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The role of welfare systems in affecting out-migration

The case of Central and Eastern Europe

Lucia Kureková

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- analyse migration as part of broader global change
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Abstract

This paper analyses the role of welfare systems in shaping migration patterns in Central and Eastern Europe over the transition process and after EU accession. It argues that states have played a crucial role in affecting migration by creating and widening opportunities for potential and actual migrants through welfare system policies. This explains why CEE countries where social spending figures have been lower, unemployment benefit schemes less extensive, and where labour market mismatches remained unaddressed, experienced greater out-migration. Investigating the role of sending states' institutions in a comparative framework and over time, this paper analyses migration as part of broader social and economic processes and contributes to our understanding of how sending countries' institutional factors affect out-migration.

Keywords: Central and Eastern Europe, labour markets, labour migration, countries of origin, welfare systems

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Contents

List of figures

List of tables

1 Introduction

Understanding the impact of welfare systems on migration inflows and their composition occupies an important share of migration studies today. This literature is centred almost exclusively on analysing host-state policies and has to date neglected the role of welfare systems in the sending countries. This has led to overlooking an important set of institutional factors in migrant-sending countries that affect decisions of migrants to migrate or to stay. This paper seeks to fill this gap and to investigate the role of welfare systems in shaping migration patterns, using the empirical case of the new accession states that joined the EU in 2004.

The region of Central and Eastern Europe (CEE/EU8)[1] represents a unique laboratory that can inform our understanding of how institutional factors affect migration. First, while the CEE region has undergone a process of withdrawal of the state in the transition from a socialist to a market economy, welfare systems have remained an important and enduring legacy of the socialist regime. Yet, institutional factors such as welfare systems have been missed out from the analyses which estimated migration potential from Central and Eastern Europe before the 2004 EU enlargement (e.g. Bauer and Zimmermann 1999; Boeri and Bruecker 2001; Dustmann et al. 2003; Kraus and Schwager 2000), which has resulted in imprecise conclusions about the expected magnitude and cross-country variation of post-accession flows. Second, the transition was marked by a growing diversity of socio-economic regimes characterized by important differences in economic structures and the size and composition of welfare systems. Third, in spite of similar levels of income, migration patterns from and to the CEE states have differed markedly. The post-accession flows between May 2004 and December 2007 showed very different rates across the eight new member states, ranging from about 1 per cent migration rate in Hungary, the Czech Republic and Slovenia to about 8 per cent in Lithuania (Figure A1, Table A1 in the annex). Such varied post-accession rates of mobility to the West coincide with differences in net migration during the 1990s and before EU accession (Table A2 in the annex). While Latvia, Lithuania and Poland have consistently been net emigration countries, signifying a net loss of population, the Czech Republic, Hungary and Slovenia have experienced net gains in immigration. Two countries – Estonia and Slovakia – shifted from negative net migration rates in the second half of the 1990s to positive rates from the early 2000s.

Engaging with this empirical context, this paper argues that welfare systems in Central and Eastern Europe have played a crucial role in affecting out-migration patterns from these countries. The impact of welfare systems on emigration patterns is conceptualized as a mediating mechanism that indirectly impacts migration through shaping opportunities and risks in societies, related especially to labour market difficulties. These were particularly pronounced in CEE due to a major restructuring process that the region underwent during the last two decades (Kureková 2011). The main contribution of this work lies in its focus on sending countries' role in affecting migration patterns and in the proposition of specific indicators along which the impact of welfare systems in home countries can be measured and analysed as a migration determinant.

[1] I will be using the abbreviations EU8 and CEE interchangeably, referring to the eight countries which joined the EU in 2004: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.

Section 2 of the paper reviews literature on welfare states and migration and generates a set of hypotheses for the empirical analysis. Section 3 explains legal and other reasons for low dependence of CEE migrants on the welfare structures of the main receiving countries. Section 4 discusses the origin and character of CEE welfare states with an emphasis on showing empirically the differences across the CEE states that existed at the time of EU enlargement. It elaborates specific aspects of welfare systems that are relevant for the migration decisions of workers with different types of demographic characteristics, and analyses the effect of the levels and structures of unemployment benefit schemes on older migrants with previous work experience, and the effect of education systems and skill mismatches on young migrants. The last part brings the argument together and concludes.

2 Literature review and hypotheses

While welfare systems have occupied a fair share of investigation in migration studies, the existing research has almost exclusively concentrated on analysing them as a factor in receiving countries. This abundant literature typically analyses how different types of Western welfare regimes affect the rates of immigration and skill composition of immigrants, and studies the differences in reliance on welfare systems between nationals and immigrants (e.g. Barrett and McCarthy 2008; Bommes and Geddes 2000; Heitmueller 2002; Nannestad 2007; Schierup et al. 2006; Warin and Svaton 2008). Relatively strong institutional complementarities between minimalist welfare arrangements, open migrant admission policies and underdeveloped integration policies have been noted by scholars in this field (e.g. Bommes and Geddes 2000; IOM 2005; Menz 2003). The issues of immigrant integration and control of entry have been also widely studied, especially in the fields of political science and law.

Relative to this literature, the studies that analyse welfare systems in home countries or that engage with the role of states in affecting out-migration patterns are much less developed conceptually as well as empirically. The reasons behind this neglect lie generally in the fact that migration studies have suffered from the 'host country bias' and most research is preoccupied with analysing factors in receiving countries. In addition, migration theories have been developed while conceiving of migration as a movement from developing countries with under-developed social institutions to developed countries with extensive welfare networks and social systems.

The fact that sending states' institutions have the capacity to mediate behaviour in the labour market has been acknowledged by the new economics of migration theory which contends that the decisions of migrants are influenced by a comprehensive set of factors which are shaped by conditions in the home country and respond not only to income risk but equally to failures in a variety of markets – labour market, credit market, or insurance market (Stark 1991; Massey et al. 1993). The theory, however, has not gone far in testing the impact of different types and forms of home states' institutions on shaping the structures and patterns of migration, not least because it functions as a micro-theory and does not directly address macro-institutional factors. Cross-fertilizing migration studies with other literatures, such as welfare state studies or industrial relations literature, as well as paying greater attention to state policies that aim at shaping emigration patterns and return migration seems natural but has been carried out only to a very limited extent (cf. Hollifield 2008; Nannestad 2007; Meardi 2007).

Among a few works that explicitly investigate the connection between welfare systems and out-migration is the historical study of the impact of Bismarck's social legislation on German emigration before the First World War (Khoudour-Cateras 2008). The author provides empirical evidence to demonstrate a strong link between the emergence of the German welfare state and decline in labour mobility from Germany to the USA before the war. He argues that potential migrants do not calculate only direct wages but also consider indirect wages in sending and receiving countries. The existence of social benefits constituted a form of social remuneration that partly offset low levels of wage rates in Germany in respect to the main destination country, the USA. He found that an increase in German indirect wages, that is income gained through social benefits and social programmes, was accompanied by a significant decline in the emigration rate.

Along similar lines but referring to the modern era, Koettl (2006) shows that states can affect migration not only directly though immigration or emigration policy but also indirectly through social protection and labour market policies. He argues that portability of social security benefits and access to health care and pension benefits are crucial for encouraging temporary or circular migration. He also suggests that introducing a social safety net in the source country can affect migration flows by decreasing the inequality in the sending country and subsequently decreasing the emigration of low-skilled workers to countries with an even lower inequality.[2] Along similar lines some recent migration literature has begun to emphasize the need to invest in sending countries' institutions in order to make full use of the potential benefits of migration for sending countries, to curb migration from developing countries and to facilitate return migration (e.g. de Haas and Vezzolli 2010; Holzmann et al. 2005).

De Jong et al. (2005) study the effect of welfare reform on the interstate migration of poor US families after the introduction of an act that allowed individual US states to determine their social security policies in the late 1990s. Such policy change resulted in a significant heterogeneity in welfare eligibility and behaviour-related rules across US states. This scenario in many ways resembles the context of intra-EU migration where mobility is free but social rights differ across countries. The authors investigate whether the change in the stringency of welfare rules both in terms of the levels of benefits and eligibility criteria led to out-migration of poor families to more generous or more lenient states. Controlling for mediating and moderating roles of states' economic development and family structure, they find that stringency in welfare-eligibility and behaviour-related rules stimulated interstate out-migration of poor families in the USA, but the states with lenient rules did not attract these families more. Rather, the effect of more restrictive or more lenient welfare policy was conditioned on a state's economic characteristics. In other words, while stringent welfare rules push poor families from a state regardless of that state's economic health, states with high unemployment and stringent welfare policies attracted poor families less than states with low unemployment and stringent welfare policies.

A welfare-migration thesis would propose that the benefits of migration are outweighed by its costs when higher benefit levels and less restrictive eligibility rules favour citizens in the country of origin, when compared with destination countries. When benefits

[2] For the link between inequality and migration, see for example: Liebig and Sousa-Poza (2004). The link has been elaborated and applied the most extensively in the works of George J. Borjas, Barry R. Chiswick and Oded Stark.

and eligibility rules are less favourable, such conditions are expected to 'push' migrants from the origin state. On the basis of this logic, variation in state welfare policy should increase the likelihood of migration from states with more stringent rules and lower benefits, to states with more lenient rules and higher benefits (but also employment opportunities) (De Jong et al. 2005). Predictions established from this literature can be further combined with the implications stemming from the welfare state literature. At its core are the distributive effects of different types of benefits granted to the population through welfare systems, and different levels of investments allocated to distinct welfare policies. It is generally understood that welfare states shape the living and working environment, not only through distributive measures aimed at securing minimum living standards but also as an insurance mechanism in the case of labour market difficulties. In addition, states provide public services of which education and health care are the most important as they affect the everyday lives of citizens and their future prospects. Although welfare state policies are hardly designed with the specific aim to impact out-migration, they arguably can be thought of as important institutional (and monetary) determinants of migration. Welfare systems can offer direct and indirect forms of income, affect quality of life, widen the range of choices and provide insurance in the case of risk.

The hypotheses based on the above review suggest that a *higher stringency in state benefit levels and welfare-eligibility will encourage more out-migration* (a positive push effect). This is the case because, *ceteris paribus*, i) a less generous welfare system is a weaker source of direct and indirect income, ii) a less generous welfare system on average offers fewer alternatives in mediating risk in the labour market and iii) a less generous welfare system has on average been less effective in helping the labour force to adjust to new skill demands. This last assumption, although not directly stemming from the above literature, is important to consider given the restructuring experience that the CEE region underwent.

The welfare generosity will be measured in the empirical sections by the levels of social spending. While this is a crude proxy which has been heavily criticized in welfare state studies, it appears to be the only readily available comparable cross-country and over time indicator. In addition, social spending can be disaggregated to different policies, which helps to capture better the differences in the structure of welfare systems and related differences in the actual benefits on the individual level. As the welfare state literature has established, one's relative gains and benefits from the welfare system vary and are an outcome of social and political compromises within a given country context. The access to welfare benefits is regulated through different eligibility criteria, and is a function of, for example, the length of presence on the labour market, age, marital status, or the number of children. Acknowledging this, the empirical section will not only evaluate differences in welfare systems across CEE at the macro-level but will also illustrate the relative importance of selected welfare system functions at the micro-level, looking at two different types of migrants. Individual level analysis *stricto senso* is not possible due to the lack of micro-data that would enable it.

3 CEE migrants and EU15 welfare systems access

In the context of East–West migration, it is important to understand the context under which labour mobility took place prior to the EU enlargement and also to be aware of the fact that the access to welfare was also curbed after 2004 accession. Importantly, this accentuated the reliance of migrants on domestic welfare systems, which further highlights the importance of social safety nets in the sending countries.

Pre- and post-accession labour migration has been characterized by institutional attachment of CEE migrants to domestic welfare systems. This outcome is partly a result of the barriers incorporated into bilateral agreements before accession, and adjustments to eligibility adopted by the Western receiving states in the light of the enlargement. During the 1990s, a relatively complex system of different immigration programmes was developed which stipulated quotas or occupational preferences for incoming labour migrants from CEE, curbed the duration of stay in order to avoid permanent settlement and encouraged social security attachment in home countries (Hönekopp 1997; Menz 2009; Wallace 2000). The migrants were short-term and continued to pay social security, pension, health and other contributions in their home states (Wallace 2000). This was so not least due to the fact that the CEE welfare regimes are Bismarckian employment-contribution-based welfare systems and as such they encourage domestic employment in order to earn entitlements to health care, pensions or other employment-tied benefits (Wallace and Stola 2001, 50–1).

Similarly, after EU enlargement social benefits such as family benefits, tax credits or housing are not immediately available on the arrival of a (EU8) migrant to a host EU country because social citizenship rights (health care, education, work, housing, social security) are typically made directly dependent upon formal legal employment of a certain duration. Moreover, in response to fears of welfare raids, EU15 member states adopted precautionary measures in order to mitigate the possible consequences of the Council regulations which would grant to CEE migrant workers and their family members the access to certain social rights, and rule out discrimination on the basis of nationality with the accession. These measures took two main forms: an introduction of transitory periods or adjustment to social benefits entitlements. The majority of the member states applied temporary restrictions on free movement of workers from the acceding countries, prohibiting them from obtaining employment freely. This affected migrants' free access not only to the labour market but also to the social security system of a given country. The EU15 countries gradually relaxed these restrictions since the 2004 enlargement while the transition periods were kept in effect for the maximum duration in Germany and Austria and expired only in May 2011.[3]

While the United Kingdom and Ireland allowed unrestricted entry to their labour markets, they passed adjustment measures not long before the enlargement, which conditioned the access to social benefits on previous continuous legal employment. The restrictions on the use of social benefits in the UK were based on the requirement of a continuous employment of 12 months with breaks of less than 30 days. As an additional requirement after the entry, the UK government introduced mandatory registration schemes for CEE labour migrants (Worker Registration Scheme - WRS) to be able to monitor labour market developments and react with further adjustments if proven necessary.

[3] For details see Pollard et al. (2008, 14); also Kahanec and Zimmerman (2010).

Importantly, legal residence and employment in the UK is conditioned on the fact that the migrant had registered in the Scheme within a period of 30 days after starting employment, otherwise the migrant is classified by UK law as unlawfully resident. Working during an unregistered period does not count towards the 12 months of uninterrupted employment, which in effect curbs the access to social security benefits even if the migrant has fulfilled the period of uninterrupted employment itself. Registration in the Worker Registration Scheme (WRS) is therefore a gateway to both legal residence and social rights. In spite of this, a significant share of EU8 migrants did not register in the Scheme (Anderson et al. 2006). In Ireland, EU immigrants with the exception of those from the United Kingdom are not eligible for welfare benefits for the first two years of employment. Unlike in the United Kingdom, EU8 nationals do not require special certificates after taking up employment in Ireland (Heinz and Ward-Warmedinger 2006).

In turn, the use of the welfare systems in the UK and Ireland has been very low. For example, between May 2004 and June 2008, only 3.3 per cent (or nearly 28 000 in total) of all EU8 migrants who had registered in the WRS applied for tax-funded income-related benefits from the UK government, although the number of applications has increased every year (see Figure A2 and Figure A3 in the annex). Similarly, a survey of mostly Polish migrants in Scotland in 2007 revealed that only 44 per cent of them had registered with doctor and less than 9 per cent with a dentist since their arrival, while only 16 per cent had used hospitals (Fife Research Coordination Group 2008).

An important outcome of these institutional hurdles seems to be the fact that CEE migrants have stayed institutionally connected to national welfare regimes in which they as citizens can access public services, such as health care, fully. The evidence that would help to measure the extent to which CEE migrants use the services at home during their migration spell is rather anecdotal. It is a matter of a fact, however, that the restricted access to social security systems in the receiving countries has made different aspects of welfare states at home more readily available. This has produced somewhat paradoxical dynamics when the less generous welfare states in CEE would on the one hand induce migration, but because of the restricted or overly complicated access to the welfare systems in the West migrants would keep their 'institutional' ties with home countries, especially but not only in the earlier stages of migratory experience. This seems to have affected also certain characteristics of CEE post-accession labour migration, such as the short-term and temporary nature of the flows. Greater connectedness to home state institutions is of course facilitated by improved communication links and cheaper transportation costs.

4 Welfare systems in CEE

In the research on CEE migration, sending-country welfare systems have been falsely neglected in spite of their relatively extensive nature both relative to some Western welfare systems but especially in comparison to the developing world or most other emerging economies. The CEE welfare systems are complex, distinct and internally coherent and they can be in a number of ways paralleled to traditional Western European welfare regimes. Welfare systems in CEE have a preference for cash payments over other types of welfare benefits (Inglot 2008). Free access to education and universal health care are among the remnants of the socialist regime and have largely remained in effect until today. During state socialism, employment was mandatory and provided to everyone by the state, mainly through the state-owned enterprises which fulfilled multiple functions. To date, welfare

system entitlements in CEE are employment-contribution-based, which has important implications for earning entitlements to pensions or other employment-tied benefits (Wallace and Stola 2001).

Importantly, the CEE welfare systems started to diverge relatively early on in the transition and currently they represent a diverse, heterogeneous group. Tightening of eligibility requirements for social benefits formed part of comprehensive social security reforms which have taken place in most CEE countries by now. Nevertheless, the levels from which the CEE welfare states started to withdraw, as well as social expenditure levels when joining the EU, were rather high in world standards. For example, compared to the social expenditure in Spain and Portugal at the time of their entry to the EU in 1986, all CEE economies in 2004 had higher spending per GDP than Portugal, while Visegrad and Slovenia also exceeded Spain's spending (Eurostat). The timing and types of welfare system reforms have differed in important ways, partly because these economies entered transition with different political legacies and economic structures (Bohle and Greskovits 2007).[4] This diversity of CEE welfare systems has been sufficiently strong to generate differences in migration outcomes, as outlined in the next section.

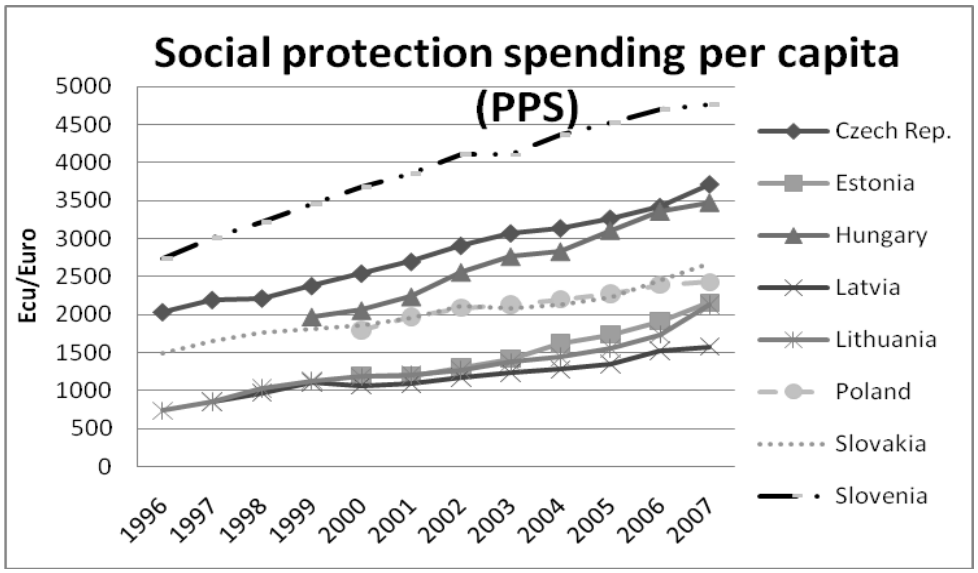
4.1 Welfare systems and migration at macro-level

Social protection spending figures between 1996 and 2007 illustrate varied welfare system size across CEE countries (Figure 1).[5] Slovenia strongly outperforms all the other countries in social spending, while the Baltic countries form a group at the opposite end and have relatively similar levels of spending. The Visegrad countries stand in between Slovenia and the Baltic countries. Social expenditure is relatively lower in Slovakia and Poland than in Hungary and the Czech Republic. These social spending figures suggest a relationship between *lower levels of social protection expenditure* and *higher out-migration* from these countries. Slovenia, the Czech Republic and Hungary with higher social protection spending per capita (and per GDP) have seen less out-migration during the transition as well as after accession, while the remaining five countries have experienced negative or mixed net migration outcomes and greater post-accession outflows (see again Table A1 and A2 in the annex).

[4] While there are important structural and institutional differences in the political economy models across the CEE, it is beyond the scope of this work to investigate them in full. I rather refer the reader to the growing field that investigates capitalist diversity in the CEE, such as Bohle and Greskovits 2007; Szelewa and Polakowski 2007; Greskovits 2008; Beblavy 2008; Inglot 2008).

[5] Expenditure on social protection contains: social benefits, which consist of transfers, in cash or in kind, to households and individuals to relieve them of the burden of a defined set of risks or needs; it also includes administration costs (Eurostat definition). Social protection spending includes sickness and health care spending, old age, disability and survivors' pensions, unemployment benefits, family-children benefits, housing benefits and social assistance/exclusion. Education and active labour market policies are not included in the figures.

Figure 1: Social protection expenditure across CEE states: 1996–2007



Source: Eurostat.

The aggregate social spending figures hide a possible diversity in the structure of welfare systems. The following analysis therefore disaggregates the social spending variable to look at the spending levels across different functions of welfare systems. Table 1 presents correlation coefficients between the rate of out-migration from the eight CEE economies to the UK, Ireland and Sweden between May 2004 and December 2007 (presented in Table A1 in the annex)[6] and social protection spending across different functions, labour market performance and earnings indicators, all calculated as an average between 2000 and 2004. Different aspects of social expenditure were included to directly estimate the strength of the relationship between different functions of welfare systems and out-migration rates to the liberalized labour markets. Additional theoretically relevant variables typically included in the explanations of migration rates, namely earnings and unemployment rate, are included for comparison. Earnings indicators are tested as gross and net earnings for a couple with two children earning 100 per cent of the average wage in a given country. Testing net earnings is theoretically relevant as these include social transfers (e.g. family benefits and tax allowance) as an indirect source of (non-market) income. The net earnings are expected to achieve greater significance than gross earnings.

The out-migration rates after accession capture the migration of young migrants where the welfare systems are expected to have less effect. We can therefore view this analysis as a stronger test. Taking the data prior to the EU accession for the remaining variables serves two goals. First, it enables us to model migration after EU accession as not merely a response to the present hardships or constraints but rather as a reaction to tensions which accumulated over a longer period, or might be structural. Second, this helps to deal with a possible critique of the reversed relationship between migration and welfare spending.

[6] Migration rates were calculated with data from the WRS (rather than from the NINO) for the UK.

Table 1: Labour migration rate after the enlargement – various correlations

	Correlation	Significance (p-value)
Social protection		
Social expenditure per capita	-0.685*	0.061
Active labour market policies (% GDP) Public services spending & training	0.175	0.678
Unemployment benefit (% GDP)/weighted by unemployment rate	-0.714**	0.047
Sickness/health benefits (% GDP)	-0.655*	0.078
Family benefits (% GDP)	-0.690*	0.058
Labour market performance		
Unemployment rate	0.677*	0.065
Earnings		
Gross earnings couple with 2 children (aver)	-0.585	0.128
Net earnings couple with 2 children (aver)	-0.665*	0.072

Note: Significant correlations marked: * / ** - 0.1 / 0.05 significance levels. N=8 . *Source*: Migration rate 2004-2007: Own calculations. Other indicators: Eurostat and Transmonee. Calculated as average between 2000 and 2004, except public services and training spending – 2003-2005 average (no earlier data available). For details about earnings indicators see: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN /earn_net_esms.htm

The correlation coefficients estimate the size and the significance of the relationship between a given variable and the rate of migration but are not able to test causality, neither do they control for the simultaneous effect of several variables. The results presented in Table 1 are nevertheless informative and consistent with the expectations framed earlier. First, average social spending per capita and also spending on different social protection functions, namely family benefits, sickness and health benefits and unemployment benefit (weighted by unemployment rate), show strong and significant correlations with post-accession out-migration rates. The significance of these relationships implies an association between migration rates, per capita levels of social spending and these functions of the welfare system. Second, as expected, higher net earnings but not gross earnings relate strongly to migration rates. Third, the relationship between unemployment rate and out-migration rates is strong and significant, signalling the importance of the labour market situation. The out-migration rates in the analysis measure the recent migration flows of mostly younger workers where the welfare system was expected to have lesser impact in areas such as family benefits. The strong and significant result suggests that the family aspect should not be disregarded in the context of youth migration. It implies that even though recent migrants tend to be single and without children, they might be making their decisions with family prospects in mind. Labour market policies spending on public services and training is not correlated significantly with migration. This could be affected by the fact that data was only available from 2003 and for some of the countries only for 2005.

In sum, the countries with lower levels of social spending faced higher shares of their workers leaving to work in the UK, Ireland and Sweden after EU enlargement. On the aggregate level, differences in the levels of social spending across the EU8 countries in the period before EU accession correspond to different rates of migrant outflows from these countries after EU enlargement. This is also the case for several sub-segments of welfare systems, namely spending on family benefits, sickness and health spending and passive labour market policies spending. The next section seeks to disentangle welfare systems at the policy level and connect them more closely to micro-level decisions through demonstrating more specifically the ways in which welfare systems matter for different migrant profiles. It analyses the effect of the levels and structures of unemployment benefit

schemes on older migrants with previous work experience and the effect of education systems and skill mismatches on younger migrants.

4.2 Welfare systems and migration at micro-level

Recent works about migration in CEE have established a shift in the profiles of migrants in the West after the accession of these countries to the EU, marking a change in the typical characteristics of people leaving the region during the 1990s (EC 2008; Kaczmarczyk and Okolski 2008; Kahanec and Zimmermann 2010). Most of the pre-enlargement migration from Central and Eastern Europe was directed towards 'traditional' destinations such as Germany, Austria or Russia. Migrants were in general middle-aged and married, with secondary, often vocational, education and previous work experience. The migrant workers were typically attracted into a low-skilled seasonal type of work, especially in construction and agriculture (males) and domestic services and cleaning (females). Many of the migrants were workers who were made redundant in the restructuring process (Baláž et al. 2004; Morawska 2002; Wallace 2000;). In contrast, the profile of a 'typical' post-accession migrant can be characterized as a person who is young, most of the time below the age of 35, well educated, single, employed in waged labour but in a job below formal qualifications in sectors such as manufacturing, construction, agriculture and low-skilled services. These mainly young and educated migrants were labour market entrants with limited work experience at home. They were mainly attracted to the UK and Ireland which liberalized their markets (Accession Monitoring Report 2008; Pollard et al. 2008).

Overall, the CEE migrant profiles over time differ in demographic characteristics, preferred destination countries and their position in the domestic labour market prior to migration. These factors jointly influence how strongly the migrants were tied to home society generally and which aspects of the welfare system affected him or her the most. The pre-accession migrants can be expected to have been induced to migrate in the instances of weak unemployment insurance schemes and active labour market policies aimed at helping the adjustment to the restructuring process. Given the high risk of youth unemployment in most of the EU8 countries, unemployment benefit available in the instance of a lack of immediate employment after graduation, or programmes helping youth re-train or find employment, can play an important role through widening the choices available to young people and hence decrease the migration pressure of post-accession migrants. The need to provide this help was more important in those countries where the match between the education systems and labour market needs (supply and demand) was lower. In the empirical sections that follow I therefore analyse cross-country differences in unemployment benefit schemes which are relevant for both pre-accession and post-accession migrants and, in addition to these, look at education systems and labour market mismatches in relation to young migrants, as selected aspects of the impact of welfare systems on CEE migration patterns.

4.2.1 Older and experienced migrants and the unemployment benefit schemes

The region of Central and Eastern Europe experienced a rampant and extensive process of structural change that significantly affected labour market chances and outcomes (Kureková 2011). The subsequent migration flow can be viewed as migration of labour that had become redundant in the process of transition in industry (Poland, Slovakia) and agriculture (the Baltic), often residing in regions that have lagged behind. The flows can be

characterized as mobility of middle-aged people with an inferior position in the labour market in terms of employment status and attained skills.[7] The role of governments in smoothing labour market adjustments of this workforce was crucial (Boeri 2000; Vanhuysse 2006), as their propensity to migrate can be significantly affected by the availability of alternatives at home, ranging from unemployment benefit, retraining or early retirement schemes. In case of unmediated labour market risk, migration represents a more or less viable option (or necessity) to deal with labour market problems.[8] In simple terms, if the engagement of government was low in offering these alternatives, citizens turned to migration as a solution more often.

Unemployment benefit schemes can be considered one of the key measures that mediated the migration decisions of older migrants. Importantly, already during the 1990s important differences emerged between the CEE countries in the generosity of their unemployment benefit, and these have been preserved. Table 2 presents the unemployment benefit generosity index for the 1990s and the levels of spending on unemployment benefit as a percentage of GDP and per head of population between 2000 and 2007 (the generosity index as presented for the 1990s is not available for these years). Parallel to that, unemployment levels are also presented.

The unemployment benefit generosity index, taken from Vodopivec et al. (2005), provides a comparative over time and cross-country measure of overall generosity of the benefits given out to the unemployed in six CEE economies during the 1990s while taking into account the replacement rates and the number of unemployed in the country.[9] The extensiveness of unemployment benefit schemes across these countries suggests a relationship between the net migration outcomes during the 1990s and unemployment benefit schemes. The countries with the highest generosity index have experienced much lower outflows of their citizens for work abroad (or positive net migration) than the countries with the lowest generosity index. Slovenia and Hungary have the highest index and have seen much lesser outflows during the transition; so has the Czech Republic with a medium level generosity index (but also the highest employment rate). Estonia was the least generous and experienced negative net migration in the 1990s, as did Poland which experienced an extreme decline in the generosity between 1995 and 1999 that coincides with a series of reforms during that time. Slovakia shows volatility in the generosity following an electoral cycle.

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[7] The outflows of the populations of Russian origin which took place relatively extensively from Estonia and Latvia could fall into this category of migration, as the negative attitudes towards Russian origin citizens in these countries led to their partial exclusion from the labour market (Fihel et al. 2006; Hughes 2005; Eglite and Krisjane 2009; Bohle and Greskovits 2009).

[8] For example, Micevska et al. (2007) find in respect to the seasonal migration of Polish workers to Germany that for the unemployed Polish workers with low skills difficult to employ in the domestic labour market, seasonal migration was a way of substituting income (Cf. Fihel and Okolski 2009).

[9] The authors analysed household budget surveys data to calculate the index as **GI = 100 * Replacement Rate * (Number of Benefits/Number of Unemployed)** where replacement rate measures benefit level expressed as a fraction of average wage. The ratio of benefit recipients and the number of employed measures what proportion of those who are in fact unemployed are in receipt of the benefits. The former factor therefore reflects the relative value of benefits while the latter reflects the relative availability of benefits. The product of the replacement rate and the share of compensated unemployed capture more inclusively the generosity of unemployment benefit systems. The authors used survey data to make these calculations.

Table 2: Unemployment benefit indicators and unemployment rate

Unemployment benefit generosity index								
	1992	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**
Czech Republic	-	9.5	9.9	8.6	8.9	10.8	9.0	8.5
Estonia	-	-	3.2	1.5	1.9	1.8	1.8	2.8
Hungary	-	-	23.5	22.1	20.4	19.9	20.4	22.7
Poland	19.8	17.4	18.6	21.6	17.3	9.8	6.9	5.6
Slovakia	-	12.1	10.1	6.6	7.5	9.8	-	-
Slovenia	18.9	24.2	24.2	20.5	20.1	26.6	24.6	22.8
Unemployment benefits spending (%GDP)								
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Czech Republic	0.7	0.6	0.7	0.8	0.7	0.7	0.6	0.6
Estonia	0.2	0.2	0.1	0.2	0.2	0.2	0.1	0.1
Hungary	0.8	0.6	0.6	0.6	0.6	0.6	0.7	0.8
Latvia	0.6	0.5	0.4	0.4	0.4	0.5	0.4	0.3
Lithuania	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.3
Poland	0.9	0.9	0.9	0.8	0.7	0.6	0.6	0.4
Slovakia	0.9	0.7	0.8	1.01	1.01	0.5	0.5	0.6
Slovenia	1.0	0.9	0.8	0.7	0.7	0.7	0.7	0.5
Unemployment benefits spending per head of population (PPP, current prices)								
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Czech Republic	85.0	84.7	96.3	119.5	118.9	112.8	105.6	124.5
Estonia	15.0	16.0	14.0	25.3	25.5	22.7	17.0	24.6
Hungary	81.6	74.8	75.1	77.1	81.7	87.9	100.8	117.4
Latvia	39.2	34.7	34.8	36.9	42.6	49.9	54.7	50.0
Lithuania	20.1	21.0	21.5	23.5	22.5	27.8	31.2	38.8
Poland	80.4	83.6	88.0	82.4	73.9	72.9	70.6	53.2
Slovakia	87.0	69.2	83.9	114.3	126.8	74.3	79.6	93.5
Slovenia	153.0	138.7	126.4	123.5	133.3	144.7	139.9	106.2
Unemployment rate (%)								
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Czech Republic	8.8	8.1	7.3	7.8	8.3	7.9	7.1	5.3
Estonia	13.6	12.6	10.3	10	9.7	7.9	5.9	4.7
Hungary	6.4	5.7	5.8	5.7	6.1	7.2	7.5	7.4
Latvia	14.4	13.1	12	10.6	10.4	8.7	6.8	6
Lithuania	16.4	17.4	13.8	12.4	11.4	8.3	5.6	4.3
Poland	16.1	18.2	19.9	19.6	19	17.7	13.8	9.6
Slovakia	18.6	19.2	18.5	17.4	18.1	16.2	13.3	11
Slovenia	7.2	5.9	5.9	6.6	6.1	5.8	5.9	4.6
Youth unemployment rate (%)								
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Czech Republic	16.3	15.4	16.8	19.9	19.2	17.5	10.7	10.0
Estonia	23.5	24.5	17.3	24.2	23.5	15.9	12.0	10.0
Hungary	12.3	10.7	11.4	12.9	14.4	19.4	19.1	18.0
Latvia	21.3	22.9	25.6	17.5	19.3	13.6	12.2	10.7
Lithuania	28.6	31.6	20.4	26.9	21.2	15.7	9.8	8.2
Poland	35.7	39.2	41.6	41.4	40.1	36.9	29.8	21.7
Slovakia	36.9	38.9	37.7	32.9	32.8	30.1	26.6	20.3
Slovenia	16.4	15.7	14.8	15.3	14.0	15.9	13.9	10.1

Source: Eurostat (unemployment rate and unemployment benefit spending) and Vodopivec et al. (2005) (unemployment benefit generosity index).

Importantly, the differences that were identified for the 1990s persisted and typically were even further amplified. The spending on unemployment benefit per GDP in the 2000s shows that the Baltic countries have been spending in relative terms the least, in spite of having significant unemployment rates in the early 2000s. Unemployment benefit spending per head of population further exacerbates the differences between the Baltic countries (the lowest),[10] Poland and Slovakia (medium), and the Czech Republic, Hungary and Slovenia (the highest). Strikingly, Poland and Slovakia with very high and persistent unemployment rates before accession only spent as much as or less than Hungary and Slovenia with significantly lower unemployment rates. These trends summarize important differences in the structure of unemployment benefit systems.

Large differences in eligibility criteria, in the levels of benefits and in replacement rates existed between the countries in 2004 when they joined the EU (Table 3A in the annex). For example, the required length of contributions in order to qualify for the benefits varied from a three-year requirement in Slovakia to 200 days in Hungary. Moreover, the minimum and maximum levels of unemployment benefit differed significantly. While some countries had no minimum levels set, in Slovenia the lowest unemployment benefits were as much as €221, three times more than the maximum benefits in Lithuania. Similarly, the maximum levels ranged between €72 in Lithuania to €663 in Slovenia.

To conclude, data about unemployment benefit schemes suggest a link between lower benefit levels and/or stricter eligibility criteria and higher rates of out-migration during the 1990s but also after accession. The access to unemployment benefit for young people without previous work experience and contributions to social security systems has been even more limited. I address the possible implications of this next.

4.2.2 Young migrants, labour market policies and education systems

Welfare systems have affected the migration of young migrants in two ways, both of which are closely related to labour market dynamics. The first dimension relates to the access to and the availability of schemes which would help young people in transition from school to work, such as unemployment benefit, re-training programmes or subsidized employment of graduates. In the context of very high unemployment rates in the region (Table 2), these are non-trivial. The second and much under-researched and underestimated dimension along which the welfare systems impact youth out-migration relates to the type and quality of education provided to young people in the region and the mismatches to which these contribute.

The analysis of unemployment schemes, taking special care to understand their availability for youth in 2004, shows that only in the Czech Republic and Slovenia were the young graduates eligible for government support in the form of unemployment benefit. A few other countries made unemployment benefit available after a certain time period had passed (Estonia and Lithuania) but the remaining countries *de facto* excluded graduates from unemployment benefit schemes (Table 3A in the annex). For example, only 2 per cent

[10] In respect to the extremely high post-accession outflows from Lithuania, Hazans and Philips (2009, 264) suggest that these might be related to the very low share of the unemployed receiving benefits and relatively higher unemployment rate prior to 2004.

of the young unemployed in Slovakia received unemployment benefit under the given conditions of the system in 2005, while the youth unemployment rate that year surpassed 30 per cent (OECD 2007). In addition, Hungary and the Czech Republic developed programmes which tried to integrate young people without employment to labour market through re-training (Czech Republic) or through subsidizing employment of graduates (Hungary). Re-training programs were available in Poland too, but only to young people below the age of 25. This overview again shows that those countries which have done more to invest in helping young people to integrate into labour markets through either passive or active labour market policies, namely the Czech Republic, Slovenia and Hungary, have seen much fewer of them out-migrate after accession.

An important fact related to welfare states' impact on migration pertains to the education provided to young people in the region and the degree to which it has been providing skills employable in domestic labour markets. There is ample evidence available, especially in the countries that have suffered from greater outflows, which shows that many graduates have been ill-equipped to situate themselves and succeed in domestic labour markets. This is not necessarily related to the levels of public spending on education which has been comparatively high especially in the Baltic countries, but rather reflects the ability to reform education systems in a way that would make them responsive, where needed, to labour market needs, or (alternatively) to incentivize the private sector to contribute to skill formation and education provision.[11] Labour market mismatches between the type of qualifications that the education system has been providing at both secondary and tertiary level and the demand on the labour markets have been documented by employers, governments, academics, and through the survey data by (potential) migrants themselves. The following paragraphs review some of the evidence.

Discussing reasons behind the out-migration from Latvia, Lulle (2009) notes that there are problems with the quality of education and the lack of coordination between vocational training, higher education and the labour market, stemming from the transition from the Soviet system. As a result, many people find themselves redundant and unable to earn sufficient wages in their existing professions, while lacking opportunities to improve their situation through education and training. McIntosh (2009) reports a 26-year-old Latvian IT worker holding a master's degree saying: 'I don't see the way out now actually. I am at point zero. I am just starting my career, but I don't see the structure here to develop myself in the labour market', while a civil servant of the same age says: 'Some of my friends who have no work say that they don't feel that they are needed here in their country…'. Similar problems are documented in Lithuania by Thaut (2009, 219):

> '[T]he poor quality education system is blamed for the country's failure to produce educated young people with skills and knowledge suited to Lithuania's labour market needs, thus contributing to emigration motivations and recent labour shortages in certain sectors… This mismatch between the education system and labour market plays into emigration decisions. Emigration allows people to capitalize on their education and seek work that directly relates to or benefits their career goals. Often times, however, they tend to work in unskilled jobs abroad, leading to fears of brain waste.'

[11] See Figure A4 in the annex for public spending on education.

Analysing Poland, Kaczmarczyk and Okolski (2008) associate the post-accession mobility with brain overflow implying that the human capital endowment of younger cohorts improved significantly during the transition while conditions in rural or more backward areas have not been able to provide suitable opportunities. Cielinska (2008) reports findings of a survey among university graduates in Bialystok[12] that revealed that the students evaluated the labour market situation much more pessimistically than it was in reality. These pessimistic evaluations were related to the fact that the available job offers usually did not match the financial aspirations and professional qualifications of the people looking for a job. She concluded that '[U]niversity education is not really advantageous for finding a job both in Poland and abroad. More job offers are directed at manual workers who are needed for simple jobs, which do not require long education.' (Cielinska 2008, 22).

The problems with the Slovak educational system were pointed out by several foreign employers in the country (SME 2007; Hancké and Kureková 2008). The Centre for Labour, Social Affairs and Family in Slovakia has argued that a combination of a record high unemployment rate among young people and a record low 'drop-out rate' does not indicate that Slovak school leavers are uneducated, but rather that they are educated in professions which are not in demand in the domestic labour market (Grajcar 2007). This is confirmed in the survey of the university graduating students which showed that as much as nearly 70 per cent of those students who were searching for work abroad (56 per cent of the total) indicated 'not enough suitable working opportunities' and almost one-third indicated 'poor chances of finding a job within the field of own expertise' as the reasons for searching for work abroad. Interestingly, those who did not indicate the intention to migrate declared as the most frequent reason the existing working opportunities in Slovakia (Reichová et al. 2006).[13]

Related to the dissonance between the qualifications of the youth and the labour market opportunities is the fact that for many young people migration represents a way of improving their skills and their position in the domestic labour market through enhancing especially language skills (while, however, they may be deskilling in terms of their qualifications). The survey presented in Reichová et al. (2006) revealed that over 91 per cent of intended migrants wanted to migrate in order to travel and gain experience and over 90 per cent did so also to improve language skills. In this way the youth migrants strive to upgrade their position in the domestic labour market upon return. The experience abroad has indeed been valued among employers (Williams and Baláž 2005).[14]

[12] Bialystok is the largest city in north-eastern Poland and the second most densely populated city in the country, located near Poland's border with Belarus.

[13] For details about the survey please refer to Reichova et al. (2006). The willingness to migrate abroad for work differed across different fields of study with the graduates in education and humanities, health and welfare and engineering having the strongest intentions to migrate after graduation – over 60 per cent of graduates in these fields stated that they are considering looking for work abroad after graduation. On average, the intention to migrate was the lowest among the graduates of agriculture (Reichova et al. (2006) and own analysis (not displayed)).

[14] This was also confirmed in the interview with Dalibor Jakuš in July 2010, the founder and owner of www.profesia.sk, the biggest job search portal in Slovakia.

5 Conclusion

This paper has analysed the role of welfare systems in influencing migration dynamics in Central and Eastern Europe. Welfare systems can mediate how individuals fare in domestic labour markets and can help workers adjust to situations of risk (older migrants) or in the school-to-work transition (youth migrants). The evidence has shown that welfare systems in Central and Eastern Europe are different enough to contribute to different migration outcomes. Specifically, the relationship between migration and the aggregate levels of welfare spending was found across countries and over time. In addition, older migrants were leaving more from the countries with weaker unemployment insurance schemes or a lack of other schemes which would aid workers to adjust to the transition challenges. As these migrants were often middle-aged and with families, other aspects of welfare systems, such as family support and health care, are also important. These functions jointly represent indirect wages as well as insurance and are important for people who make their decisions not as individuals but as members of families and are more strongly embedded in the home society both through welfare structures, home ownership and family ties. Welfare systems affected younger migrants foremost through mediating labour market mismatches between education and labour market needs. Given the high risk of youth unemployment in most of the CEE countries, policy tools available in the instances of a lack of immediate employment after graduation, and programmes helping the youth to re-qualify or find employment, play an important role through widening the choices available to young people and hence decrease migration pressure. The role of governments in smoothing labour market adjustments of this workforce was crucial as their propensity to migrate can be significantly affected by the availability of alternatives at home, ranging from unemployment benefit, retraining or early retirement schemes.

While CEE migrants do not seek welfare abroad, more extensive welfare systems at home do have substitutive effects in respect to migration. Migrants reach out to migration as a solution to dealing with labour market insecurities, and migration replaces welfare elsewhere provided through public services or government policies. Hence, where the governments have shifted state level responsibilities to individual level, many citizens turned to migration as an (exit) option. At the same time, paradoxically, the impediments to welfare access to the West would keep them tied to certain elements of home welfare systems, especially public services, encouraging the temporary nature of the flows. Where the alternatives to migration have been broadened by the provision of effective state policies, such as in Hungary, the Czech Republic or Slovenia, workers have drawn on these domestic alternatives rather than turned to migration, which is most of the time the second best option able to provide primarily low-skilled low-social status work abroad, and requiring leaving families and friends behind.

Investigating the impact of sending states' institutions on migration patterns (macro-level) and migrant choices (micro-level), this paper also analytically enriched migration studies which have urged for more comprehensive approaches to studying migration as part of broader processes and changes (Castles 2008, 2010; Collinson 2009; de Haas 2010). In addition, the analysis of welfare systems helped to explain the differences in migration rates across the CEE countries and pointed out the mechanisms that contribute to non-migration, which seems to be a fruitful but neglected line of inquiry of migration determinants. The paper leaves an important message for how to conceive of the effect of non-migration policies as potential factors influencing migration – although welfare state policies are

hardly designed with the specific aim to impact out-migration, they arguably can be thought of as important institutional (and monetary) determinants of migration. Welfare systems can offer direct and indirect forms of income, affect quality of life, widen the range of choices and provide insurance in the case of risk, and should be included in any analysis of expected migration flows.

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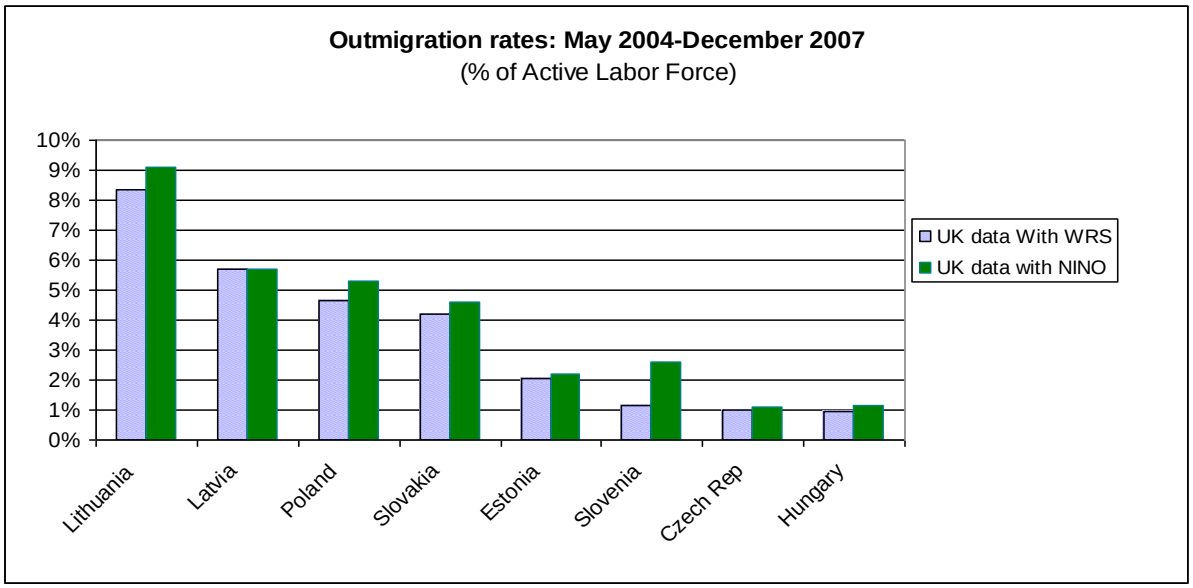
Annex

Table A1: Post-accession migration flows to UK, Ireland and Sweden: April/May 2004-December 2007

	UK (WRS)*	Ireland	Sweden	Total per country	% Active Population (with NINO)**	% Active Population (with WRS)*	% Population 15-64
Czech Rep.	34,425	15,844	513	50,782	1.1	1.0	0.7
Estonia	6,815	5,696	1,502	14,013	2.2	2.0	1.5
Hungary	25,610	14,107	1,587	41,304	1.1	1.0	0.6
Latvia	37,190	28,080	1,034	66,304	5.7	5.7	4.2
Lithuania	73,070	56,842	2,824	132,736	9.1	8.4	5.7
Poland	505,905	263,425	19,119	788,449	5.3	4.7	3.0
Slovakia	78,350	32,520	491	111,361	4.6	4.2	2.9
Slovenia	700	292	169	1,161	2.6	1.1	0.1
Total	762,065	416,806	27,239	1,206,110	-	-	-

Source: Author's calculations based on: UK: *Worker Registration Scheme – May 2004 – December 2007/ Various Accession Monitoring Reports/Home Office. ** National Insurance Numbers - NINO data: Department of Work and Pensions, 2009. Nino data start from April 2004. Ireland: Personal Public Service Numbers: May 2004 – December 2007/Department of Social and Family Affairs; Sweden: Residence Permits: 2004-2006, Tirpak (2007) and Swedish Migration Board for 2007 data. Active labour force and population as of 2006. Eurostat.

Figure A1: Outmigration rates to the UK, Sweden and Ireland with different UK data source



Source: See Table above. WRS - Worker Registration Scheme. NINO – National Insurance Numbers.

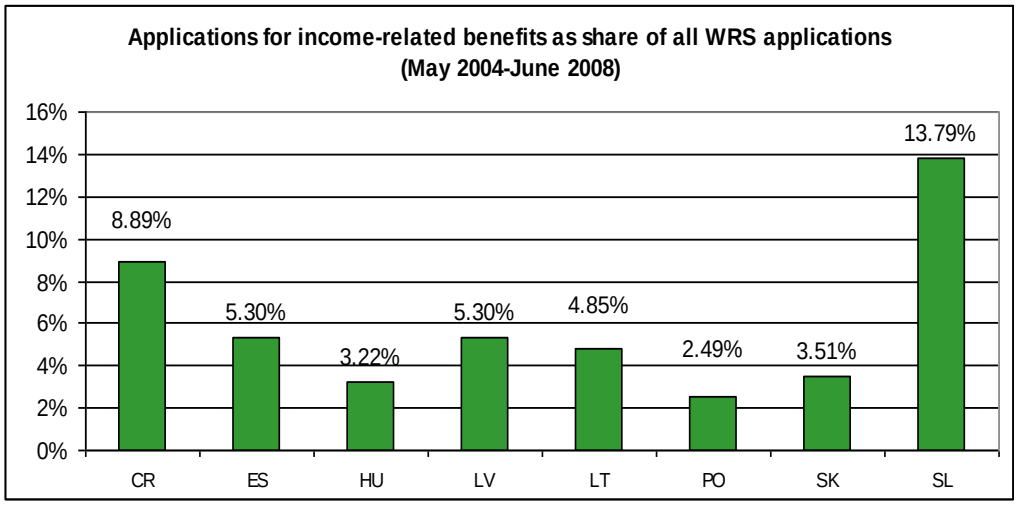
Table A2: Crude net migration in Central and Eastern Europe

	1990-94	1995-99	2000	2001	2002	2003	2004	2005	2006	2007	2008
Czech Rep.	-0.6	1	0.637	-4.207	1.204	2.527	1.824	3.539	3.381	8.123	6.887
Estonia	-14.4	-6.2	0.164	0.122	0.116	0.103	0.099	0.104	0.122	0.119	0.095
Hungary	1.8	1.7	1.631	0.951	0.348	1.536	1.797	1.712	2.116	1.449	1.631
Latvia	-8.7	-6.1	-2.319	-2.191	-0.784	-0.364	-0.467	-0.245	-1.071	-0.282	-1.122
Lithuania	-5	-6.3	-5.802	-0.735	-0.569	-1.825	-2.798	-2.572	-1.431	-1.553	-2.298
Poland	-0.4	-0.4	-10.66	-0.438	-0.469	-0.36	-0.246	-0.337	-0.947	-0.537	-0.39
Slovakia	-1.4	0.4	-4.138	0.188	0.168	0.262	0.534	0.632	0.715	1.259	1.306
Slovenia	-1.4	0.1	1.381	2.491	1.107	1.769	0.861	3.217	3.123	7.061	9.645

Note: Data up to 2001 are not comparable with 2002 and more recent data (change in methodology) but do show the trends that correspond to those identified in other works.

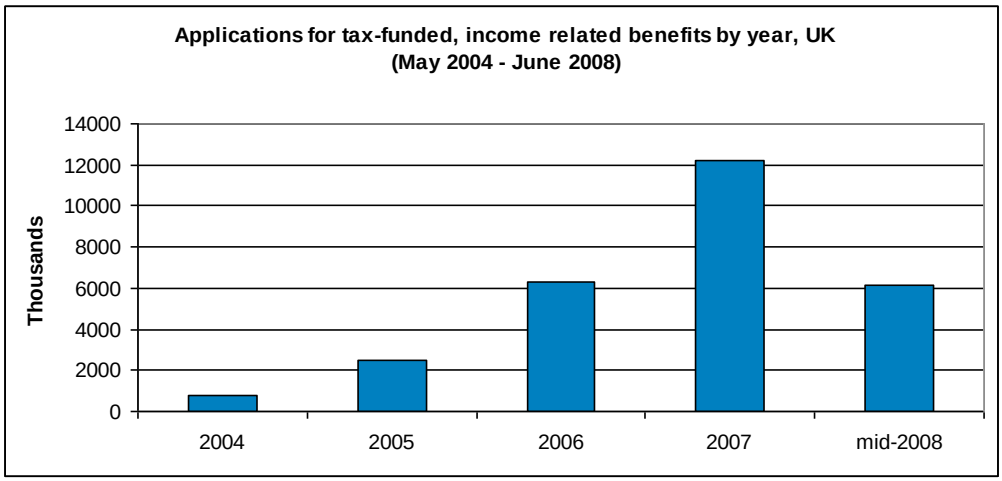
Source: Eurostat. The indicator is defined as the ratio of net migration plus adjustment during the year to the average population in that year, expressed per 1 000 inhabitants. The net migration plus adjustment is the difference between the total change and the natural change of the population.

Figure A2: Proportion of benefit-applicants as share of all WRS applications by country, May 2004–June 2008



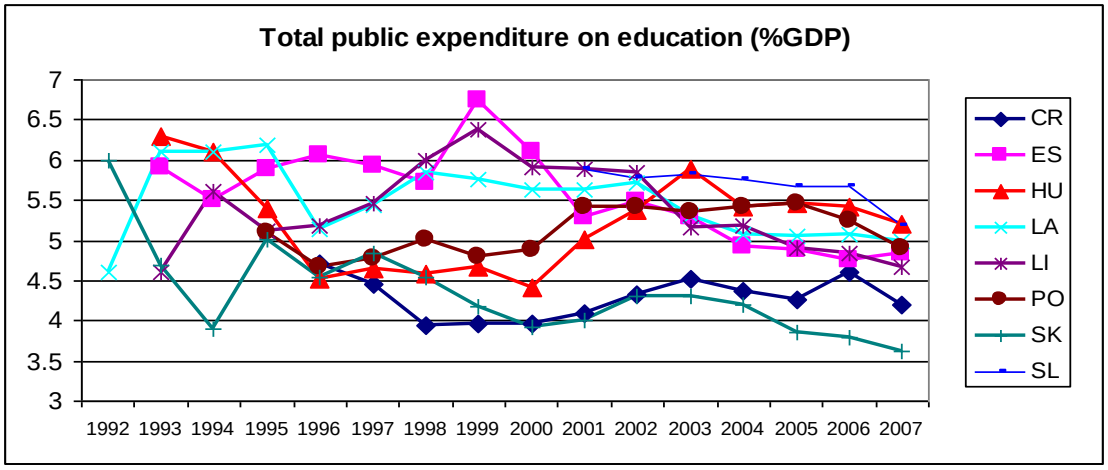
Source: AMR, 2008. Note: CR – Czech Republic, ES – Estonia, HU – Hungary, LA – Latvia, LI –Lithuania, PO – Poland, SK – Slovakia, SL – Slovenia

Figure A3: Applications for income related benefits by year, WRS



Source: AMR, 2008.

Figure A4: Total public expenditure on education (% GDP)



Source: Eurostat. Note: CR – Czech Republic, ES – Estonia, HU – Hungary, LA – Latvia, LI –Lithuania, PO – Poland, SK – Slovakia, SL – Slovenia

Table A2: Unemployment benefit systems in EU8, May 2004

	CR	ES	HU	LA	LI	PO	SK	SL
Basic principles	Social insurance scheme Earnings related	Social insurance	Social insurance based Earnings related	Insurance based Earnings related	Social insurance scheme; Tied to social insurance contribution record and reasons for unemployment, not to earnings.	Insurance scheme Economic activity related but flat rate	Social insurance scheme Earnings related	Insurance based Earnings related
Qualifying period	12 months of working activity, studying or child rearing.	Contributions of 12 months over previous 24 months	Payment of contributions for at least 200 days during previous 4 yrs	Socially insured for at least one year, paid at least 9 months in the 12 months before registering as unemployed.	24 months within 3 preceding yrs but exceptions for graduates and people child rearing.	Contributions for at least 365 calendar days during the previous 18 months	At least 3 yrs of unemployment insurance contributions during the last 4 yrs. In the next instance of unemployment, eligible again after 3 yrs, if contributions were paid.	12 months of employment in the previous 18 months
Max. duration of benefits	6 months or until the end of any retraining course.	180 days for insurance period less than 5 years, if more than 10 yrs, 360 days.	1 day of unemployment benefit per every 5 days of insurance payments, up to 270 days.	9 months.	180 days a year.	Tied to the regional level of unemployment, from 6 to 18 months.	6 months.	3 moths for the insurance payment up to 5 yrs, 12 months for payments longer than 25 yrs, 24 months for aged over 55 yrs.
Relation to individual's gross earnings	50% (first 3 months) and 40% (last 3 months) of aver. net monthly earnings over the past quarter; 60% if in retraining	50% of average daily earnings over 12 months	65% of the average salary equal to previous 4 calendar quarters with no ceiling.	50% - 65% of insurance record average contribution wage – rises with no. of years of contribution and decreases with the length of unempl.	Calculated by formula based on insurance record and reason for the loss of work and tied to Minimum Standard of Living sum.	Based on Basic Unemployment Allowance = 105 €. Adjusted to length of employment and to the level of unemployment in region of origin.	50% of assessment base equal to average gross earnings over 3 yrs with ceiling of 1005€	70% - 60% of average monthly earnings (no ceiling) during previous 12 months.

Minimum and maximum level set*	Min: None. Max: 315€ (353€ if in training)	Min: 26 € (unem. allowance) Max: Reference earnings max. 3 times national average daily income.	Min: 83 € Max: 166 €	No min or max set.	Min: 39€ Max: 72€	Min: 81€ Max: 121€ (possibly more in depressed regions)	Min: None. Max in 2004 fixed to 201€ Max: app. 500€	Min: 221€ Max: 663€
Accumulation with other benefits	With social benefits and social care benefits.	With pensions, except old-age pension, and social security benefits.	With family allowance. Short-term employment activity not longer than 90 days allowed during which UB are suspended but not terminated.	With family benefits.	With family benefits and benefit for families with three or more children.	With family benefits.	No accumulation. Not paid if person is in receipt of sickness or maternity benefit or parental allowance.	With child benefit, rent allowance and social assistance.
Situation of a university graduate	***Eligible for benefits, Personal Needs Amount taken as a reference. (Prior to 1.10.2004, studying was treated as employment.)***	***Eligible with 2 months waiting period after graduation and shorter duration of benefits.***	***Not eligible. Has to fulfil conditions.*** ***Employment Support for Job Starters Program – state support to employers (50-100% of wage, up to 1 year) for employing young skilled or unskilled graduates.***	***Not eligible due to lack of previous contributions.***	***Eligible for benefits but waiting period of 3 months.***	***Young person not more than 25 yrs old referred to training is eligible during the training period for scholarship equal to 40 per cent of the amount of benefit.***	***Not eligible for benefits. Eligible for job-searching allowance.***	***Eligible but shorter duration of benefits.***
Tightness of eligibility	Low	Medium	Low	Medium	High	Medium	High	Medium
Level	High	-	Medium.	-	Very low.	Low.	Medium to high	High.

Source: MISSOC Database. OECD (www.oecd.org/els/social/workincentives). Author. *Note*: * 2004 exchange rates.