Book Review

EU Labor Markets after Post-Enlargement Migration,

This edited volume comes out of the Migration Research Program Area at the German IZA Institute (Institut zur Zukunft der Arbeit). The focus is on the labour market impact of migration following the 2004 and 2007 enlargements of the European Union resulting in a total of ten Central and Eastern European countries among the current 27 EU Member States.

Rich in data (the analysis ends on the eve of the recession that the European Union is currently experiencing) the book rigorously analyzes the impact of post-enlargement migration from the Central and Eastern European new Member States and its effects on the labour markets of both destination and origin (source) countries. Issues discussed include:

- Do immigrants from the new EU Member States pose a threat to the Western European welfare state?
- Do they take jobs away from workers in destination countries?
- Does migration result in a severe brain drain or in demographic instability in source countries?
- Labour mobility in the EU – who wins and who loses?

To address these and related issues, the book is organized into three sections: “EU Enlargement and Labor Markets: What do We Know?”; “The Impact of Migration on Destination Labor Markets”; and “The Impact of Migration on Source Labor Markets”.

The first section starts with an overview of the issues at stake including a brief discussion of theories explaining the causes and consequences of migration. Based on a substantial dataset comprising not only traditional labour market data but also innovative indicators of migration such as the number of passengers between London airport and the new Member States, the first chapter also discusses post-enlargement migration trends and trajectories.

The second chapter employs a computable general equilibrium framework to analyze the impact of labour mobility in the enlarged EU on various macroeconomic aggregates, the distribution of earnings, and employment opportunities. The findings indicate that flows of migrants from the Central and Eastern EU 8 countries to the EU 15 have resulted in a substantial gain for the enlarged EU – eastern enlargement has increased GDP in the integrated area by 0.2 per cent or approximately 24 billion Euros. At the same time, the short-run effects in destination countries on wages and unemployment appear to be small. However, less skilled workers tend to lose proportionally in destination countries, whereas the opposite holds for source countries. In the source countries, findings indicate that wages might increase by 0.3 per cent and unemployment might fall by 0.4 per cent in the short run (in the long run it is by and large neutral).
The last chapter of the first section is devoted to an issue often forgotten when economists discuss migration and its impact: the public perception of migration. This highly interesting chapter is to a large extent built around two case studies: Poles in the UK and Roma in Italy (following Romania’s accession in 2007). The findings of the chapter show:

- A clear link between public perception and migration policies.
- A dual causality between perception and policy. As shown with Poles in the UK, a negative initial perception combined with a positive policy led to a subsequent positive spiral of perception.
- A (weak) link between performance of migrants on the labour market and perception.
- A recent positive shift in public perceptions of migration. However, substantial differences exist between EU Member States.

The second part of the book focuses on various aspects of the impact of migration on the labour markets of destination countries. The section provides five country studies: Germany, Spain, Ireland, Sweden, and the UK. Sweden was the only EU country not applying any transitional rules for migrants coming from the new EU Member States, while the UK and Ireland only applied transitional rules of minor importance, whereas Germany and Spain imposed significant transition periods and rules. These case studies analyze aspects such as attraction of low- and high-skilled migrants, migrants’ education, age, gender, wage differentials between migrants and the native labour force. Several studies also discuss current policies pursued in the respective country and the implications of those policies.

The last and most interesting section of this book addresses the impact on source countries. It starts with a study of the impact of migration on the Polish labour market. The large outflow of migrants could be considered as a supply shock to the Polish economy. While the short- to mid-term macroeconomic impact of this shock is surprisingly small, the long-run effects are yet to be seen. Nevertheless, the authors indicate that migration from less developed regions of Poland combined with the fact that many migrants are equipped with skills not adequately valued by the local labour market, might contribute to modernization of the Polish economy.

The chapter on the Baltic labour markets, by Mihails Hazans and Kaia Philips, analyzes the post-enlargement migration experience using Estonian, Latvian, and Lithuanian labour force survey data. The LFS data are supplemented by data from other surveys. The chapter aims at comparing the profile of temporary workers abroad before and after EU accession with the profiles of staying and returning migrants. The findings suggest that post-accession migration from the Baltic States was predominantly temporary and circulatory. Of the three Baltic States, this pattern is most pronounced in Latvia, whereas Estonian migrants showed a relatively low propensity to return and stayed longer in their host countries. In terms of human capital, post-enlargement migrants were, in all three countries, less educated than stayers. Furthermore, returning migrants were in general more educated than the average migrant. The chapter also addresses the behaviour of Russian-speaking non-citizens in Estonia and Latvia. As non-citizens they were not covered by the free mobility provisions that came with EU accession. The analysis shows that non-citizens were over-represented among pre-accession migrants, whereas the opposite is the case post-EU accession. Several other aspects of migration, e.g. demographics and remittances, are also discussed in this well-written chapter,
which is to be considered a “must” for anyone interested in the economic development of the
Baltic States.

The last chapter goes beyond the borders of the European Union, exploring Albanian migra-
tion into the European Union – in particular to Greece, where currently Albanians count for
over half of the total number of migrants. In terms of return migration, the chapter paints a
gloomy picture. Furthermore, Albania is supposed to be a major exporter of labour in the
years to come. The findings on Albania naturally have a bearing on other European countries
at a similar stage of development and, as the authors point out, it is possible that: “…the long
run development of the country can best be promoted by its neighbors recognizing that easy
access to improved opportunities abroad may well be the best form of development assis-
tance that can be provided to Albania and other similarly situated countries”.

To conclude, the book provides a valuable contribution to the understanding of immigration
flows from Central and Eastern parts of the European Union and the consequences both for
destination and source countries – consequences that seem to be generally positive. A special
merit of the book is the solid data on which the analyses are based and its use of up-to-date
data, in some cases even including observations from 2008.

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