,814	23,155	28,344	36,317
Portugal	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Spain [1]	19,284	29,998	41,471	46,710	61,830	77,772	100,832	131,118 *
Sweden [1]	23,884	22,868	21,376	21,147	23,257	26,877	33,757	42,312
United Kingdom [5]	94,792	105,048	93,340	122,465	120,999	219,797	357,468	609,415
EU-15	**706,295**	**755,334**	**833,181**	**892,608**	**949,548**	**1,195,850**	**1,504,957**	**1,910,370**
Iceland [1]	1,865	2,232	2,462	2,547	2,644	4,251	7,803	10,782
Norway [1]	3,366	3,658	4,195	5,166	5,549	7,427	11,240	20,074
Switzerland [1]	17,598	18,733	19,997	20,308	20,909	22,060	25,711	29,786
EEA-2 and CH	**22,829**	**24,623**	**26,654**	**28,021**	**29,102**	**33,738**	**44,754**	**60,642**
Cyprus	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Malta	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cyprus and Malta	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Czech Republic [1]	62,095	70,581	77,947	81,484	64,546	68,300	78,428	90,258 *
Estonia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Hungary [6]	4,632	4,715	3,739	5,001	3,596	6,346	7,445	8,755 *
Latvia [6]	n.a.	n.a.	2,524	3,121	n.a.	3,755	4,119	4,526 *
Lithuania [6]	n.a.	n.a.	n.a.	n.a.	735	934	992	1,061 *
Poland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Slovak Republic [6]	n.a.	n.a.	n.a.	9,372	7,698	9,057	11,017	13,429 *
Slovenia [6]	n.a.	n.a.	418	492	203	656	711	794 *
NMS-8	**66,727**	**75,296**	**84,628**	**99,470**	**76,778**	**89,048**	**102,712**	**118,823**
Bulgaria	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Romania [6]	n.a.	372	n.a.	372	373	365	362	359 *
NMS-2	**n.a.**	**372**	**n.a.**	**372**	**373**	**365**	**362**	**359**

Sources: National population statistics, Eurostat, LFS, own calculations and presentation.
1) National Statistics; 2) 2000-01: Eurostat; 2002-07: National Statistics; 3) LFS annual 4) 2004-07: Irish-LFS 4th Qu. (15+);
5) 2000-07: UK-LFS 2th Qu.; 6) Eurostat; e: estimated

What can be concluded according to the research team that prepared the study of the European Integration Consortium of 2009, is that the above evidence suggests that the high share of migrants from the NMS-8 in Ireland and the UK can partly be attributed to the selective application of transitional arrangements for the free

[44] Herbert Brücker et al. (2009). European Integration Consortium.

movement of workers by these countries. Other factors, such as the increasing English language proficiency particularly among the young cohorts in the NMS, favourable labour market conditions and flexible labour market institutions, and the declining costs of distance, have facilitated the diversion of migration flows to these destinations as well.

Meanwhile, immigration from Bulgaria and Romania into EU-15 countries is restricted in most of them. Nonetheless, the number of foreign residents from there has increased from 279,000 persons in 2000 to 1.86 million approximately by the end of 2007. This corresponds to an annual increase in the number of residents of about 226,000 persons. As far as it may it concern the stock of NMS-2 immigrants in the new member states it stagnates at about 79,000 persons, as table 4.7 below indicates. According to the research team that prepared the study of the European Integration Consortium of 2009, the main destination countries for Bulgarian and Romanian migrants are Italy and Spain, while immigration from Bulgaria and Romania has been facilitated by bilateral agreements between them and Spain and Italy and the legalization of immigrants there. Spain is the main destination for migrants from the NMS-2 at a migration stock of about 829,000 persons, followed by Italy with about 659,000 persons, as the table below shows.

It has to be mentioned at this point that the researchers of this study stress that the figures presented here refer to legal migration only. Incentives for illegal migration are high in case of Bulgaria and Romania, since legal immigration opportunities are limited. Anecdotal evidence suggests that actual migration stocks from the NMS-2 in the EU-15 are substantially higher, but reliable evidence is missing.

Table: 4.7 Foreign residents from the NMS-2 in the EU, 2000-2007[45]

Host country	2000	2001	2002	2003	2004	2005	2006	2007
				in persons				
Austria [1]	n.a.	22,387	24,926	26,802	28,367	29,573	29,958	36,792
Belgium [1]	3,435	4,642	5,900	6,831	8,238	10,814	14,095	23,810
Denmark [1]	1,580	1,646	1,746	1,834	1,987	2,200	2,350	3,316
Finland [1]	786	854	873	887	909	970	1,089	1,388
France [3]	5,752	8,761	7,960	8,840	17,282	12,027	39,069	43,652
Germany [1]	124,453	126,245	131,098	133,404	112,532	112,196	112,406	131,402
Greece [3]	12,961	17,344	25,612	30,583	39,220	45,551	49,086	52,567
Ireland [4]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	24,496
Italy [2]	69,020	81,444	102,363	189,279	264,223	315,316	362,124	658,755
Luxembourg [1]	n.a.	n.a.	477	498	545	700	871	1,085 *
Netherlands [1]	2,564	3,168	3,720	4,413	4,944	5,082	5,427	11,272
Portugal	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Spain [1]	43,676	97,020	190,185	277,814	410,403	508,776	649,076	828,772 *
Sweden [1]	3,951	3,300	3,123	3,148	3,170	3,205	3,080	6,280
United Kingdom [5]	10,504	9,739	17,494	17,979	17,118	33,578	37,945	40,023
EU-15	**278,682**	**376,550**	**515,477**	**702,312**	**908,938**	**1,079,988**	**1,306,576**	**1,863,610**
Iceland [1]	108	123	141	143	154	178	204	241
Norway [1]	835	893	1,049	1,205	1,313	1,427	1,520	1,543
Switzerland [1]	5,060	5,745	6,480	6,535	6,748	6,813	6,846	6,943
EEA-2 and CH	**6,003**	**6,761**	**7,670**	**7,883**	**8,215**	**8,418**	**8,570**	**8,727**
Cyprus	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Malta	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cyprus and Malta	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Czech Republic [1]	6,408	6,405	6,485	6,303	7,035	7,252	7,451	7,656 *
Estonia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Hungary [6]	44,371	46,123	48,366	56,794	68,785	67,390	68,074	68,766 *
Latvia [6]	n.a.	n.a.	26	42	n.a.	37	44	52 *
Lithuania [6]	n.a.	n.a.	n.a.	n.a.	33	46	107	249 *
Poland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Slovak Republic [6]	n.a.	n.a.	n.a.	2,757	1,051	971	1,247	1,711 *
Slovenia [6]	n.a.	n.a.	213	240	199	208	284	396 *
NMS-8	**50,779**	**52,528**	**55,090**	**66,136**	**77,103**	**75,904**	**77,207**	**78,831**
Bulgaria	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Romania [6]	n.a.	189	n.a.	189	190	186	186	186 *
NMS-2	**n.a.**	**189**	**n.a.**	**189**	**190**	**186**	**186**	**186**

Sources: National population statistics, Eurostat, LFS, own calculations and presentation.

1) National Statistics; 2) 2000-01: Eurostat; 2002-07: National Statistics; 3) LFS annual 4) 2004-07: Irish-LFS 4th Qu. (15+);
5) 2000-07: UK-LFS 2th Qu.; 6) Eurostat; e: estimated

[45] Herbert Brücker et al. (2009). European Integration Consortium.

4.2.2. The Fundamental Economic Conditions for Labour Mobility in the Enlarged EU

According to neoclassical labour market economics, in a macro economical level, the basic motive in order someone to migrate to another country are wage differences between countries, while migration of labour force will continue to happen until the wage of the two countries – home and host country - to become the same. In other words through the migration of labour force the income between those two countries ideally tend to converge. Also migration creates consequences in the employment / or unemployment rate. The exchange of labour force between the home and the host country leads to a possible convergence of the employment levels in both countries, even if this variation of employment is not in absolute terms. Furthermore, the reduction in labour supply in the country of emigration will lead to a reduction on the production growth (Λιανός & Νταούλη-Ντεμούση, 1998).

Against this background there are listed below some fundamental macroeconomic factors which characterize the migration conditions in the member states of the EU. All these factors have been taken from the research of the Final Report about Labour Mobility of the European Integration Consortium of 2009 [46] and several data of Eurostat related to the labour market of the EU. As a natural starting point first it is presented the current income gap that exists within the enlarged EU. Moreover, it will be presented the convergence of per capita GDP and wage levels which took place in the course of Eastern enlargement. Then it will be described the labour market conditions in the EU and the NMS and the convergence of employment opportunities.

Regarding the income gap between the EU-15 and the new member states from Central and Eastern Europe measured at purchasing power parity standards (PPS)[47], Eurostat estimates the GNI per capita in the ten new member states from Central and Eastern Europe (NMS-10) at 48 per cent of that in the EU-15 in 2007. The GNI per capita of the eight new member states (NMS-8) which joined the EU in 2004

[46] Herbert Brücker et al. (2009). European Integration Consortium.

[47] The PPS (purchasing power standard) is an artificial currency unit that reflects differences in national price levels that are not taken into account by exchange rates. This unit allows meaningful volume comparisons of economic indicators between countries (Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Purchasing_power_standard_(PPS).

amounted to 53 per cent at PPS in 2007, and that of Bulgaria and Romania to about 34 per cent of that in the EU-15, as the table[48] 4.8 below indicates.

At the same time, as the research team that prepared the study of the European Integration Consortium of 2009 about labour mobility in the enlarged Europe report, purchasing power parity estimates tend to understate monetary incentives for labour mobility, since migrants can consume a part of their earnings in their home countries or remit a part of the income to their families. Consequently, differences in earnings at current exchange rates may affect migration decisions as well. At current exchange rates, the GNI per capita of the NMS-10 amounted to slightly more than one quarter of that in the EU-15 in 2006. The GNI per capita at market prices of the NMS-8 is reported to be at 31 per cent in 2007, and that of the NMS-2 at 17 per cent[49].

[48] Herbert Brücker et al. (2009). European Integration Consortium.

[49] Herbert Brücker et al. (2009). European Integration Consortium.

Table: 4.8 GNI per capita, hourly gross wages and salaries and net migration in the EU, 2007[50]

	GNI per capita at PPS [1]		GNI per capita		hourly gross wages and salaries [2]		net migration [3]	
	in EUR	in % of EU-15	in EUR	in % of EU-15	in EUR	in % of EU-15	in 1000	rate per 1,000
Austria	31,400	114 f	32,400	112 f	16.00	103	29	3.59
Belgium	29,900	108	31,500	109	17.53	120	53	5.12
Denmark	31,400	114	42,500	147	24.23	166	10	1.87
France	27,700	100	29,900	103	17.58	121	90	17.24
Finland	29,600	107	34,000	117	16.46	106	-11	0.18
Germany	29,800	104	29,700	102	16.56	114	28	0.31
Greece	23,800	86	20,000	69	5.71	39	40	3.62
Ireland	31,000	112	36,600	126	17.55	121	69	16.93
Italy	25,100	91	25,700	89	9.86	68	377	6.56
Luxembourg	56,300	204	60,400	208	25.25	173	6	11.81
Netherlands	33,300	121	34,800	120	17.71	122	-26	-1.59
Portugal	17,600	64	14,700	51	6.72	46	26	2.46
Spain	26,200	91	22,800	79	10.88	75	605	14.17
Sweden	31,300	113	37,100	128	17.55	121	51	5.65
United Kingdom	29,400	107	33,400	115	16.84	116	214	3.57
EU-15	**27,600**	**100**	**29,000**	**100**	**14.56**	**100**	**1588**	**4.12**
Cyprus	22,100	80	19,200	66	8.28	57	6	7.26
Malta	18,700	68	12,800	44	7.27	50	1	2.49
CzechRepublic	18,700	68 f	11,500	40 f	3.71	26	35	3.40
Estonia	16,700	61	10,900	38	3.51	24	0	0.12
Hungary	14,800	54	9,300	32	4.16	29	21	2.11
Latvia	13,900	50	8,000	28	2.92	20	-2	-1.06
Lithuania	14,300	52	9,300	32	2.95	20	-5	-1.41
Poland	12,900	47	7,700	27	3.34	23	-38	-0.95
SlovakRepublic	16,400	59	9,800	34	3.42	24	4	0.72
Slovenia	22,000	80	16,300	56	8.31	57	6	3.14
NMS-8	**14,700**	**53**	**9,000**	**31**	**3.85**	**26**	**28**	**0.31**
Bulgaria	9,300	34	3,700	13	1.11	8	-34	-4.35
Romania	9,600	35 f	5400	19 f	1.79	12	-100	-4.61
NMS-2	**9,400**	**34**	**5,000**	**17**	**1.60**	**11**	**-134**	**-4.54**
NMS-10	**13,200**	**48**	**7,800**	**27**	**3.03**	**21**	**-111**	**-1.09**
EU-25	**25,900**	**93**	**25,900**	**89**	**12.74**	**88**	**1478**	**3.02**
EU-27	**24,800**	**89**	**24,600**	**85**	**12.12**	**83**	**1477**	**3.03**
Iceland	32,000	116	46,900	162	n.a.	n.a.	5	n.a.
Norway	45,700	166	60,400	208	26.14	179	24	n.a.
Switzerland	34,700	126	41,500	143	22.59	155	37	n.a.
Albania	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-20	-6.43 4
Bosnia-Herzegovina	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8	2.05 4
Croatia	13,900	50 f	8600	30	n.a.	n.a.	7	1.64
Macedonia	7,300	26 f	2700	9 f	n.a.	n.a.	-1	-0.26
Serbia-Montenegro	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-20	-2.45 4
Turkey	10,500	38 f	6500	22 f	n.a.	n.a.	-3	-0.04
CANDI-6	**10,600**	**38**	**6,500**	**22**	**n.a.**	**n.a.**	**-28**	**-0.36**

1) Purchasing power parity standards (Eurostat estimate).
2) 2006: Hourly labour cost according to Eurostat.
3) 2005.
4) 2005 (World Development Indicators, 2007).

f) forecast.

Sources: GNI and hourly labour costs: Eurostat, net migration: Eurostat, supplemented by WDI. Own calculations and presentation.

[50] Herbert Brücker et al. (2009). European Integration Consortium.

Similar is apparently the variety of GDP per capita levels between the EU-15 and EU-27. Although they differ, there is strong evidence that during the last years and after the enlargement GDP per capita levels between EU countries have began to converge. More specifically, according to Eurostat data[51] the GDP per capita for 2005 in the member states ranged from 48% to 251% of the EU25 average. GDP per capita in Luxembourg, expressed in terms of purchasing power standards (PPS), was more than twice the EU25 average in 2005, while Ireland was about 40% above the average.

Figure: 4.6 GDP per capita in PPS, EU25=100

	2003	2004	2005
EU25	100	100	100
EU25 excl. RO	98	98	98
Euro area	107	108	108
Euro area excl. SI	107	108	108
Belgium	119	119	118
Czech Republic	71	72	74
Denmark	120	120	122
Germany	112	111	110
Estonia	61	63	60
Greece[e]	83	81	84
Spain	97	97	98
France	108	108	108
Ireland	134	136	139
Italy	102	103	100
Cyprus	85	88	89
Latvia	47	44	48
Lithuania	47	49	52
Luxembourg	237	241	251
Hungary	61	61	63
Malta	74	71	70
Netherlands	124	126	126
Austria	123	123	123
Poland	47	49	50
Portugal	73	72	71
Slovenia	77	80	82
Slovakia	53	54	57
Finland	109	111	111
Sweden	116	116	116
United Kingdom	116	116	117
Bulgaria	31	32	33
Romania	30	33	34
Croatia	46	47	48
Former Yugoslav Republic of Macedonia	25	25	26
Turkey	26	27	28
Iceland	119	124	129
Norway	149	156	169
Switzerland	130	129	129
USA	146	148	150
Japan	108	108	110

The Netherlands, Austria, Denmark, Belgium, the United Kingdom and Sweden were between approximately 15% and 25% above the average. Finland, Germany and France recorded figures about 10% above the EU25 average, while Italy and Spain were around the average. Cyprus was about 10% below the EU25 average, while Greece and Slovenia were around 20% below. The Czech Republic, Portugal and Malta were around 30% below the EU25 average, while Hungary, Estonia and Slovakia were about 40% below. Lithuania, Poland and Latvia were around half of the EU25 average.

[51] Eurostat, News Release, STAT/06/166, 18 December 2006. Eurostat Press Office, Luxembourg.

As figure 4.6 shows, during the period 2003 – 2005 the GDP per capita levels in PPS between the old and the new member states of EU have started to converge with the most of the old members to eliminate the gap and only a few of them to enlarge it (e.g. Luxembourg - from 237 in 2003 to 251 in 2005, or Finland from 109 in 2003 to 111 in 2005) and definitely with all the NMS-8 and NMS-2 to have increased their GDP per capita levels.

More recent data of Eurostat[52] show that the convergence of GDP per capita in PPS between EU countries - albeit slowly - continues to happen. More specifically, the GDP per inhabitant in Finland, France, Spain, Italy, Cyprus and Greece, was within 10% of the EU27 average. Ireland, the Netherlands, Austria, Sweden, Denmark, the United Kingdom, Germany and Belgium were between 15% and 35% above the average, while the highest level of GDP per inhabitant in the EU27 was recorded in Luxembourg. Slovenia, the Czech Republic, Malta, Portugal and Slovakia were between 10% and 30% lower than the EU27 average. Hungary, Estonia, Poland and Lithuania were between 30% and 50% lower, while Latvia, Romania and Bulgaria were between 50% and 60% below the EU27 average.

Figure: 4.7 GDP per inhabitant in PPS, 2009, (EU27=100)

Luxembourg[3]	268	Portugal	78
Ireland	131	Slovakia	72
Netherlands	130	Hungary	63
Austria	124	Estonia	62
Sweden	120	Poland	61
Denmark	117	Lithuania	53
United Kingdom	117	Latvia	49
Germany	116	Romania	45
Belgium	115	Bulgaria	41
Finland	110	Croatia	64
France	107	Turkey	46
Spain	103	former Yugoslav Republic of Macedonia	35
Italy	102	Norway	177
EU27	100	Switzerland	144
Cyprus	98	Iceland	120
Greece	95	Montenegro[4]	43
Slovenia	86	Serbia	37
Czech Republic	80	Bosnia and Herzegovina	30
Malta	78	Albania	27

Source: Eurostat, News Release, 91/2010, 21 June 2010.

[52] Eurostat, News Release, 91/2010, 21 June 2010. Eurostat Press Office, Luxembourg.

Furthermore, it must be noted the fact that apart from the gap that exists in the GNI per capita and GDP per capita, the wage gap seems to be even larger. Increasing labor mobility across the EU and the growing weight of remittances from abroad in households' income seems to have triggered a faster nominal convergence in wages and prices, in comparison to real prices. The report of European Foundation for the Improvement of Living and Working Conditions of 2008, entitled "Pay developments – 2007"[53] considering the pay trends in Europe in 2006 and 2007, found that average collectively-agreed nominal wage increases across the EU rose from 5.6% in 2006 to 7% in 2007. However, taking into account rising inflation, the rate of real increase fell from 2.7% in 2006 to 2.3% in 2007.

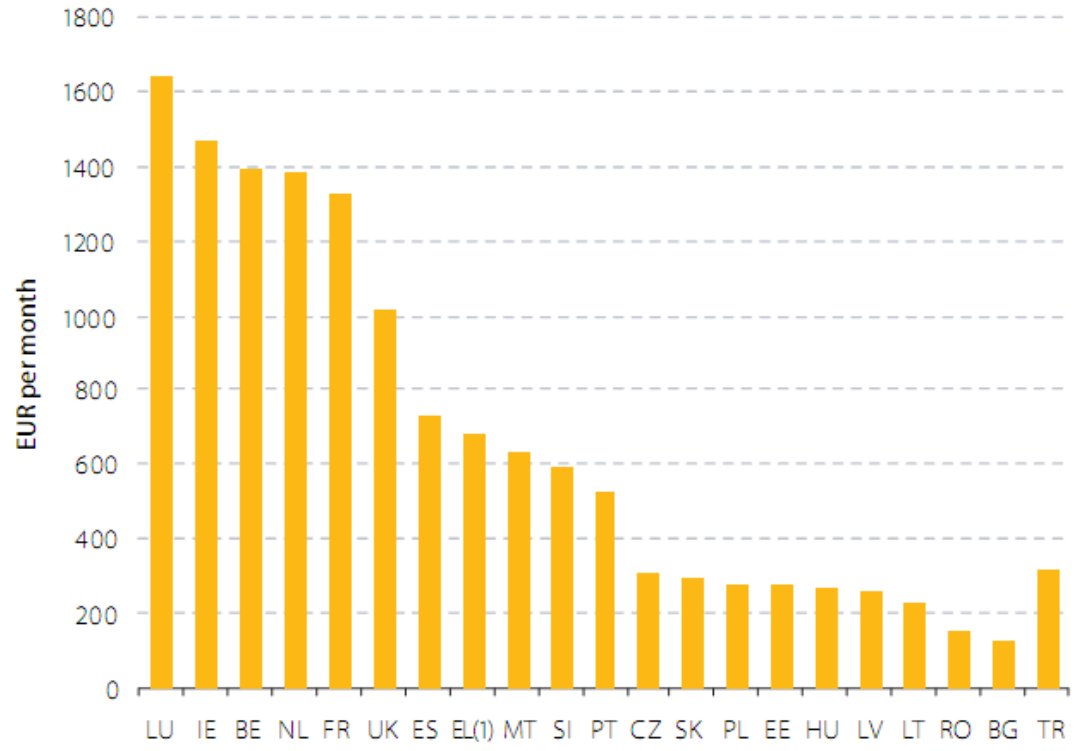
As far as it may concern the NMS-10, the same report indicated that in 2002, the average real pay increase in the NMS-10 was 4.7 times higher than in the EU15. This ratio fell to 2.9 in 2003 and 1.4 in 2004, which might have been seen as indicating a degree of convergence around the EU enlargement of that year, but it then rose steeply to 5.8 in 2005, 6.3 in 2006 and 20.5 in 2007 (including Bulgaria and Romania among the NMS has relatively little effect on the figures). In 2006, the pay-rise differential between the old and new EU was more than twice as large in real terms as it was in nominal terms, and in 2007 it was more than five times as large, reaffirming that there is increasingly a 'two-speed' Europe in terms of wage trends[54].

One appropriate indicator which can reflect to some degree the price levels for wages in each economy is the minimum wage. Minimum wages vary considerably between EU countries, especially those of the more developed countries in comparison to those of the new member states. The graph below shows clearly this difference concerning the minimum wages in PPS for 2009, with the differences between the level of wages in EU-15 and NMS to be approximately even 6 times larger.

[53] Foundation for the Improvement of Living and Working Conditions, 2008, Pay developments - 2007. Available at: http://www.eurofound.europa.eu/eiro/studies/tn0804019s/tn0804019s.htm

[54] Eurostat, News Release, 91/2010, 21 June 2010.

Figure: 4.8 Monthly Minimum Wages, 2009



Notes: Data refer to 1st January. (1) Data refer to July 2008.

Source: Eurostat (earn_minw_cur)

Source: Eurostat, Pocketbooks, Labour market statistics, 2009 edition.

The labour market conditions, as far as it may concern the unemployment rates between the EU-15 and the new member states, have also converged during the last years. According to the forecasted data of Eurostat[55] unemployment rates both in the NMS-8 and the NMS-2 match the average unemployment rates in the EU-15. More specifically, as the table below indicates, the forecasted total unemployment rate of 2009 for EU-27 is 8.9 (%) and the corresponding for EU-16 is 9.4 (%). In the long term unemployment rates are formed at 3.0 (%) and 3.4 (%) respectively, which undoubtedly indicates the convergence of prices level and of employment

[55] Eurostat, Statistics in Focus, 12/2012, Population and Social Conditions: Labour markets in the EU-27 still in crisis: Latest Labour Market Trends – 2009Q3 data, by Nicola Massarelli, European Union 2010.

opportunities, although it has to be mentioned that imbalances in unemployment rates between specific countries exist.

Table 4.9: Unemployment and unemployment rates, by country and sex, 2008 - 2009[56]

15-74 years	Unemployment (1000)			Unemployment rates (%)								
				2009Q3					2008Q3			
	Total	Confidence limits	Long-term	Men and women			Men	Women	Men and women		Men	Women
				Total		Long-term			Total	Long-term		
EU-27	**21,411**	**± 235**	**7,188**	**8.9**	**± 0.1**	**3.0**	**9.0**	**8.9**	**6.8**	**2.4**	**6.3**	**7.4**
EA-16	**14,811**	**± 184**	**5,269**	**9.4**	**± 0.1**	**3.4**	**9.1**	**9.7**	**7.3**	**2.8**	**6.6**	**8.1**
Belgium	394	± 29	178	8.2	± 0.6	3.8	7.8	8.8	7.7	3.4	7.2	8.4
Bulgaria	234	± 20	98	6.7	± 0.6	2.8	6.8	6.5	5.1	2.7	5.0	5.3
Czech Republic	397	± 20	109	7.3	± 0.4	2.0	8.4	6.5	4.3	2.1	3.3	5.6
Denmark	180	± 14	15	6.1	± 0.5	0.5	6.8	5.4	3.4	0.3	2.9	4.0
Germany	3,268	± 92	1,472	7.8	± 0.2	3.5	8.1	7.4	7.1	3.7	6.8	7.5
Estonia	102	± 13	29	14.8	± 1.8	4.1	17.0	12.2	6.2	1.8	6.6	5.8
Ireland	278	± 13	78	12.8	± 0.6	3.5	15.8	8.9	6.9	1.7	7.8	5.8
Greece	485	± 23	191	9.3	± 0.4	3.8	8.8	13.1	7.2	3.8	4.7	10.8
Spain	4,123	± 95	1,018	17.9	± 0.4	4.4	17.8	18.2	11.3	2.0	10.3	12.7
France	2,548	± 95	920	9.0	± 0.3	3.2	8.8	9.4	7.3	2.8	6.7	7.8
Italy	1,814	± 63	815	7.3	± 0.2	3.3	6.5	8.8	6.1	2.8	4.9	7.9
Cyprus	22	± 3	2	5.5	± 0.7	0.4	5.4	5.8	3.8	0.5	3.1	4.3
Latvia	215	± 19	57	18.4	± 1.4	4.9	21.2	15.5	7.2	1.9	7.4	8.9
Lithuania	228	± 20	53	13.8	± 1.1	3.2	17.4	10.3	8.0	1.3	8.0	5.9
Luxembourg	10	± 2	(2)	4.4	± 0.8	(0.9)	3.7	5.3	5.5	(1.1)	5.1	6.2
Hungary	438	± 20	179	10.3	± 0.5	4.2	10.5	10.1	7.7	3.7	7.4	8.0
Malta	12	± 2	5	6.9	± 0.9	3.1	6.7	7.2	5.7	2.2	5.7	5.9
Netherlands	308	± 14	73	3.5	± 0.2	0.8	3.4	3.5	2.5	0.9	2.3	2.7
Austria	222	± 16	43	5.1	± 0.4	1.0	5.2	5.1	3.7	0.9	3.4	4.1
Poland	1,404	± 89	458	8.1	± 0.5	2.8	7.8	8.8	6.8	2.2	5.7	7.8
Portugal	548	± 33	241	10.0	± 0.6	4.3	9.3	10.8	7.8	3.8	6.8	9.2
Romania	899	± 69	228	6.8	± 0.7	2.2	7.8	5.9	5.4	2.2	6.1	4.5
Slovenia	85	± 7	18	8.2	± 0.7	1.7	8.3	8.1	4.1	1.8	3.9	4.3
Slovakia	339	± 18	178	12.5	± 1.0	6.8	11.9	13.3	8.9	5.8	7.7	10.4
Finland	202	± 8	40	7.5	± 0.3	1.5	7.7	7.4	5.8	1.1	5.0	6.2
Sweden	399	± 12	58	8.1	± 0.2	1.1	8.4	7.7	5.7	0.8	5.3	6.1
United Kingdom	2,515	± 80	823	8.0	± 0.3	2.0	9.1	6.7	6.1	1.4	6.5	5.5
Croatia	153	± 19	89	8.7	± 0.9	5.0	8.3	9.2	7.0	4.4	5.9	8.3
Turkey	3,050	± 77	781	12.2	± 0.4	3.0	11.9	13.0	8.7	2.1	8.5	9.3
Iceland	11	± 1	:	8.0	± 0.8	:	8.5	5.4	2.5	:	2.5	2.5
Norway	82	± 8	11	3.2	± 0.3	0.4	3.5	2.8	2.5	0.3	2.8	2.4
Switzerland	:	:	:	:	:	:	:	:	3.4	1.1	2.8	4.0

Source: Eurostat, EU-LFS (lfsq_urgan, lfsq_ugaed)

[56] Herbert Brücker et al. (2009). European Integration Consortium.

As a brief conclusion, one might say that reducing regional differences in terms of income, wealth and unemployment, EU envisage that by diminishing the labour force and mobility in depressed areas of the EU and increasing it in flourishing regions would make a difference in the aim of an even economic development across Europe. But what reality indicates is that EU of 27 looks different in what concerns the levels of income, wealth and unemployment, with the convergence of prices to constitute a long-term process.

Closing, it should be noted that beyond migration, other dimensions of economic integration such as capital mobility from the old to the new member states and the increasing trade between the old and the new EU member states have certainly contributed to the convergence of prices, but such an analysis is beyond the remit of this paper.

4.2.3. The Macroeconomic Impact of Eastern enlargement on the EU-25

Apart from analysing only the migration flows, or the convergence or not of the level of prices among the EU countries following EU enlargement, a study that concerns labour mobility has to be focused on estimating the potential macroeconomic consequences - economic costs and benefits of labour migration – for the EU-15, the EU-10 and for the EU-25 as a whole. Neoclassical economic theory suggests that migration is beneficial for everyone, when assuming a labour shortage in the host countries and excess labour in the sending countries. According to these theories, immigration eliminates the scarcity of labour in the host country, reduces possible inflationary pressure from wage growth in receiving countries and leads to a better use of productive capital. At the same time, the home country also benefits from a removal of unemployment and through the receipt of workers' remittances, and migrants themselves benefit through higher wages[57].

But is the picture really as positive as suggested by neoclassical economics? The research team that prepared the study of the European Integration Consortium of

[57] Heinz F. F. and Ward-Warmedinger M. (2006). Cross-border Labour Mobility within an Enlarged EU, Occasional Paper Series, No. 52, European Central Bank. Available at: http://www.ecb.int/pub/pdf/scpops/ecbocp52.pdf

2009[58] about the macroeconomic consequences of labour mobility in the enlarged Europe during the period 2004 - 2007 reports the following: according to table 4.10, immigration from the NMS-8 to the EU-15 increases the GDP of the enlarged EU in the short-run by about 0.11 per cent and in the long-run, after the adjustment of capital stocks, by about 0.20 per cent. Also, while the GDP in the EU-15 increased by about 0.26 per cent it fell in the NMS-8 by about 1.10 per cent in the long-run something that is not surprising since the first group of countries received additional labour and after the adjustment of capital stocks, additional capital. The reverse holds for the sending countries. As far as it may concern the GDP per capita, it tends to rise in the receiving countries. More precisely, the GDP per capita tends to increase in the sending countries about 0.65 per cent in the short-term, while it remains largely constant in the receiving countries. What seems to be more important is that the total gross factor income of natives in the receiving countries increases in the long-run, about 0.10 per cent and about 0.05 per cent for the sending countries while also in total. About the unemployment rate, it declines in the sending countries as a natural consequence of the outflow of labour. The same holds true for the entire EU since migrants tend to move out of countries or regions with an unemployment rate at or above the average level of the enlarged EU and move to countries having unemployment rates below the EU average. Finally, migration seems to affect aggregate wages only in the short-run. At the average of the EU-15, wages decline slightly by about 0.1 per cent, but increase in the sending countries by about 0.3 per cent in the short-run.

In relation to the macroeconomic impacts of the migration from the NMS-2 during the same period, it had its difficulties. The research team contrasted the Eastern enlargement migration flows with a no EU enlargement counterfactual here, since the NMS-2 joined the EU not before 2007. The results revealed almost the same situation compared to the NMS-8, as far as it may concern the migration effects, based on the same macroeconomic values.

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[58] European Integration Consortium, Nuremberg 2009, "Labour mobility within the EU in the context of enlargement and the functioning of the transitional arrangements: The macroeconomic consequences of labour mobility", by Timo Baas, Herbert Brücker, Andreas Hauptmann and Elke J. Jahn.

To sum up, reality showed that in the long-run there are positive migration impacts concerning GDP, GDP per capita and factor income indexes, while the possible side effects of migration – unemployment and decrease on aggregate wages – seemed not to affect negatively, but rather neutrally the evolution of the migration process.

Table: 4.10 The macroeconomic impact of migration from the NMS-8, 2004-2007[59]

	Change of labour	GDP		GDP per capita		Factor income per native		Unemployment		Wages	
		Short-run	Long-run	Short-run	Long-run	Short-run	Long-run	Short-run	Long-run	Short-run	Long-run
		Changes in per cent (unemployment rate: changes in percentage points)									
AT	0.42	0.31	0.34	0.00	0.02	0.12	0.15	0.02	0.02	-0.02	0.00
BE	0.22	0.11	0.17	-0.08	-0.02	0.01	0.07	0.07	0.05	-0.04	0.00
DE	0.10	0.04	0.10	-0.03	0.02	-0.01	0.04	0.03	0.01	-0.03	0.00
DK	0.23	0.13	0.20	-0.08	-0.01	0.00	0.07	0.02	0.00	-0.05	0.00
ES	0.19	0.03	0.11	-0.08	-0.01	-0.04	0.04	0.05	0.02	-0.04	0.00
FI	0.09	0.03	0.08	-0.06	-0.01	-0.02	0.04	0.03	0.01	-0.03	0.00
FR	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GR	-0.01	0.00	-0.01	0.01	0.00	0.00	-0.01	0.00	0.00	0.00	0.00
IE	4.87	0.80	2.93	-2.07	-0.02	-0.77	1.31	0.87	0.37	-1.61	0.00
IT	0.11	0.04	0.08	-0.03	0.01	0.00	0.04	0.02	0.01	-0.03	0.00
LU	1.00	0.81	1.13	0.23	0.55	0.34	0.65	0.12	0.05	-0.25	0.00
NL	0.14	0.09	0.12	-0.03	-0.01	0.02	0.04	0.02	0.01	-0.02	0.00
SE	0.38	0.25	0.33	-0.01	0.07	0.05	0.12	0.05	0.03	-0.06	0.00
UK	1.28	0.50	0.89	-0.28	0.10	-0.05	0.34	0.21	0.11	-0.29	0.00
CZ	-0.08	-0.07	-0.11	0.01	-0.03	0.01	-0.03	-0.02	0.00	0.03	0.00
EE	-0.21	-0.09	-0.19	0.12	0.02	0.12	0.02	-0.04	0.00	0.06	0.00
HU	-0.44	-0.34	-0.49	0.10	-0.04	0.10	-0.04	-0.04	0.00	0.11	0.00
LT	-1.14	-0.55	-1.15	0.61	-0.01	0.61	-0.01	-0.32	-0.01	0.31	0.00
LV	-0.43	-0.26	-0.46	0.17	-0.03	0.17	-0.03	-0.09	0.00	0.12	0.00
PL	-1.77	-0.88	-1.94	0.90	-0.18	0.90	-0.18	-0.59	0.03	0.43	0.00
SI	0.26	0.15	0.21	-0.10	-0.05	-0.10	-0.05	0.02	0.00	-0.04	0.00
SK	-1.34	-0.53	-1.51	0.82	-0.18	0.82	-0.18	-0.55	0.00	0.43	0.00
EU-15[1)]	**0.36**	**0.13**	**0.26**	**-0.09**	**0.03**	**-0.02**	**0.10**	**0.06**	**0.02**	**-0.09**	**0.00**
NMS-8	**-1.16**	**-0.52**	**-1.10**	**0.65**	**0.05**	**0.65**	**0.05**	**-0.42**	**-0.02**	**0.25**	**0.00**
Total	**0.11**	**0.11**	**0.20**	**0.11**	**0.20**	**0.16**	**0.25**	**-0.03**	**0.00**	**-0.07**	**0.00**

1) Without Portugal.

Source: Own estimates and simulation, see text.

[59] Timo Baas et al. (2009). European Integration Consortium.

5. THE CASE OF THE U.S.A.

It is widely known that the population of the United States is a highly mobile. This indicate surveys that have been conducted approximately the last four decades in the U.S.. Borjas et al. (1990), note that since the 1960s, approximately three percent of the population moves across state lines in any given year, and 10 percent of the population moves across state lines in a five-year period, stressing that extensive internal mobility implies that migration has become an increasingly important source of demographic change in the various regions and a major determinant of concurrent changes in regional economic growth of the U.S.. And so this economic growth became a reality in the United States, as during the 1970's the U.S. economy created more than 20 million jobs[60] and the movement of employment away from the goods-producing sector into the service-producing sector was accelerated.

5.1. Domestic/Internal Geographical Mobility in the U.S.

Movement of people from one location to another at any geographic scale affects both the origin and the destination locations. When the rate of natural increase is low, an increasing share of population change may be attributed to migration, whether domestic or international. Domestic (or internal) migration is the movement of people within national boundaries, whereas international migration refers to movement across those boundaries.

Geographic mobility has long been an important aspect of American life, affecting both people and geographic areas. At an individual level, moving has a number of potential impacts, such as expanding economic opportunity or increasing residential satisfaction. The movement of people is a key demographic factor for any area's population trends, and can change its demographic and socioeconomic composition. Finally, a federal state as this of the U.S.A., as well as private industry, need to understand who moves and why when planning for needed services, facilities, and businesses.

[60] Norwood, J. L. (1983). "Labor market contrasts: United States and Europe". Monthly Labor Review.

The U.S. Census Bureau, which operates as the leading source of quality data about the U.S.A. nation's people and economy, conducts every year surveys related to the issue of geographical mobility/migration of the US. According to the report of 2004[61] between the period 2002 – 2003, 40.1 million United States residents moved, fewer than the 41 million who moved between 2001 and 2002, as the table below demonstrates. Similarly, moving rates have declined slightly over the past decade, from 17 percent in 1994 to 14 percent in 2003.

Table: 5.1 Annual Moving Rates by Type of Move: 1993 to 2003[62]

Mobility period	Total, 1 year and older	Same residence (non-movers)	Total movers		Percent moved				
			Number	90-percent confidence interval (±)[1]	Total	Same county	Different county		From abroad
							Same state	Different state	
2002-2003	282,556	242,463	40,093	608	14.2	8.3	2.7	2.7	0.5
2001-2002	278,160	237,049	41,111	614	14.8	8.5	2.9	2.8	0.6
2000-2001*	275,611	235,726	39,885	606	14.5	8.2	2.8	2.8	0.6
2000-2001**	275,611	236,605	39,006	838	14.2	8.0	2.7	2.8	0.6
2000-2001***	272,671	234,029	38,642	835	14.2	8.0	2.8	2.8	0.6
1999-2000	270,219	226,831	43,388	876	16.1	9.0	3.3	3.1	0.6
1998-1999	267,933	225,297	42,636	870	15.9	9.4	3.1	2.8	0.5
1997-1998	265,209	222,702	42,507	869	16.0	10.2	3.0	2.4	0.5
1996-1997	262,976	219,585	43,391	873	16.5	10.5	3.0	2.4	0.5
1995-1996	260,406	217,868	42,537	866	16.3	10.3	3.1	2.5	0.5
1994-1995[2]	258,248	215,931	42,317	830	16.4	10.8	3.1	2.2	0.3
1993-1994	255,774	212,939	42,835	834	16.7	10.4	3.2	2.6	0.5

* Using 2000-census-based population controls and an expanded sample. See Source of Data for more information.
** Using 2000-census based-population controls. See Source of Data for more information.
*** Using 1990-census-based population controls. See Source of Data for more information.

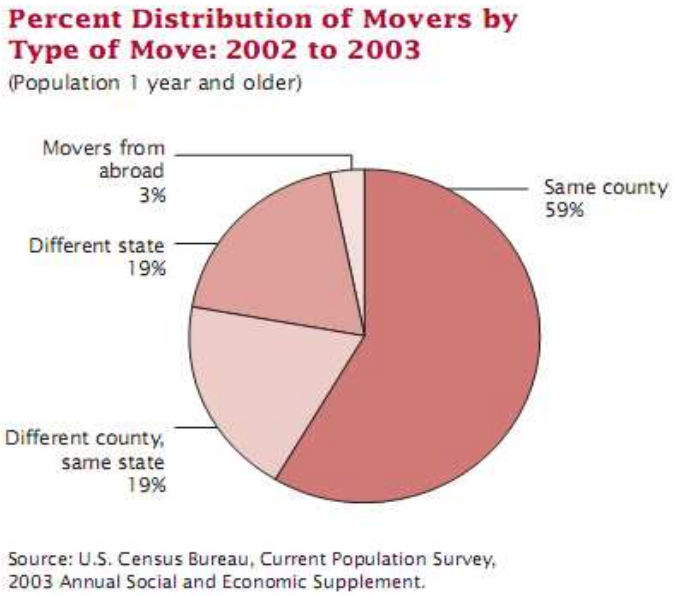
[1]This number, when added to and subtracted from the total number of movers, yields the 90-percent confidence interval around the estimate.
[2]The primary mobility question in the 1995 survey asked about residence 5 years earlier, not 1 year earlier as in the other survey years. An additional question was asked about residence 1 year earlier, but the resulting 1-year data for the 1994-95 period are not totally comparable with the data for other years.

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 1994-2003.

[61] U.S. Department of Commerce Economics and Statistics Administration (U.S. CENSUS BUREAU), March 2004, Geographical Mobility: 2002 to 2003 Population Characteristics, Current Population Reports, by Jason P. Schachter.

[62] U.S. Department of Commerce Economics and Statistics Administration (U.S. CENSUS BUREAU), March 2004.

Figure: 5.1 Percent Distribution of Movers by Type of Move: 2002 to 2003



According to the same report, in 2003, 59 percent of all moves were within the same county, while 19 percent were to a different county within the same state, 19 percent were to a different state, and 3 percent were from abroad, but previous similar studies, as this of 1994, showed that 62 percent were within the same county and just 16 percent of all moves crossed state boundaries. This indicates an increase in levels of migration flows between states through the 2000's in comparison to the previous decade.

Furthermore, in the United States, according to Census data of the total period from 1990 until 2004 and the respective report of 2006[63], over 22 million people were domestic migrants who changed their state of residence between 1995 and 2000. Of these domestic migrants, approximately half relocated to a state in a different region. This movement did not affect all states equally, however inmigration (migration into an area during a given period) and outmigration (migration out of an area during a given period) levels varied widely, with markedly uneven results across the country.

The report indicates that the American South remained the primary destination for migrants within the United States, with average net inmigration of 353,000 annually (a rate of 3.4 per 1,000) between 2000 and 2004. But while these were the highest figures of any region, they reflect a modest decline from even higher migration figures for the 1990s, when net inmigration averaged 380,000 per year (a rate of 4.1 per 1,000). This decline was due entirely to steep declines in net inmigration for the East and West South Central divisions. As far as it may concern the Northeast, it

[63] U.S. Department of Commerce Economics and Statistics Administration (U.S. CENSUS BUREAU), April 2006, Domestic Net Migration in the United States: 2000 to 2004 Population Estimates and Projections, Current Population Report, by Marc J. Perry.

continued to experience net outmigration between 2000 and 2004, but at lower levels than during the 1990s.

Table: 5.2 Total and Average Annual Domestic Net Migration for Regions and Divisions: 1990–2000 and 2000–2004[64]

(Rates per 1,000 midpoint population)

Region/division	Total number		Average annual number		Average annual rate	
	1990–2000	2000–2004	1990–2000	2000–2004	1990–2000	2000–2004
Northeast	**–3,144,570**	**–987,262**	**–314,457**	**–246,816**	**–6.1**	**–4.6**
New England	–495,961	–113,536	–49,596	–28,384	–3.7	–2.0
Middle Atlantic	–2,648,609	–873,726	–264,861	–218,432	–7.0	–5.5
Midwest	**–730,087**	**–644,792**	**–73,009**	**–161,198**	**–1.2**	**–2.5**
East North Central	–844,723	–533,163	–84,472	–133,291	–1.9	–2.9
West North Central	114,636	–111,629	11,464	–27,907	0.6	–1.4
South	**3,801,093**	**1,411,172**	**380,109**	**352,793**	**4.1**	**3.4**
South Atlantic	2,538,633	1,250,540	253,863	312,635	5.4	5.8
East South Central	629,824	78,435	62,982	19,609	3.9	1.1
West South Central	632,636	82,197	63,264	20,549	2.2	0.6
West	**73,564**	**220,882**	**7,356**	**55,221**	**0.1**	**0.8**
Mountain	1,804,226	523,235	180,423	130,809	11.6	6.9
Pacific	–1,730,662	–302,353	–173,066	–75,588	–4.1	–1.6

Source: U.S. Census Bureau, Population Estimates Program, 2004. For additional information, see <www.census.gov/popest/counties/CO-EST2004-04.html> and <www.census.gov/popest/eval-estimates/county/c8/county-2000c8.html>.

5.2. Levels of Labour Mobility in the U.S.

Why do people move? Most social scientists agree that there are a combination of economic and noneconomic reasons for moving that vary depending on the time period and the age of the movers. From a relevant scientific research that was conducted by the U.S. Census Bureau[65] for the period 1999 – 2000, the following results are revealed.

[64] U.S. Department of Commerce Economics and Statistics Administration (U.S. CENSUS BUREAU), April 2006.

[65] U.S. Department of Commerce Economics and Statistics Administration (U.S. CENSUS BUREAU), May 2001, Why People Move: Exploring the March 2000 Current Population Survey: Special Studies, March 1999 to March 2000, Current Population Report, by Jason Schachter.

Table: 5.3 Reason for Moving: March 1997-1998, March 1998-1999, and March 1999-2001[66]

(Movers within the United States, age 1 and older)

Reason for moving	Number (in thousands)			Percent distribution by reason		
	1999-2000	1998-1999	1997-1998	1999-2000	1998-1999	1997-1998
Total movers	**41,642**	**41,207**	**41,304**	**100.0**	**100.0**	**100.0**
Family-related reasons	**10,969**	**10,537**	**11,136**	**26.3**	**25.6**	**27.0**
Change in marital status	2,586	2,689	3,002	6.2	6.5	7.3
To establish own household	3,082	3,213	3,401	7.4	7.8	8.2
Other family reason	5,301	4,635	4,733	12.7	11.3	11.5
Work-related reasons	**6,725**	**6,602**	**7,080**	**16.2**	**16.0**	**17.1**
New job/job transfer	4,052	3,773	4,076	9.7	9.2	9.9
To look for work/lost job	540	542	677	1.3	1.3	1.6
Closer to work/easier commute	1,462	1,319	1,468	3.5	3.2	3.6
Retired	181	230	241	0.4	0.6	0.6
Other job-related reason	488	739	618	1.2	1.8	1.5
Housing-related reasons	**21,471**	**21,027**	**19,173**	**51.6**	**51.0**	**46.4**
Wanted to own home/not rent	4,776	3,329	3,868	11.5	8.1	9.4
New/better house/apartment	7,685	8,839	7,936	18.5	21.4	19.2
Better neighborhood/less crime	1,846	1,632	1,986	4.4	4.0	4.8
Cheaper housing	2,303	2536	448	5.5	6.2	1.1
Other housing reason	4,862	4,692	4,935	11.7	11.4	11.9
Other reasons	**2,478**	**3,041**	**3,915**	**6.0**	**7.4**	**9.5**
Attend/leave college	944	748	719	2.3	1.8	1.7
Change of climate	306	325	303	0.7	0.8	0.7
Health reasons	464	460	234	1.1	1.1	0.6
Other reason	765	1,508	2,660	1.8	3.7	6.4

[1]See text concerning changes in the survey instrument between March 1998 and March 2000.

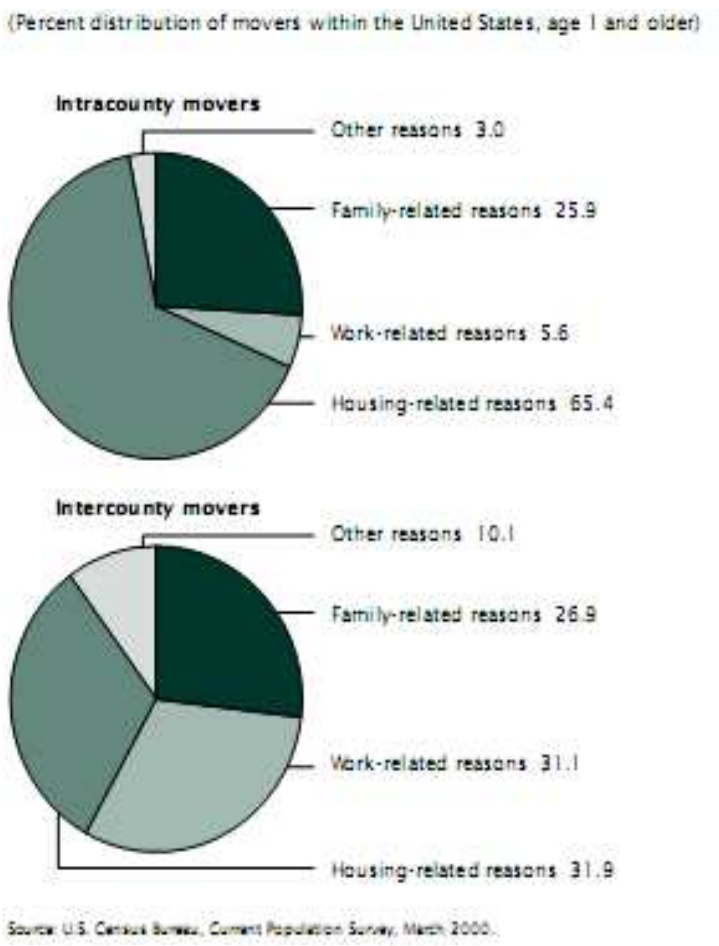
Source: U.S. Census Bureau, Current Population Survey, March 1998, March 1999, and March 2000.

As shown in Table 5.3, between March 1999 and March 2000, the highest percentage of people moved for housing-related reasons (52 percent), followed by family (26 percent) and work-related reasons (16 percent). Within these major categories, most moved for a "new/better house/apartment" (19 percent), followed by "other family" reasons (13 percent), "other housing" reasons and "to own home/not rent" (12 percent), and then by a "new job/job transfer"(10 percent). These results are very similar to those found in the respective surveys of 1998 and 1999. Rankings were the same among the four major groupings, (1) housing, (2) family, (3) work, (4) other, and no more than 5 percentage points separated results for any of the 3 years. Among the more detailed response categories, except for "cheaper housing" and other "other" reasons, no more than 2 percentage points separated any of the 1998 and 2000 results, as the table above shows.

[66] U.S. Department of Commerce Economics and Statistics Administration (U.S. CENSUS BUREAU), April 2006.

So it is obvious that the factor “work-related” reason is not one of the main reasons that the Americans decide to move. But another finding related to labour mobility is that work-related reasons seem more likely to be the incentive for long-distance moves - moves across county boundaries - (intercounty), while short distance moves – moves within a county - (intracounty) are more likely to be made for housing-related reasons. More specifically, the figure below shows that between

Figure: 5.2 Reason for Moving by Type of Move: March 1999 - 2000



March 1999 and March 2000, the proportion of moves made for family-related reasons was about the same for intra- and intercounty moves, but there were dramatic differences for housing- and work-related moves. Only 6 percent of intracounty movers cited a work-related reason, compared with 31 percent of intercounty movers. More than two-thirds of work-related, long-distance movers moved for a new job or job transfer. Conversely, 65 percent of intracounty movers cited a housing-related reason, compared with just 32 percent of the intercounty movers. Among housing reasons, the largest percentage-point differential between short- and long-distance movers was for those moving to live in a new or better house or apartment (24 percent to 10 percent).

A second finding concerning mobility for work-related reasons, is that educational levels are related to why people move, with the highly educated to be more likely to

move for employment-related reasons. The data in the table below, confirm that the greater one's education, the greater the likelihood that one moved for work-related reasons. Additionally, increases in education decrease the likelihood that one moved for family-related reasons. More specifically, in 2000, only 14 percent of

Table: 5.4 Reason for Moving by Educational Attainment and Type of Move: March 1999-2000[67]

(Movers within the United States, age 18 and older)

Reason for moving[1]	Total	Less than high school education	High school graduate	Some college	Associate degree	Bachelor's	Master's/ professional/ doctorate
Total movers (thousands)	30,353	5,085	9,564	6,571	2,126	5,144	1,863
Percent of total movers	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family-related reasons	26.5	27.4	30.8	25.9	25.8	21.5	18.3
Other family reason	11.7	15.7	13.9	10.5	10.5	7.5	6.7
Work-related reasons	16.4	9.7	13.9	14.4	19.6	24.8	28.0
New job/job transfer	9.7	4.0	7.1	8.7	10.7	17.4	20.4
To look for work/lost job	1.4	2.4	1.5	0.8	1.9	0.9	0.5
Housing-related reasons	50.1	57.7	48.9	49.7	49.5	46.5	46.8
Other reasons	7.1	5.3	6.4	10.1	5.1	7.3	6.9
Intracounty movers	17,493	3,297	5,734	3,879	1,178	2,533	872
Percent of intracounty movers	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family-related reasons	26.5	24.5	30.4	27.8	23.6	21.2	21.3
Other family reason	9.6	12.1	11.6	8.9	7.0	5.3	6.6
Work-related reasons	6.0	5.2	6.2	4.6	8.4	7.1	6.8
New job/job transfer	1.5	1.2	1.6	1.5	2.1	1.4	1.3
To look for work/lost job	0.5	1.5	0.5	0.3	0.2	0.1	0.0
Housing-related reasons	64.0	67.0	60.0	62.7	65.1	68.9	70.2
Other reasons	3.6	3.4	3.5	5.0	2.9	2.8	1.8
Intercounty movers	12,860	1,788	3,829	2,691	948	2,611	992
Percent of intercounty movers	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Family-related reasons	26.4	32.8	31.3	23.1	28.6	21.7	15.7
Other family reason	14.5	22.3	17.4	12.7	14.7	9.7	6.7
Work-related reasons	30.7	17.9	25.4	28.6	33.6	42.0	46.7
New job/job transfer	20.9	9.1	15.3	19.0	21.3	32.9	37.2
To look for work/lost job	2.5	4.2	2.9	1.5	4.1	1.7	1.0
Housing-related reasons	31.1	40.6	32.5	30.9	30.2	24.7	26.3
Other reasons	11.9	8.7	10.8	17.4	7.7	11.6	11.4

[1]Complete reasons for moving data available in table package. See section entitled "More information."

Source: U.S. Census Bureau, Current Population Survey, March 2000.

high school graduates moved for work-related reasons, compared with 25 percent of those with a bachelor's degree and 28 percent of those with a masters degree or higher. Most of this difference comes from those starting a new job, for instance, 7 percent of high school graduates compared with 17 percent of those with bachelor's degrees. Similarly, 31 percent of those with a high school education moved for family-related reasons, compared with only 22 percent of those with a bachelor's degree. Housing-related reasons remained the most frequent response given.

[67] U.S. Department of Commerce Economics and Statistics Administration (U.S. CENSUS BUREAU), May 2001.

Finally, the survey revealed that reasons for moving are quite similar for the employed and unemployed, with no more than 6 percentage points separating the groups on any of the major categories. As the table below indicates, within work-related reasons, 10 percent of the employed moved for a new job, compared with just 6 percent of the unemployed, while only 1 percent of the employed moved to find work, compared with 4 percent of the unemployed.

Table: 5.5 Reason for Moving by Employment Status: March 1999-2000[68]

(Movers within the United States, age 16 and older)

Reason for moving	Total	Employed	Unemployed	Not in labor force
Total movers (thousands)	**31,567**	**22,285**	**1,459**	**7,824**
Percent of movers	**100.0**	**100.0**	**100.0**	**100.0**
Family-related reasons	**26.8**	**26.5**	**32.3**	**26.4**
Change in marital status	6.7	7.5	4.4	4.9
To establish own household	8.0	8.5	9.7	6.3
Other family reason	12.1	10.5	18.2	15.3
Work-related reasons	**15.8**	**17.2**	**13.9**	**12.2**
New job/job transfer	9.3	10.4	6.2	6.5
To look for work/lost job	1.3	1.2	4.3	1.2
Closer to work/easier commute	3.5	4.1	2.4	2.1
Retired	0.6	0.2	0.2	1.7
Other job-related reason	1.2	1.4	0.7	0.8
Housing-related reasons	**50.5**	**50.9**	**46.0**	**50.2**
Wanted to own home/not rent	11.5	12.8	7.1	8.5
New/better house/apartment	17.8	18.4	15.1	16.6
Better neighborhood/less	4.1	4.0	3.5	4.5
Cheaper housing	5.6	5.2	6.4	6.6
Other housing reason	11.5	10.5	13.9	13.9
Other reasons	**7.0**	**5.4**	**7.9**	**11.2**
Attend/leave college	2.8	2.7	2.4	3.4
Change of climate	0.8	0.7	1.1	0.9
Health reasons	1.3	0.4	0.8	3.9
Other reason	2.1	1.6	3.6	3.0

Source: U.S. Census Bureau, Current Population Survey, March 2000.

Finally, what it seems to be more important for the Americans is not just the high levels of labour mobility – something that is more or less given -, but mobility from the perspective of economic growth and income distribution. This is obvious if someone look at researches of the more recent years. McMurrer & Sawhill (1996), state that economists now understand that the amount of mobility is just as important as the distribution of economic rewards in any given year, because it determines the extent to which inequality in the short term translates into inequality over the long

[68] U.S. Department of Commerce Economics and Statistics Administration (U.S. CENSUS BUREAU), May 2001.

term. The "relative" economic mobility in U.S. has been remarkably stable, with the income growth to be still unequally distributed between the Americans. Although the incomes of American families change frequently, while some of the poor get richer, some of the rich get poorer, and for a variety of reasons: accumulation of job skills and experience, marriage and divorce, job change, addition or loss of a second pay check, and business success or failure, and despite this churning, overall rates of economic mobility in the United States have not changed over time.

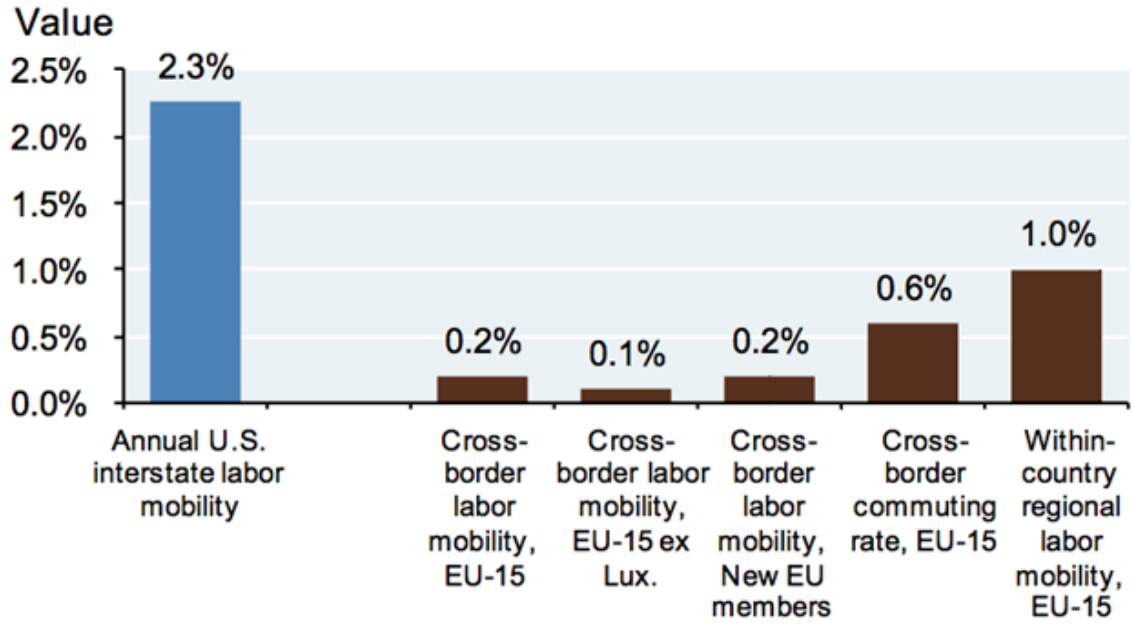
So while income inequality in the U.S. grows, and income maximization seems to be the ultimate goal for the average American, the question is why would the Americans really want to move intracountry? In a country that since its nation's founding, the promise of economic opportunity has been a central component of the American Dream and grew to be the world's biggest and most dynamic also held out the promise that hard work, vision, and risk—regardless of family background—would be rewarded, the answer seems to be obvious. And while the American dream is a part of this nation's belief and ideology, today as income inequality and slower economic growth exist, the idea of the American Dream is being questioned[69].

[69] Isaacs, J., Sawhill, I. V. & Haskins, R. (2008). *"Getting ahead or losing ground: Economic Mobility in America"*. The Brookings Institution.

6. COMPARING MOBILITY IN EU AND US

Comparing interstate moves in the US with cross-border moves in the EU suggests that mobility in the EU is very low. As relatively recent European Commission's data indicate (table 6.1), in the former EU15 (prior to EU enlargement in 2004 and 2007), only about 0.1% of the working age population changes its country of residence in a given year. Conversely, in the US, about 2.3% of the working age population moves to a different state every year, which represents a substantial difference when compared with the EU figures.

Table: 6.1 Labour Mobility: U.S. vs. Europe[70]



Source: "Geographic Mobility in the European Union", April 2008, European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities.

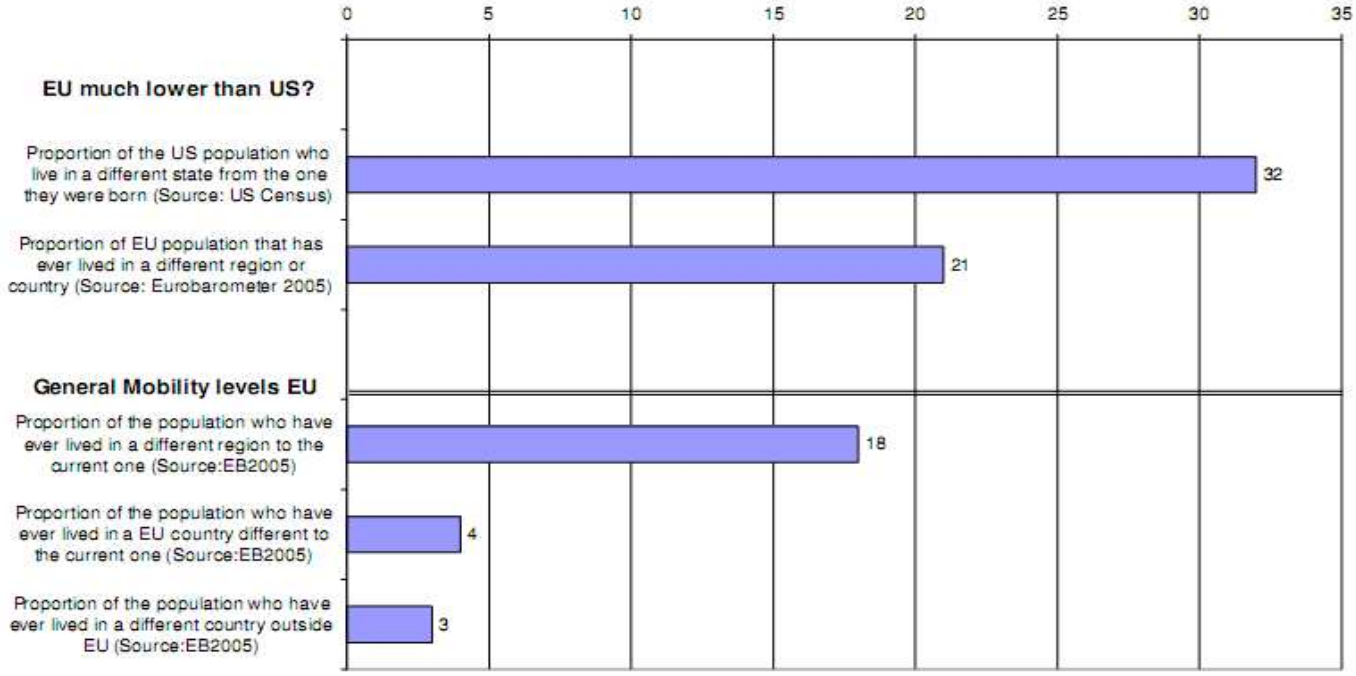
The 2006 Eurobarometer survey[71] data also showed that about 22% of the EU population has ever lived in another region or country, among which only 18% have ever moved outside their region, while the percentage for cross-border migration is especially low with only 4% to have ever moved to another Member State. These rates normally lead to the assumption that this level of mobility is too low in comparison to the relative mobility rates of the US, where around 32% of the US

[70] http://paul.kedrosky.com/archives/2010/06/migrations_maps.html

[71] European Foundation for the Improvement of Living and Working Conditions (2006).

population does not live in the state in which they were born[72], as the figure below shows. Of course what should be noted for these differences in the level of labour mobility is that movement within the USA takes place within the same country, language area and culture – not as the case of intra-EU movement. So a part of the EU–USA difference in mobility rates can be explained by the fact that the costs of mobility are likely to be higher in the EU due to language barriers, cultural differences, transferability of social security rights and recognition of educational degrees.

Figure: 6.1 Comparison of the level of long-distance mobility in EU and US



Source: Krieger, H. & Fernandez, E.

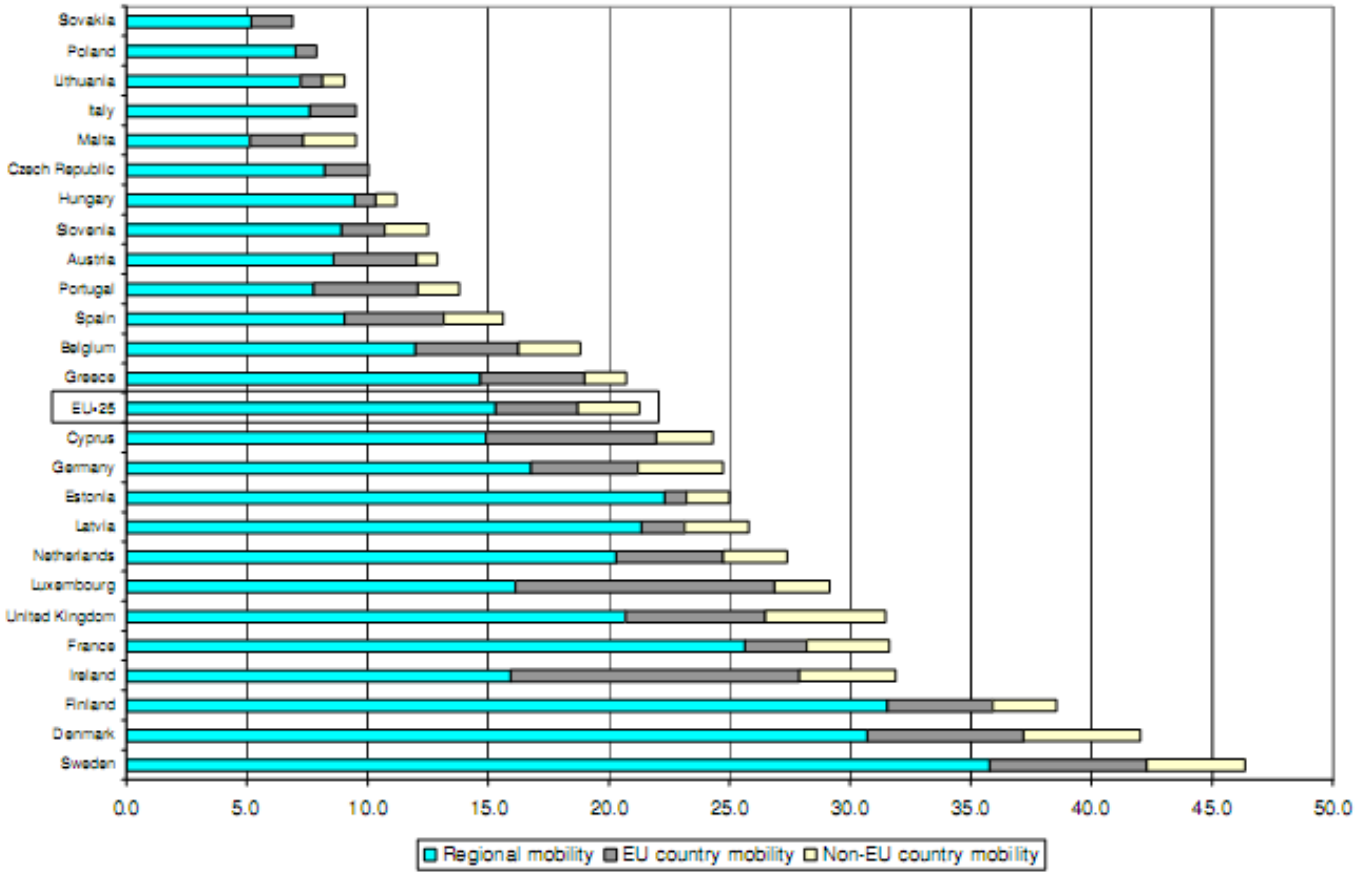
But, at this point, what Krieger & Fernandez[73] stress to their analysis based on the findings of the Eurobarometer survey of 2006, is that it should be noted that the general EU level of geographical mobility only represents an average of the very different levels of long-distance mobility in each EU Member State. The differences

[72] http://www.census.gov/main/www/cen2000.html

[73] Krieger, H. & Fernandez, E..

between countries in this respect are quite significant, as the figure below show. 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.

Figure: 6.3 Past Patterns of Long-Distance Mobility in the EU



Source: Krieger, H. & Fernandez, E.

Finally, the two analysts conclude that it is not entirely correct to be said that the levels of mobility in Europe are too low, as the mobility rates in at least five EU countries have been as high as in the US or even higher, wondering if common macro economic conditions are the key for this convergence.

Another recent report[74], based on the conclusions from the seminar on labour mobility which was coorganised by the European Foundation for the Improvement of Living and Working Conditions and the German Marshall Fund of the United States in 2007, notes that comparison as far as it may concern geographical mobility trends in Europe and the US is not without difficulty. The participants of this seminar pronounced that there are several parameters that have to be counted for the validity of this comparison. These parameters are developed below.

First parameter that should be considered is that the US is a federal state, while the EU is not. Moreover, the US is one nation, while the EU comprises many countries. Freedom of movement in the US is as old as the country itself, while it has only become a recent possibility in the EU. Freedom of movement for the EU existed since the foundation of the European Community with the Treaty of Rome in 1957. But, for the United States the legal regime is conducive of mobility since the Constitution of 1789 and the constitutional "Right to Travel" (…). The elements of what that actually means were summarized by the United States Supreme Court (…) in 1999:

> The "right to travel" discussed in our cases embraces as least three different components. It protects the right of a citizen of one State to enter and to leave another State, the right to be treated as a welcome visitor rather than an unfriendly alien when temporarily present in the second State, and, for those travelers who elect to become permanent residents, the right to be treated like other citizens of that State[75].

A second point of comparison is the labour legislation which is different in the US compared to the EU, and furthermore the various EU Member States still have different labour legislation. In the US, some states are far more generous than others in terms of laws and programs affecting economic security, such as minimum wage,

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[74] Ester P. & Krieger H. (2008). "Labour mobility in a transatlantic perspective: Conference report Dublin, 30-31 October 2007". European Foundation for the Improvement of Living and Working Conditions.

[75] Jacoby, S. M. & Finkin, M. (2004). "Labor Mobility in a Federal System: The United States". Social Sciences Research Network, Working Paper Series. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=514482

worker compensation, and unemployment compensation as there are also significant differences in the extent of other labour-protective laws, e.g. governing physical well-being and respect for individual dignity and liberty. However, according to the view of the researchers [76], there is rather little systematic evidence of what bearing these differing schemes have on labour mobility, if any, as Minnesota for example, is far more generous and protective than Indiana, but that fact alone has not induced droves of workers to leave Indiana for Minnesota. On the contrary, although among the member states of the European Union also exist differences concerning the labour legislation, the level of minimum wages (see figure 4.8 *Monthly Minimum Wages, 2009*) and labour market conditions in general (level of unemployment, different levels of employment opportunities e.t.c.**,** see table 4.9 *Unemployment and unemployment rates, by country and sex, 2008 – 2009*), these differences are considered to be barriers for the cross-border mobility from the European citizens, according to the Eurobarometer survey of 2006 based on the data of 2005 [77]. More specifically, 43% of the respondents reported employment-related problems as a factor that would discourage them from moving to another country, while about 13% mentioned possible difficulties about the transferability of their pension rights and also about 14% mentioned that they would expect poorer access to public facilities (such as access to healthcare or social benefits).

Moving across EU borders is not only hampered by a variety of institutional and legal hurdles between Member States, but also by the fact that the decision to move is affected by cultural barriers, as the European citizens report in the Eurobarometer survey of 2006 – based on the data of 2005[78]. More specifically, when respondents were asked what they thought would be the greatest difficulties they would have to face if they did want to move to another EU country, on average, about 67% of the EU population answered the language or culture-related difficulties, when this kind of barrier does not exist in the US.

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[76] Jacoby, S. M. & Finkin, M. (2004).

[77] European Foundation for the Improvement of Living and Working Conditions (2006).

[78] European Foundation for the Improvement of Living and Working Conditions (2006).

At this point it has to be noted another difference that occurs from this comparison. The US workforce may be more mobile but seemingly not for reasons relating to the labour market (see table 5.3 *Reason for Moving: March 1997-1998, March 1998-1999, and March 1999-20001*). As it seems only around 16% of the Americans who migrate move for "work-related" reasons, while in EU mobility is more closely related to employment related factors (around 35% for long distance moves – out of the region), as it is considered to be a precondition to improved employment and for the successful labour market integration of the European citizens, although family and housing related issues are considered to affect mobility (around 25 and 30 % respectively), but mostly for short distance mobility (within town, city or region) (Eurobarometer survey, 2006)[79].

Finally, it has to be mentioned that all the above differences between the levels of mobility and in particular labour mobility in the US and EU are deriving from the fact that each state implements structural different policies in such issues. More precisely, mobility and migration in relation to the US way of thinking are related to market imperfections and above all to free choice of workers and employers. There is no unique or guiding role from the federal government. Mobility in the US policy tradition is primarily of a laissez-faire nature. Nevertheless, this absence of policy intervention does not imply that mobility is considered an unimportant issue. On the contrary, being mobile and moving to where jobs are more abundant, is at the heart of American history and culture. In a sense, the US is highly supportive of mobility and thus encourages migration. However, mobility is seen as the outcome of free market choices of the two main stakeholders in the labour market: employers and employees. In this case, no distinct role is played by the government. Nonetheless, the US government seeks to adapt other policy interventions – such as training programmes or unemployment insurance benefits – to accommodate market outcomes and imperfections, but it does not seek any specific mobility target. To sum up, from a US perspective, the role of the free market receives greater emphasis, while the European perspective highlights the role of national governments and not only in promoting

[79] European Foundation for the Improvement of Living and Working Conditions (2006).

mobility but also in linking mobility policies to social, economic and technological policies[80].

[80] Ester P. & Krieger H. (2008).

7. DISCUSSION

Labour market mobility, between jobs and/or between Member States or at regional level is considered to be an important tool of EU's achievement of economic integration. But as it has been reported in this essay the levels of labour mobility still remain low, causing serious problems, given that labour mobility is a crucial adjustment mechanism for macroeconomic shocks – demographic, demand-driven, or even technological – affecting European economies in different ways and at different times (so-called "asymmetric shocks"). In a context of asymmetric shocks, European Commission has produced a number of policy recommendations aimed at improving the efficiency of labour market adjustment. Also the lack of mobility in particular has been emphasized forcefully through several reports, which argue that labour mobility can play an important role as an adjustment mechanism in European Monetary Union (EMU), especially in the event of permanent shocks requiring a reallocation of production factors such as a decline in the working-age population due to ageing sectoral and structural changes related to globalization or technological change, or regional differences in structural unemployment[81].

In classical economic theory, when asymmetries occur, in order economies to be protected from varying negative economic conditions between states, they use the exchange rate as an adjustment mechanism. But this is impossible to happen in a monetary union, since exchange rates are fixed and there is a "one size fits all" interest rate policy. So, asymmetric economic shocks can be addressed – among other strategies – through the combination of stable exchange rates from the one hand and wage reductions and labour mobility from the other. When the benefits of this strategy exceed the costs, then according to Mundell (1961)[82] and his optimal currency area theory, a state should join a monetary union. And while the main cost of the adoption of a single currency in a monetary union as the European Union, is the loss of the major macroeconomic tool, which is the independent exchange rate, the benefits that a

[81] Janiak, A. & Wasmer, E.. Economic Papers 340 / September 2008.

[82] For European Monetary Union, Mundell's (1961) argument means that the euro zone (Euroland) would be more optimal than the former national currency zones, if the factors of production were more mobile within Euroland than within nation states, given the same levels of asymmetric shocks within the respective currency zones.

monetary union as EMU can enjoy, are the high levels of economic and trade integration that in any case mean high levels of capital and labour flexibility and mobility (Hix, 2005).

However, economists suggest that EU is not an optimal currency area (Hix, 2005), as the main indicators of Mundell's theory of optimal currency area, such as homogeneity, flexibility, mobility and fiscal transfers (McKay, 1999), seem not to help EU to correspond quickly to economic cycles and not to absorb efficiently the asymmetric shocks. According to McKay (1999), the high levels of unemployment, the inflexibility of prices and wages and the low degrees of labour mobility, seem to have led in the past the post-EMU 11 closer to divergence rather than convergence and the EMU away from rather towards optimality.

The same year a report of IZA institute[83], the purpose of which was to evaluate whether labour mobility is likely to act as a sufficient adjustment mechanism in the face of asymmetric shocks in Euroland, concluded that labour mobility is extremely unlikely to act as a sufficient adjustment mechanism for the EMU. To the same conclusion reached several empirical results of relevant researches[84] conducted the last two decades, with the results of them to indicate that although labour mobility does not act as an effective adjustment mechanism, however continuous integration might lead to more similar economic structures and thus reducing the possibility of having asymmetric shocks inside EU. Further integration, although at a slower pace, might generate more symmetric shocks across Europe. However, until significant results are obtained, major reforms focused on increasing inter-sectoral and inter-regional labour mobility are needed.

In the field of reforms, many things could be done to increase labour mobility in Europe. First, the harmonisation of professional degrees could be furthered. Second, tax systems could be harmonised. Third, to be achieved better co–ordination of the social insurance system. A factor increasing the mobility of the unemployed would be

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[83] IZA, Discussion Paper No. 34, March 1999, "Labour Mobility - An Adjustment Mechanism in Euroland?", by Puhani P. A.. Available at: http://ftp.iza.org/dp34.pdf

[84] Copaciu M. "Asymmetric Shocks Across European Monetary Union: Can Labor Mobility Act as an Adjustment Mechanism?". Central European University. Budapest, Hungary. Available at: http://pdc.ceu.hu/archive/00003395/01/asymetric_shocks_across_european_monetary_union.pdf

to condition unemployment benefit entitlement on the readiness to accept a job in the entire EU, not just in the particular nation state the unemployed person is a citizen of. Fourth, a common language that is spoken and understood by all Europeans is essential for a large number of workers to move between nation states. All workers in the EU would therefore have to be fluent in one common language[85].

But despite the recent developments in the adoption of common minimum legislation requirements at EU level in the fields of working and employment conditions and the information and consultation of workers, the EU has not yet achieved to force its member states to adopt common labour market policies (Hix, 2005).

Finally, unfortunately today, there are fears that due to the current global economic crises, the EU moves towards the establishment of an insecure working environment posing the risk of "social dumping"[86] that will possible cause negative consequences, as the imposition of common, low social and labour standards to the "poorer" member-states of the European Union, will eventually lead EU for one more time closer to divergence rather than convergence.

[85] IZA, Discussion Paper No. 34, March 1999.

[86] http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/SOCIALDUMPING.htm

8. CONCLUSION

In a Europe that has no frontiers, and is now competing in the arena of global economy, the changing needs of our aging society and the ongoing labor market trends require much higher levels of mobility. Labour mobility is an essential tool for effective functioning of single market while it is also essential for many people as it provides them the opportunity for better employment, which is a key objective of Lisbon strategy. Labour market mobility, either between jobs and/or between Member States or regions is an important component of Europe's response to demographic change and globalization. The purpose of this essay was to present an integrated approach of EU's labour mobility – in comparison also to US labour mobility - as its necessity is considered to be nowadays very important and crucial for the achievement of European integration.

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