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Romania, Connected to the European Migration Space

— *Editorial* —

Ovidiu Laurian Simina

Guest Editor

Economics, demography, war, persecution/repression and ecology are generally accepted as being the main source for international migration. If we put the mentality/culture among all this factors, as a major topic in understanding the phenomena which drive migration, the picture seems to widen. As mentioned in an earlier article quoted in my contribution for this special double-issue of **The Romanian Journal of European Studies** (authored in co-operation with Prof. Silași from the West University of Timișoara), before deciding to migrate, one must cross one or more border(s): real but mostly 'imagined' or 'imaginary' borders. It is very important for each person to surpass his/her own mentality before to choose to put behind house, family, children, community and social life, and to move to other region, country or even continent for a better life. The mentality regarding the (decision to) migration is close related to the amount of information available and mainly of education. In the same time, migratory movements could become elements for an increasingly conflicting situation when there is a lack of integration of immigrants and migration policies, related to the lack of education regarding acceptance of immigrants (the mentality) and understanding of the migration phenomenon. In order to understand migration, one should know about it, firstly. When learned about migration, one may study it deeply, to see and understand the causes, consequences and implications, to learn how to take the risks and how to manage migration.

Studying migration in Romania... It is not very simple. Because nowadays is more common to find migration related headlines in the media, than migration subjects in the university curricula. Starting with January 2002, Romanians travelled freely within the EU15 territory, without holding a visa for the Schengen Area. But migration became 'a topic' in Romania after the accession of the A8 countries (May 1st, 2004) only, and mainly around the moment of the country's accession to the European Union. A decade ago and up to 2004, it was difficult to find academic information about Romania on migration, to compare the findings with those presented in the scientific literature abroad, to reveal similarities or differences from other countries in the region or within the European Union. Only a few reports, mostly commissioned by some international organisations, focused on migration from Romania to the European Union. During a conference in Helsinki in September 2002, I was very (positively) surprised by the welcoming of my empirical research about Romania as source and transit

country for international migration¹: some participants asked me where/how to find such data about Romania, as provided in my paper. Indeed, at that time, it was quite a challenge to find reliable figures or good reports in order to prepare a scientific paper². Things changed since 2002, both at the national and the European level (nowadays, we may say that everybody is working on migration, reports on migration are released several times per year at the European level). But even now, when some Romanian universities and NGOs are interested in doing such research, I consider we still don't have enough research on migration. More of that, the majority of studies are sociological, only a few uses economics for analyse, and don't focus on all aspects. The most important socio-economic study on Romanian migration after 1990, and widely quoted after its release, could be Constantin et al. (2004), a research commissioned by the European Institute of Romania (a governmental funded body), but this uses data available before the biggest wave of EU enlargement, and some hypotheses may be already changed since then. We don't have enough research on migration as a whole, migration and mobility being analysed from different points of view – social, economical, legal etc. On the other hand, I was not able to find Romanian studies on the legal aspects of migration. It seems to me that Romania still doesn't have experts on legal issues as related to migration, asylum, mobility and freedom of establishment (and I do hope I am wrong!).

By editing a second issue dedicated to migration and mobility, the Jean Monnet European Centre of Excellence within the West University of Timișoara, editor of **The Romanian Journal of European Studies**, emphasises the need for migration and mobility research in Romania. At this time, Romanian doesn't have 'migration studies' in the university curricula, migration and mobility are studies as subjects in Economics, Sociology and European Studies, among the most important area of academic research. The team of the Jean Monnet European Centre of Excellence consider that Romanian university need 'migration studies' too.

Romania should be understood as part of the European Migration Space not only as a source of labourers for the European labour market, but also as source for quality research in this matter for the European scientific arena. European Union member since 2007, Romania is part of the European area of freedom, security and justice and therefore it is interested in solving correctly all challenges incurred by the complex phenomena of migration and workers' mobility at the European and

¹ *Romania – Source Country and Transit Country for International Migration*, SISEC Discussion Papers No.1/1 October 2002, West University of Timișoara, School of High Comparative European Studies (SISEC), Timișoara: SISEC, October (poster presentation at the UNU/WIDER Conference on Poverty, International Migration and Asylum", Helsinki, Finland, 27-28 September 2002).

² The book of Sandu (1985) is the oldest sociological volume on Romanian migration I have found, while the first economical book on international migration is a 1987 volume written by Albu and Roșu-Hamzescu (maybe there are few others more migration books, but they are very difficult to find, meaning 'unavailable', the same like 'inexistent'). After 2000, the migration literature mentions few more authors as part of the research teams conducted by Dumitru Sandu, Vasile Ghețu or Sebastian Lăzăroiu (it seems that the majority of Romanian authors who work on Romanian migration both in Romania and abroad are originated or are part of what we may call 'the Sociological School of Bucharest'). A non-comprehensive overview of the migration literature should mention the followings, as being the most common cited and used both in Romania literature and abroad. Sandu, Dumitru (1985): *Fluxurile de migrație în România (Migratory Flows in Romania)*, Bucharest: Editura Academiei; Sandu, Dumitru (2001): *Migrație și mobilitate internațională (International Migration and Mobility)*, in *Barometrul de Opinie Publică (Public Opinion Barometer)*, Bucharest: Open Society Foundation, October; Constantinescu, Monica (2002): *Teorii ale migrației internaționale (Theories of International Migration)*, in *Sociologie Românească (Romanian Sociology)*, No.3-4/2002, Bucharest, pp. 93-114; Diminescu, Dana and Lăzăroiu, Sebastian (2002): *Migrația circulatorie a românilor după 1990 (Circulatory Migration of Romanians After 1990)*, Bucharest: IOM Mission in Romania; Lăzăroiu, Sebastian (2002): *The Circulatory Migration of the Romanian Work Force. Consequences on European Integration*, Bucharest; Ghetau, Vasile (2003): *Declinul demografic continuă (The Demographic Decline Continues)*, *Barometrul Social (Social Barometer)*, February; Lăzăroiu, Sebastian (2003): *The Risks of Irregular Migration to the European Union. Perceptions and Trends*, Bucharest: IOM Mission in Romania; Diminescu, Dana (2003): *Visible, mais peu nombreux. Les Circulations migratoires roumaines* (ed.), Paris: Edition de la Maison des Sciences de l'Homme; Ghetau, Vasile (2004): *2050: Will Romania's Population Fall Below 16 Million Inhabitants?*, Romanian Academy, National Institute of Economic Research, Vladimir Trebici Population Research Center, Bucharest; Lazea, Valentin, Dumitru, Mihail and Diminescu, Dana (2004): *Migrația în străinătate a forței de muncă provenită din mediul rural. Aspecte și recomandări (Migration Abroad of the Labour Forces Originated from Rural Area. Aspects and Recommendations)*, in Grigore Silași (ed.): *Europa între cei 15 și cei 25 (Europe between the 15th and the 25th)*, Timișoara: Editura Universității de Vest; Lăzăroiu, Sebastian (2004): *More 'Out' than 'In' at the Crossroads between Europe and the Balkans*, in *Migration Trends in Selected Applicant Countries*, Volume IV–Romania, Vienna: International Organization for Migration; Constantin, Daniela-Luminița et al (2004), *The Migration Phenomenon from the Perspective of Romania's Accession to the European Union*, Pre-Accession Impact Studies II, Study no.5, Bucharest: The European Institute of Romania.

international level. The Europe of the last few years was confronted with some major challenges: the accession of twelve new Member States, ratification of the Treaty on European Constitution, the debate on the common budget for 2007-2013, some social movement/riots with ethnic roots, the establishing of the new agenda regarding the area of security and justice, or the mobility for labour of the new Member States. Maybe one of the hottest topics was the liberalising of the accession to the European labour market for the new EU citizens from the A8 states. Together with the waves of illegal immigrants arriving continuously on the Spanish, Italian and Maltese shores, the labour mobility/migration for work of the citizens from the 8 states from the Central and Eastern Europe forced both the EU officials and the citizens from the EU15 states (the so-called 'Old Europe') to open the debate on the economical and mostly social consequences of labour mobility. The European Year of Workers' Mobility 2006 has raised peoples' awareness of their rights to work in another EU country and how to exercise them, reinforced tools to help them find a job abroad, and highlighted the remaining obstacles to a genuine European job market. The collection of valuable papers on migration and mobility from the special issues of **The Romanian Journal of European Studies No.4/2005** and **No.5-6/2007**, along with the international colloquiums organized in Timișoara in May 2005 and May 2006, should be seen as our contribution to this important debate.

The papers from this special double-issue were put together according to their scientific quality, after an anonymously peer-review selection. There are twelve papers covering migration from different points of view (unfortunately, we still do not have juridical papers). The twenty authors (and co-authors) belong to economic and social sciences, coming from sixteen universities from the Europe and the Americas. They put under debate both theoretical issues and practical results of their research.

Gonzales-Perez, McDonough and Dundon analyse the concept of "glocalization" of the world economy, which creates a different context for the movement of labour. Some countries and regions are considered to be the top of the "value chain", while the others must be distributed down along this same chain. *"The existence of such a hierarchy is consistent with one view of global business strategy in which paradoxically the global character of production increases the salience of place, that is, of the local. Business seeks to place each of its separate operations in that location which is best suited to accomplish the particular activity from the perspective of the bottom line. In this view globalization is not the homogenization of activity on a global scale, but precisely the opposite. Participation in the global economy whether relatively successful or unsuccessful is no longer a question of convergence on a single successful model, but consists of the generation and maintenance of differences which serve to attract footloose capital."* Glocalization means that homogenous activities on a global scale turn into "local coloured" activities, for a greater dissemination in the local market, with influences on the labour migration. The authors consider that the character of the international system creates a range of functional possibilities for participants in global economic relations in both developed and less developed regions, and the dynamics of local institutions and social relations determines which place localities occupy and the possibilities for future dynamic change.

Krieger and Minter explored an economic approach to understand the granting of amnesties to illegal migrants in a federal setting like the EU. While the existing literature on immigration amnesties focuses on the case of a single independent legalizing country they have expanded this analysis to the case where the legalizing country is part of a federation with little restrictions on labour and household mobility. The immigration policy of the legalizing country does not only affect the welfare of its own residents but also the welfare in the fellow member states. Those countries are affected by the increased mobility of legalized migrants and therefore by a higher migratory pressure of unskilled individuals. Krieger and Minter demonstrated in a simple framework which connects marginal benefits and marginal costs of border enforcement that the legalizing country grants an excessive amnesty to illegal aliens from the federal perspective. This behaviour is caused through the expected onward migration of legalized migrants, which decreases the marginal benefit of border enforcement.

Philip aims to identify the structuring logic of the migration flows within Europe by analysing how French young people move abroad, to determine how they rebuild territorial identities, and to find out the distinctive patterns of the links generated by these movements across a 'space-system' continually re-organising itself politically and spatially. She considers that the free flow of people

operates like a political right symbolically and practically reinforcing Europe's building process, and the resulting migrations remain largely unexplored and hardly regarded as a driving force shaping the new European space. The point of her study is to offer an approach that will put into sociological perspective this new social object by emphasizing the links, new definitions, and exchanges between the various levels of territorial membership engendered by cross-border movements.

Gurdgiev compares the experiences with migration in Denmark and Ireland - two states with dissimilar attitudes towards migration. Following the 2004 accession, Denmark and Ireland have chosen different approaches to migration policy regarding the citizens from A8 states. Gurdgiev considers that the importance of this comparison rests on the fact that prior to the 2004 accession, both countries exhibited some of the most liberal immigration policies in the EU, but as regarding the new EU Member States, these policies were fundamentally different. *"While Ireland embraced liberal market-based approach, Denmark chose to follow migration policies that favoured humanitarian reasons for granting residency over economic. Thus, the two countries represent a perfect example of similar overarching migration flows with differing selection mechanisms prior to the Accession and diametrically opposing policies following the Accession"*.

White and Tadesse examine the role of immigrants in influencing Italian exports to and imports from their respective home countries. Particular emphasis was placed on variation in the immigrant-trade relationship across Former Soviet Republic and Post-Communist country classifications relative to immigrants from non-*FSR* and non-*PCOM* countries. They consider that *"immigrants are generally found to exert pro-trade influences, with proportional immigrant effects being somewhat comparable across home country classifications"*. The hypotheses of White and Tadesse included exploring the existence of an immigrant-trade link for Italy, examining variation in the link across home countries and product types, and considering estimated per-immigrant influences on Italian-home country trade flows. They conclude that immigrants are found to increase trade flows between the host country and their respective home countries. In the same time, *"EU enlargement and further weakening of restrictions on East-West migration will most likely lead to an intensified debate and, perhaps, more calls for restrictive immigration policies in western European capitals"*.

The economic paper of Yaya examines the effect of several macroeconomic variables such as GDP, imports, unemployment, immigration and emigration on the real wages and salaries of German workers. He used annual data for 49 years to estimate twelve different regressions, trying to capture the effect of these variables on the real wages and salaries in Germany while considering the unification of West-East Germany with a dummy variable. He considers that the results of his research are *"intriguing, and contradicting with most of the earlier literature"*. Imports were found to be affecting the wages significantly at the 10% confidence level, and affecting salaries insignificantly with a positive coefficient, claiming that imports in Germany, contrary to the literature, may be growth inducing, which consist mostly intermediary goods that are used for production industries. For different wage and salary groups, increase in imports is inducing male dominated jobs and their wages significantly but imports have insignificant negative impact on job wages dominated by female workers.

The empirical analysis of Topaloglou is based on a research carried out in nine cross border areas at the EU's external borders within the framework of the EXLINEA European Research Programme. He focuses on the problems, the policies, the practices and the perceptions that seem to prevail across the Northern Greek borders. The role of *"border"* in daily life, the major issues and also the motives for cross-border operation, the impacts of cross-border interaction in terms of the *"core-periphery"* relation and the development of international relations, were all examined. Among his conclusion, we emphasise the fact that, in Topaloglou opinion, *"for Greeks, borders separate something, which is 'different', while for their northern neighbours borders separate something, which is the 'same'. In other words, the role of EU is decisive regarding the configuration of perceptions of 'us' and 'the other'."*

Vicsek, Keszi and Márkus discuss the representation of refugee affairs in the Hungarian press, in the framework of an annual survey of two leading national Hungarian dailies. Their results show that Hungarian media often treat refugee affairs as an 'official' political matter. The question of refugee affairs was often presented together with a negative topic: it was linked in the articles to the topic of

crime/illegal actions. Few articles write about persons who have successfully integrated into the host society, programmes assisting refugees or other positive developments, while the asylum-seekers, the refugees are rarely given an opportunity in the articles to tell their life stories, the cause and circumstances of their actions. They consider that the question of refugee affairs is a topic where the image shown by the media is of great relevance: the media can be a more important source of information on this subject than personal contacts, especially if the number of persons in refugee affairs is small within the given society. The negative representation in the media of persons involved in refugee affairs is a serious problem because people treat negative information concerning minorities differently from similar reports not about minorities. People are far less likely at such times to find an excuse for the negative behaviour than in the case of persons not belonging to a minority and they also tend to generalise to the whole of the given minority

In her article based on a case study on the Chinese Community in Bucharest, Wundrak focuses on the historical development of the new Chinese migration wave to Eastern Europe, the immigration-process during the early 'wild' years of transition in the 1990s and finally the political and economical embeddedness of Chinese immigrants into the transition society. In particular, the article highlights the complexity of the immigrants' network-building during this process, which implicates both transnational links to the homeland and immigrants' incorporation into a rapidly changing host society. Her analysis has shown that the Chinese population which constitutes one of Bucharest's main immigrant communities is embedded in a society in transition and nonetheless managed to become successful business entrepreneurs. The new Chinese migration to Eastern Europe can be differentiated from traditional emigrations, not only in its timing, but also by way of several distinct features. This emigrant population is marked by internal diversity, is highly mobile and includes a few businessmen who are extremely financially successful. They are key characteristics of both the global economy of Chinese migration, and the process of local incorporation of immigrant businesses into the system of transition in Romania.

Alexandru aims at contributing to the understanding of circulatory migration in post-communist Romania by resorting to status inconsistency as the main explanatory factor for the international mobility phenomenon. She considers that the analysis of status inconsistency at the individual level evaluates the correlation between income, education and occupation, as well as the subjective representation of one's position on the socio-economic scale. Status inconsistency at the community level refers to the relative deprivation theory while appraising the economic differential between migrant households and households with no migration experience. Her paper shows that the propensity to migrate is higher for status inconsistent persons. *"In a highly disruptive transition environment, individuals affected by structural changes sought means of coping with downward social mobility and frustration"*. Alexandru argues that status inconsistency as a multidimensional characteristic of status influences migration behaviour, while those individuals who have never had the experience of an inferior job will find it harder to cope with the distress caused by repetitive job responsibilities abroad.

Roman and Suciú deal with the issue of international mobility of students. They noticed that the Romanian student mobility is lower than European one, therefore they focus on barriers to international student mobility, and also on policy measures that should be taken in Romania. They consider that the Bologna process had a great impact on higher education policy and on the course and program structure at many education institutions. The mobility factor will considerably affect the future of higher education and its benefits must not be neglected. They conclude that Romanian student mobility is facing a dimension unmet before and is increasingly during the last years. They are proposing solutions in overcoming the obstacles in greater student mobility: *"financial support, more information and the necessity of Romanian higher education institutions to be more involved in attracting European students"*.

In the final paper, Silași and Simina consider that Romania, a country with a labour market that faces distortions, will benefit from migration on short term, but will need to import labour force in order to maintain the development trend. Remittances, as result of Romanians emigration after 2002, helped the economic development of the country in the last years (remittances' inflow doubled the

FDI). As a response to the media debate regarding Romania's emigration, Silași and Simina consider that the fear of mass migration from Romania following the year 2007 is not justified. While the European (and mostly British) media cries on the threat of Bulgarians and Romanians' emigration, as following to the 2007 accession, the scientific reports say that the A8 countries' migration benefits to economy of the EU15 countries. In the same time, the Romanian media and the Romanian entrepreneurs announce the '*Chinese invasion*' and the lack of labour in construction, industry and even agriculture. Romania is not only a gateway for the East-West international migration (like Portugal, Spain, Italy and Greece for the South-North direction), but a labour market in need of workers. While a big part of the labour force is already migrated, mostly to the SE Europe (more than 2.5m workers are cited to be abroad, with both legal and illegal/irregular status), the Romanian companies could not find local workers to use them in order to benefit from the money inflow targeting Romania in the light of its new membership to the European Union (foreign investments and European post accession funds). Instead of increasing the salaries, the local employers rather prefer to 'import' workers from poorer countries (Chinese, Moldavians, Ukrainians, who still accept a lower wage as compared to the medium wage in Romania, but bigger enough as compared to those from their country of origin).

After I had the opportunity to co-organise two international colloquiums on mobility and migration (Timișoara, May 2005 and May 2006) in the framework of the Jean Monnet European Centre of Excellence of the West University of Timișoara, I was honoured to accept the important challenge of editing this special double-issue of **The Romanian Journal of European Studies** as Guest-editor. I thank Professor Silași and the editorial team for their full support. I hope I managed to do a good job here, because working at this issue emphasised the sentiment that I must do all my best to continue the idea which was at the origin of the Migratie.ro project of the School of High Comparative European Studies (SISEC) of the West University of Timișoara: promoting the idea of introducing the mobility and migration studies in the academic curricula of the Romanian universities.

Ovidiu Laurian Simina is counsellor (personal adviser) to the secretary of state for the liaison with the Parliament and European affairs, Romanian Ministry of Interior and Administrative Reform, and PhD Candidate (Economics) of the West University of Timișoara, Jean Monnet European Centre of Excellence. Law graduate from the Law Faculty of Alexandru Ioan Cuza Police Academy, Bucharest (specialisation: *border police, immigration, asylum and refugees*) and MA in High European Studies from the School of High Comparative European Studies (SISEC) of the West University of Timișoara, Mr. Simina served five years as immigration and border police officer, both at the Border Police checkpoints and at the "green" border (Romanian borders with Serbia and Hungary), before to join the Legal Directorate of the ministry.

A Theoretical Framework for Glocalisation of Labour Migration

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Abstract

Traditional approaches to migration have theorized migrants as a factor of production. This is a factor motivated by human and psychological expectations that respond to differences in wage levels between countries. This perspective runs into difficulty in that wage differentials are historically ubiquitous while migration begins and ends at discreet points in time and space. This framework is further impoverished, in that it doesn't explicitly consider the social dynamics in the two locations which create the labour surplus in one area and the labour shortage in another. This framework often regards the decision to migrate as a single one balancing the push and pull factors. In fact the decision to migrate may come about initially in response to push factors. It may be that pull factors enter only at this point in determining the specific destination or based on a network of humans communicating desired and perceived expectations. Further, it fails to recognize the importance of the active creation of a linkage between sending and receiving countries, which facilitates the interaction of social actors in industrial relations.

Keywords: glocalisation, migration, immigrants

Approaches to Migration

Traditional approaches to migration have theorized migrants as a factor of production. This is a factor motivated by human and psychological expectations that respond to differences in wage levels between countries. This perspective runs into difficulty in that wage differentials are historically ubiquitous while migration begins and ends at discreet points in time and space. This framework is further impoverished, in that it doesn't explicitly consider the social dynamics in the two locations which create the labour surplus in one area and the labour shortage in another. This framework often

regards the decision to migrate as a single one balancing the push and pull factors. In fact the decision to migrate may come about initially in response to push factors. It may be that pull factors enter only at this point in determining the specific destination or based on a network of humans communicating desired and perceived expectations. Further, it fails to recognize the importance of the active creation of a linkage between sending and receiving countries, which facilitates the interaction of social actors in industrial relations.

Barriers exist at many levels and migrants may lack information. The most obvious barriers are legal obstacles to both exit and entry, and negotiating the receiving countries job market is essential. Meeting social, familial and cultural needs in an alien environment poses complicated social and psychological problems. These factors demand the creation of a social and economic infrastructure for the movement of people in both sending and receiving countries.

The dynamics which lead to the creation of surplus populations in one area and the ability to absorb labour in another are embedded in the broader historical dynamics of the international economy. We would then expect to see the character of migration change as the international economy makes the transition from one structure to another.

Theoretical and historical framework

Towards the end of the post War period the metropolitan economies, having achieved an extended era of growth through the successful establishment of Fordist regimes of accumulation, entered into a period of crisis. This crisis led to the revival of long-wave theory contending that capitalist economies have been characterized by periods of long-run growth punctuated by periods of long-run stagnation and decline. One branch of long-wave theory associated with the Social Structure of Accumulation (SSA) Framework (SSA) in the United States and with the French Regulation Approach (RA) in Europe argued that periods of successful accumulation were associated with sets of institutions which supported the profit rate and reinvestment inherent in capitalist growth. The breakdown of these institutions explained the inauguration of the stagnant periods.

It was a natural next step to attempt to apply this framework to areas beyond the metropolitan economies for which it was initially developed. Could the success and failure of less developed economies be attributed to the construction and disintegration of institutions which were the essential conditions of successful accumulation? Several initial analyses of this sort have been made for Mexico, Brazil, South Africa, South Korea and India among others. This approach explicitly or implicitly sees the postwar economies as engaged in relatively autonomous economic dynamics though the degree of this autonomy would vary. One of the conditions of the dynamics of metropolitan and peripheral economies alike is however the specific character of their linkage into the international system. This international system was characterized by U.S. international dominance and Cold War competition. While it formed an overall picture it was nevertheless fundamentally constructed out of a mosaic of separate national pieces.

Migration in this period changed radically from the previous period in which emigration was dominated by movement from peripheral areas of Europe to areas of traditional European settlement in the Americas and Oceania. While some of this older pattern continued with less intensity, migration assumed a distinct North-South dimension with migrants arriving in the North American and European metropolises from areas of the "Third World". Movement in this period was driven by the disintegration of traditional agricultural economies. Expanding Fordist production based on unskilled and semi-skilled labour in the metropolises provided the pull factor with immigrants both external and internal occupying the less desirable positions. Routes of migration flowed along former colonial ties in Europe. In the United States the Southern border with Mexico was both physically and culturally porous. The most striking migration was internal with Southern blacks moving into Northern industrial cities.

During this “Fordist” period, unions perceived few challenges. As the economy expanded immigrant workers were absorbed into the lower rungs of unionised employment or into non-unionised secondary labour market. Union organisation remained primarily national. The divisions between unionised and non-unionised segments of the economy and within the unionised sector would assume greater importance with the downturn in the economy in the 1970’s and the accompanying neoliberal assault on organised labour.

The dominant proposed solution to the stagflationary crisis of the 1970’s has involved the aggressive imposition of a new global neoliberal order. The increasing globalization of the capitalist economy has ended the era when development depended on an internal national linking of mass production and mass consumption. Both production and consumption are now implicated in a world-wide network of economic activities. The model of autonomous national growth has been superseded in its heartland and has subsequently faded as the goal of Third World policy-makers. Traditional societies whose internal structures were sometimes strengthened through income streams resulting from an opening to international trade have become increasingly commodified and integrated into an international capitalism.

Economic success has shifted from implementing a Keynesian programme of balanced growth to a more Schumpeterian concern with the promotion of innovation and movement to a position which is “high on the value-chain.” Rather than establish particular industries the aim is to capture the “high value added” aspects of business operation associated with research and development and top management functions. It is impossible for all regions to specialize in top management and R&D. The establishment of some countries and regions at the top of the “value chain” implies that other countries and regions must be distributed down along this same chain with some inevitably at the bottom.

The existence of such a hierarchy is consistent with one view of global business strategy in which paradoxically the global character of production increases the salience of place, that is, of the local. Business seeks to place each of its separate operations in that location which is best suited to accomplish the particular activity from the perspective of the bottom line. In this view globalization is not the homogenization of activity on a global scale, but precisely the opposite. Participation in the global economy whether relatively successful or unsuccessful is no longer a question of convergence on a single successful model, but consists of the generation and maintenance of differences which serve to attract footloose capital. In this context labour control increasingly involves the threat of movement away from militant and expensive workers to more cheap and pliable labour forces. Currently the character of the international system creates a range of functional possibilities for participants in global economic relations in both developed and less developed regions. It is however the dynamics of local institutions and social relations which determines which place localities occupy and the possibilities for future dynamic change. In this way local social structures are nested within a developing overarching structure.

Greater globalisation has led to the creation of cross-national labour markets and consequently cross-national arenas of union activity. Within countries new multi-cultural currents have changed the character of the workforce. Constrained by shrinking resources and declining membership, the union response to these new developments has been variable and fragmented. At the same time, the vulnerability of immigrant workers has increased the need for union representation and an aggressive organising response.

Hypotheses

This “glocalization” of the world economy creates a different context for the movement of labour. It is to be expected that traditional views of migration will necessarily be found wanting. A number of changes can be hypothesized in this new context:

- Migration will increase at the top of the occupational structure as business management, researchers and professionals follow capital around the globe and move to those regions specializing in the “top” of the value chain.
- Regions which achieve success on international markets will absorb native labour into the specialized area pulling foreign labour into service and supplier industries which are necessarily locally provided but farther “down” the value chain.
- The acceptance of neoliberal ideology will validate the movement of labour among policymaking elites while the increased movement itself will create tensions at less elite levels of society.
- The movement of labour will be increasingly globalized. The existence of global networks of production will mean that larger percentages of the population at all locations will have experienced capitalist production and its associated culture. The “compression of time and space” will make it easier conceive of migrating. Newly integrated areas of the globe will become a new source of migrants.
- The movement of labour will be increasingly organized by entrepreneurial groups of both a legitimate and criminal nature and take place outside of traditional channels.
- Labour unions will face multiplying challenges. Effective organisations must increasingly cross national boundaries and go beyond the federation of national labour movements. Labour organising must extend into traditionally unorganised sectors and across cultural differences. Labour must begin to face the contradiction that immigration restrictions partially protect native workers from an international reserve army of labour but at the same time serve to disempower an increasing number of those actually employed in the domestic economy.

Immigration and union organising

The traditional functions of trade unionism are multi-dimensional (Flanders, 1970). On the one hand trade unions operate to protect a vested interest, in particular the economic position and well-being of present members. Yet at the same time, trade unions have a history of being at the vanguard of emerging social and political movements; what Flanders termed the ‘sword of justice’ purpose. From this research it appears that Irish trades union are directing their attention and resources towards a ‘sword of justice’ function with regard to migrant labour. Yet, union movements in other countries, notable the US and in particular the State of California (Milkman, 2000), trades union have taken the sword of justice principle much further and devised specific mobilising and organising activities to recruit and protect the concerns of migrant workers.

The emerging international environment of globalizing capital coupled with the discriminatory policy initiatives of governments pose a significant challenge to the labour movement seeking progressive responses.

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Immigration Amnesties in the Southern EU Member States — A Challenge for the Entire EU?

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Abstract

The question of how to proceed with illegal immigrants arriving in the southern EU member states is one of the pressing policy issues for the EU. In our article we will provide a thorough analysis of immigration policy and immigration amnesties from an economist's perspective. In particular, we are interested in answering questions such as why (at all) some states legalize irregular immigrants and what effects unilateral policy measures in this field have in an economic union such as the EU. While most of the work in the area of immigration amnesties focuses on the single country case we extend this scenario to the case in which the legalizing country is part of a federation and spillover effects between different states may occur. Several interesting aspects will be considered in this context, in particular, potential changes of the policy mix between internal and external enforcement on the one hand and legalisation on the other hand when a federal setting is considered instead of a single country.

Keywords: illegal migration, immigration policy, regularization, amnesties, enforcement, interregional transfers, European Union

JEL-Codes: J61, F22, R50

1. Introduction

The debate about illegal immigration captures much public attention in the European Union as well as in the United States.¹ Due to a large disparity in income levels between the EU and African or Eastern European countries there is a substantial migratory pressure especially to the Southern

¹ This article focuses on the situation in the EU. For an overview of the most recent discussion on immigration reform in the U.S. cf. Jencks (2007).

European countries. In the last 25 years national governments have responded to this phenomenon by increasingly granting legal status to migrants that have illegally crossed the border or overstayed their visas. Such extraordinary amnesties or regularization programs² are often part of a broader immigration policy reform accompanied by an intensification of internal and external migration controls. While it appears – at a first glance – contradictory to keep migrants out on one hand and give them legal status on the other hand, there is some rationale for this policy mix.

In our article we will provide a thorough analysis of immigration policy with a special focus on immigration amnesties from an economist's perspective. In particular, we are interested in answering questions such as why (at all) some states legalize irregular immigrants and what effects unilateral policy measures in this field have in an economic union such as the EU. The first question has been dealt with in the literature before, for example, by Hillman and Weiss (1998), Epstein and Weiss (2001) or Chau (2001). However, neither of these studies or – to our knowledge – any other theoretical study³ has yet discussed the highly relevant scenario, in which the legalizing country is part of a federation and in which spillover effects between different states may occur. Several interesting aspects have to be considered in this context, in particular, potential changes of the policy mix between internal and external enforcement on the one hand and legalization on the other hand in a federal setting as compared to a single national state.

The relevance of the topic is well illustrated by the immigration policy in Spain.⁴ Until the 1990s Spain was a net population exporter, later it became a receiving country. According to EUROSTAT the number of foreigners living legally in Spain skyrocketed from 398.000 non-nationals in 1990 to 2.772.000 in 2004. These numbers, however, do not account for the presence of illegal migrants. Since, according to Baldwin-Edwards (2006), some of the most important routes for illegal migration to the EU lead to Spain, it is likely that the latter number has followed a similar pattern. Arango and Jachimowicz (2005) estimate the stock of migrants illegally present in Spain in 2005 to be in the order of 1.200.000.

Like some of its Southern European neighbour countries Spain has made repeated use of extraordinary regularization programs over the past 20 years, thereby granting legal status to irregular migrants residing in the country at the time of the programs' introduction. From 1985 to 2005 Spain altogether enacted six amnesties and thus legalized a total of approximately 1.2 million illegal migrants, whereas the most recent amnesty in 2005 alone accounted for the legalization of approximately 700.000 illegal aliens.

It is crucial to distinguish amnesties (as analyzed in this paper) from the possibility of migrants to apply for asylum. While the former is an extraordinary project of the government to grant residence and/or work permit to a large number of illegal aliens, the latter is an individual decision for each refugee. Under the Geneva Convention each refugee has the right to apply for asylum.⁵ Formally, introducing asylum legislation has to be considered as a fundamental constitutional decision which is – after its introduction – no longer a political choice variable. Immigration amnesties, on the other hand, are „exceptional measures, undertaken only after much national soul-searching and lengthy, passionate debates among lawmakers, migrant organizations, and business interest groups“ (Levinson, 2005a).

Due to common legislation in EU immigration policy and due to relatively low barriers to movement inside the EU common market or, more specifically, the territory of the member states of the Schengen acquis, the Spanish naturalization policy did not affect Spain alone. There exists the possibility for legalized immigrants (more than for illegal immigrants) to move on to fellow EU

² In the following we will use the terms “amnesty”, “regularization program” and “legalization program” interchangeably, although some authors point out a difference. For example, Papademetriou et al. (2004) find the term “legalization” more appropriate to the U.S. policy where such programs have granted permanent settlement rights. Accordingly, the term “regularization” fits the European case where granting temporary residence and work permit are more common.

³ Jahn (1998) considers the decision over border enforcement in an area of free movement but does not go on to consider the case of an amnesty in such a setting.

⁴ A more detailed description of the Regularization and Immigration Policy in Spain can be found in Arango and Jachimowicz (2005).

⁵ Hatton (2004) offers a survey of the common EU asylum policy.

member states. The fear of those countries of a possible influx of unskilled legalized migrants is well illustrated by the reactions to the policy of Spain (and Italy, respectively). For example, Germany and the Netherlands criticized Spain during a meeting of EU ministers of the interior for acting arbitrarily and uncoordinated with its fellow member states and phrased their concern that legalized immigrants could also enter other member states.⁶ Similar comments came from the governments of Austria and Switzerland that “accused Italy of turning a blind eye to would-be refugees heading north.”⁷

Spain is not the only country prone to illegal immigration that has intensively used regularization or legalization programs in the past. As can be seen from Table 1 there are also other southern EU member countries that responded to an increasing influx of illegal migrants by granting repeated amnesties. For example, Italy legalized nearly 700.000 illegal aliens in 2002, thereby enacting the second largest amnesty program worldwide to that date. In total, Italy legalized around 1.4 million illegal migrants since its first amnesty in 1986. More northern EU member states which traditionally have a large number of immigrants such as Germany, the Netherlands or Austria are very reluctant when it comes to enacting immigration amnesties.⁸ The large regularization programs in the southern European countries are only exceeded by the legalization policy in the United States that regularized over 2.5 million clandestine workers alone in 1986 in the course of the Immigration Reform Control Act (IRCA). However, in relation to total population size European programs are larger.⁹

From a theoretical perspective immigration amnesties are introduced as long as their beneficial economic effects outweigh their negative effects. In our article, we will present the most relevant of these effects, ranging from labor market effects to the impact on voter behaviour.¹⁰ Specifically, we will show that the marginal benefit of internal and external enforcement, i.e., for example border controls and workplace raids, respectively, is falling in the stock of illegal immigrants. At the same time, with reasonable assumptions about marginal costs of enforcement it can be shown that undiscovered illegal immigration induces incentives for immigration amnesties, which are chosen optimally chosen and timed according to the needs of the host country alone.

Table 1: Regularization programs

Country	Year of Program	Number regularized	Primary Policy target	Benefit granted
Belgium	1974-1975	7.448	All foreigners	Permanent residence and work permit
	1995-1999	6.137	Exceptional circumstances	Permanent residence and work permit
	2000	60.000	Exceptional circumstances	Permanent residence and work permit
France	1973	40.000	Workers	Permanent residence and work permit
	1981-1982	121.100	Workers	Permanent residence and work permit
	1991	15.000	Rejected Asylum seekers	Permanent residence and work permit
	1997-1998	77.800	Family Reunification	Permanent residence and work permit
Germany	1996	7.856	Rejected Asylum seekers	Permanent residence and work permit
	1999	23.000	Rejected Asylum seekers	Permanent residence and work permit

⁶ Deutsche Welle (2005).

⁷ The Economist (6. September 2001), cited in Facchini et al. (2006).

⁸ Recently, there has been a discussion in Germany whether to legalize a small group of former refugees, who live well-integrated, but without a residence permit, in Germany already for a very long time and who will – realistically – never be able to return to their home countries.

⁹ One distinction between the characteristics of the legalization programs in Europe and the U.S. is noteworthy. Whereas the residence permit in the course of the IRCA was a permanent one, the residence permits in Europe are in general only temporary. For example, the 2005 amnesty in Spain granted only a one-year renewable permit to the applicants (see Table 1 for an overview of the characteristics of several legalization programs)

¹⁰ Note that our article deals with economic and politico-economic aspects only. However, we are well aware that there are several other reasons (beyond economics) which may explain the need of an immigration amnesty, such as humanitarian or social reasons.

Greece	1997-1998	369.600	Workers	6 month residence and work permit
	2001	351.000	Workers	6 month residence and work permit
Italy	1987-1988	118.700	Workers	Residence and work permit
	1990	217.700	All foreigners	2 year renewable residence and work permit
	1996	147.900	Workers	2 year renewable residence and work permit
	1998-1999	350.000	Workers	2 year renewable residence and work permit
	2002	704.000	Caretakers and dependent workers	Residence and work permit
Luxembourg	2001	2.850	Workers	Residence and work permit
Netherlands	1975	15.000	Workers	Permanent residence and work permit
	1979	1.800	Workers	Permanent residence and work permit
	1991-1994	2.000	All foreigners	Permanent residence and work permit
Portugal	1992-1993	39.200	Workers	Residence and work permit
	1996	21.800	Workers	Residence and work permit
	2001	120.200	Workers	Residence and work permit
Spain	1985-1986	43.800	All foreigners	Residence and work permit
	1991	110.100	Workers	Residence and work permit
	1996	21.300	All foreigners	One-year residence and work permit
	2000	163.900	All foreigners	One-year residence and work permit
	2001	216.400	Workers	One-year residence and work permit
	2005	ca. 690.000	Workers	One-year renewable residence and work permit
United Kingdom	1974-1978	1.809	Commonwealth and Pakistani citizens	Permanent residence and work permit
	1977	462	Commonwealth and Pakistani citizens	Permanent residence and work permit
	1998-1999	600	Domestic workers	One-year renewable residence and work permit
United States	1986	1.600.000	General Legalization	Permanent residence and work permit
	1986	1.100.000	Agricultural Workers	Permanent residence and work permit

Source: Papademetriou, et al. (2004), Levinson (2005b)

In an economic union with low internal mobility barriers the optimal immigration amnesty turns out to be different because of negative external effects which may lead – according to the traditional theory of externalities – to a too large number of legalized aliens. The reason is that from a single member state's perspective there is no (economic) reason to consider the amnesty's effect on neighbour countries. When at least some legalized immigrants move on from, say, Spain to Germany they no longer exert a negative marginal effect on the Spanish economy, such that yet another illegal migrant may be legalized before the optimum is reached. Negative effects on the German economy or German politics are of no relevance for Spanish policy makers who seek to optimize their immigration policy in order to either maximize domestic welfare or to gain political support. This may explain why countries like Germany complained about the latest Spanish immigration amnesties.

This example allows us to derive further important insights. In an economic union, member states' free-riding on public goods provision may be an important problem. The traditional instrument to internalize external effects is so-called *Pigou* taxation or subsidization, respectively, of the activity resulting in the externality. When northern EU member states want southern member states to abstain from amnesties, a well-designed subsidization of the southern states may be the most effective

instrument. In our analysis we will show that subsidizing enforcement measures will achieve the desired outcome. The problem is, however, that if one country (e.g. Germany) pays subsidies other countries with similar interest may want to free-ride on these payments and not pay their share. This is what happened to the Nautilus initiative (border controls in the Mediterranean Sea), which had to be suspended in summer 2007 due to a lack of funds from the EU member states. Similar problems can be seen in the case of Malta, a country receiving many illegal immigrants, which receives hardly any support from other EU member states. Malta's problem is that illegal immigrants are caught on the island such that there is hardly any way for them to move on to other member states (unlike in the Spanish case). Without externalities, not supporting Malta is therefore the optimal strategy for the rest of the EU member states.

A detailed discussion of these aspects will follow in the rest of this paper which is organized as follows. Section 2 analyzes the situation in the legalizing country. Since this is the "port of entry" for illegal immigrants coming from Africa to the EU we discuss costs and benefits of illegal immigration for this country. Given that immigration amnesties are a possible policy measure for dealing with illegal immigrants we introduce a simple framework to demonstrate the decision-making process leading to an amnesty. Section 3 describes the situation of the country of final destination, i.e. countries like Germany or Austria. We ask whether and when legalized migrants move on to those northern European EU member states and which economic consequences these states face. Our discussion continues in Section 4 where we present some solutions – based on Section 2's model – for the problems arising from an amnesty in a federal setting. Alternative measures like foreign aid to African countries or a reform of the legal restrictions to enter the EU are considered as well. Finally, Section 5 summarizes and concludes.

2. The Legalizing Country's Perspective

In this section we will focus on the consequences of illegal immigration and immigration amnesties for the host country. In our case, the host country is defined as the "port of entry", where illegal immigrants enter the EU and that will eventually decide whether to legalize them or not, i.e. one of the southern European countries situated at the Mediterranean Sea. Furthermore, we introduce a simple non-technical framework to illustrate the decision process of policy makers when deciding over regularization.

2.1 The costs and benefits of illegal immigration for the host country –

A brief review of the literature

The early literature (for example, Sjaastad, 1962, or Berry and Soligo, 1969) considered – in principle – any form of migration, including illegal immigration, as welfare improving and thus unambiguously positive. In a competitive setting the movement of the production factor labor improves allocational efficiency through eliminating factor price differentials. However, while from the "world's" perspective welfare increases, a single country may not consider migration as desirable.

The reasons why a country might not desire immigration, and especially that of unskilled – and possibly illegal – workers, are discussed, for example, in Borjas (1994) and Mayda (2005), who analyse both economic and non-economic motives. On the one hand there is a concern that the influx of immigrants might have a negative influence on wage levels or the unemployment rate. In addition immigrants are often perceived as net welfare recipients, thereby creating a loss for the native population.¹¹ On the other hand there may be xenophobia as well as security or cultural concerns related to immigration.

¹¹ Razin and Sadka (1995) offer a formal analysis of the negative effects of unskilled immigration on the welfare system when wages are rigid. Brücker et al. (2001) give a detailed presentation of the welfare dependency of immigrants in Europe.

According to Epstein and Weiss (2001) the social costs of illegal immigration are presumably higher than those of legal migration. This might occur because illegal migrants have a higher probability of getting involved in crime as victims as well as as felons. In addition a large presence of illegal migrants may be presumed as a sign of impotence of the acting government. Furthermore a large stock of not tax-paying migrants might also lower the tax morale in parts of the legal population. Last but not least the presence of illegal aliens and their situation might be considered as inhumane. However, although it appears – at a first glance – that illegal migration is supply-side driven and generally rejected by domestic population, this is only one part of the story. There exists a demand for illegal immigrants as well.

Therefore, the literature on the economic effects of illegal migration can be divided in works that are concerned with the supply side of illegal immigration as well as those focussing on the demand side. Most works are concerned with the former, where the host country does not desire immigration in general but has nevertheless to deal with an existing migratory pressure. An early work in this context is Ethier (1986), who demonstrates the benefits of restricting migration in the framework of a minimum wage setting à la Harris and Todaro (1970). He mainly sees three reasons for limiting the inflow of foreign workers. The first is the maximization of national income by affecting the foreign country's wage level, the second objective is to influence the income distribution and the third are measures to prevent negative effects for the social stability. Furthermore the authors demonstrate that the host country can cut down the cost of its restrictive immigration policy by using a combination of both internal and external enforcement, instead of relying on one policy tool alone.

Djajic (1997) analyzes the effects of illegal immigration on resource allocation, wages and commodity prices in the short run as well as in the long run. He finds negative wage effects for competing workers in the short run. In the long run, however, the factor labor might in general benefit from illegal migrants due to increasing economic rents. Especially in industries like agriculture, the building and service industry and health care irregular workers may induce economic benefits (cf. Krissman, 2001). The employers of illegal aliens gain from their presence because wages for irregular migrants are usually lower than for legal migrants and working conditions are below the national standard.¹² The benefits of irregular workers accrue not only to the employers but also to the population as a whole by bringing down the costs of goods and services.

In this context Karlson and Katz (2003) offer an interesting explanation why governments on the one hand limit the influx of migrants through border enforcement and on the other hand repeatedly grant legal status by applying amnesty programs. If the government wishes to attract only high-skilled illegal migrants, it may choose a policy mix of enforcing the border and offering the possibility of becoming legalized with a certain probability which attracts only high-skilled illegal migrants. This self-selecting process is achieved through higher expected wage income of skilled compared to unskilled migrants after legalization.

As pointed out by Borjas (2006), immigration policy has to be seen as just another redistribution program. In the case of unskilled illegal migration unskilled native workers are hit by the influx, on the other side employers of unskilled workers are likely to benefit most from the increased supply of workers. Immigration policy will thus be a result of a political decision process that is characterized by the competing interests of those groups. The works by Benhabib (1996), Hillman and Weiss (1998) and Garcia (2006) analyze the determination of the immigration policy in the political process. They apply the median voter model, in which the politician aims to win the election by capturing the median voter. A slightly different approach has been offered by Epstein and Nitzan (2006), who argue that immigration policy is strongly affected by interest groups and lobbying. In general, one can conclude from the public-choice literature that the prevalence of immigration restrictions suggests that (worse-off) adversaries to a liberal immigration and enforcement policy outweigh (better-off) advocates of this policy.

¹² Cf. Cobb-Clark and Kossoudji (2000).

2.2. Policy tools in dealing with illegal migrants – Enforcement vs. amnesty provision

As previously mentioned there are basically three policy instruments which may be used to curtail the influx of migrants and to deal with a given stock of illegal aliens present in the country. These are

- external enforcement (through tightening the border),
- internal enforcement (e.g., through workplace raids and employer sanctions), and
- legalization of illegal aliens.^{13,14}

Enforcement activities appear in several forms. The most visible are undertakings to secure the border, which is also at the heart of the EU policy against unwanted immigration.¹⁵ This is usually done by erecting obstacles to hinder illegal immigrants from crossing the border. The most obvious barriers can be found in the Spanish exclaves in Ceuta and Melilla. But in contrast to the over 3000 km length of the Mexican-U.S. border, the Southern European countries are separated from Northern Africa by the Mediterranean Sea. Due to this maritime border, physical barriers cannot be erected to steer the influx of migrants. Instead the Spanish authorities must focus their efforts on detection and apprehension. In the past some main routes of entrance to the EU have evolved as Figure 1 demonstrates.¹⁶

Another characteristic of a maritime border like the Mediterranean Sea is that according to the Geneva Convention on asylum policy each refugee has the right to apply for asylum after entering the country. Since the Mediterranean Sea does not constitute sovereign territory of the Southern European states detecting migrants on the open sea enables those countries to send the migrants back to Africa without giving them the possibility to apply for asylum.¹⁷

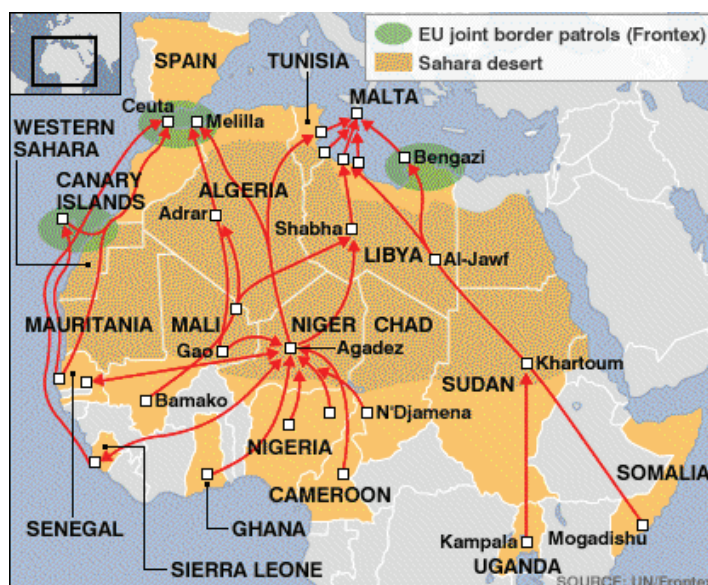


Figure 1: Key migrant routes from Africa to Europe (BBC, 2007).

In spite of the efforts to enforce the external border of the EU the influx of illegal immigrants cannot be prevented entirely. Indeed, estimations of illegal presence in the EU range from 5 to 8

¹³ For instance the IRCA reform encompassed a tightening of external border control, intensification of workplace controls as well as granting permanent residence to illegal migrants, cf., e.g., Orrenius and Zavodny (2001).

¹⁴ Another possibility is the deportation of illegal aliens, but due to humanitarian concerns this is generally not considered a feasible option.

¹⁵ Cf. Verbruggen (2005).

¹⁶ For further information on border enforcement at the Spanish-African border see Carling (2007).

¹⁷ This procedure was criticized by "Amnesty International" and "Pro Asyl" in September 2007 as not being in compliance with basic human rights, cf. http://www.proasyl.de/fileadmin/proasyl/fm_redakteure/Europa/Frontex/Gutachten_Geltung_MRe_auf_See_Sept_2007.pdf.

million individuals.¹⁸ To fight the presence of illegal aliens the member states invest in internal enforcement. According to Broeders (2007) and Broeders and Engbersen (2007) especially the northern member states have intensified their efforts on surveillance in recent years. Measures in the fight against illegal aliens comprise workplace raids, exclusion from societal institutions and deportations in individual cases. Currently several member states are developing electronic databases to identify illegal aliens.

The benefits of the regularization of illegal migrants are mostly remedies for the negative aspects of illegal migration. For example, Cobb-Clark and Kossoudji (2000, 2002) point out that the 1986 U.S. IRCA programme accomplished objectives like an improvement in wages and labor market opportunities, so that migrants could more easily find higher paying jobs matching their personal skill level. In the same direction points the work by Coniglio et al. (2006) who consider an amnesty programme as a tool that enables migrants to fully apply their skill level on the host countries labour market.

According to Levinson (2005b) a regularization might – from the host country’s government perspective –

- increase tax and social security revenues,
- help to reduce the size of the underground economy,
- “wipe the slate clean” for future immigration enforcement,¹⁹
- acquire information about illegal aliens,
- improve the credibility of the government,
- lessen political pressure from foreign forces, for example when joining multinational agreements like the EU.

However, note that not all of these positive aspects are equally likely to occur. As Papademetriou et al. (2004) explain, regularization does not guarantee lifting the illegal aliens into the formal sector. Some regularized migrants may choose to or be bound to remain in the informal economy, when for instance their skill level does not match the needs of the formal labour market.

On the downside of a regularization program are concerns like political and social tensions from rewarding lawbreakers and encouraging further illegal immigration. Furthermore, a possible increase in the use of public services like health care and education is feared as well as a decrease in the wages of competing workers.

2.3 A simple model of enforcement and migration amnesties

In order to get a better insight into the underlying mechanisms of and interactions between enforcement policy and immigration amnesties, we introduce a simple graphical framework on which we will later (in Section 4.1) base our argument regarding the effects of immigration amnesties in the EU. The following assumptions help to keep the model as simple as possible:

- The benevolent government cares only about the welfare of its native residents. It does not care about illegal or legal migrants.
- In the beginning there is a certain presence of illegal and legal migrants in the country.
- The government decides over two policy instruments: border enforcement and regularization of illegal aliens.
- Immigrants are always net beneficiaries of the host country’s fiscal activities, i.e. even if they contribute (as legalized migrants) to the state budget this does not outweigh the negative effect of reduced per-capita consumption of (impure²⁰) public goods following an increasing

¹⁸ Note that estimations of the number of illegal immigrants are controversial because most government data systems do not report them, besides there exist immense difficulties in getting correct estimations. Jandl (2004) gives an overview of several techniques of how to measure the total stock and inflow of illegal immigrants to a region.

¹⁹ For more on the theory of “wiping the slate clean”, cf. Chau (2001).

²⁰ The public good is impure in the sense that the property of non-rivalness in consumption does not hold fully, i.e., with many users congestion costs arise which eventually lead to lower per-capita consumption.

number of users due to (legal and illegal) immigration.²¹ The negative effect is stronger for immigrants remaining illegal than for those becoming regularized.

- It is not possible for the government to completely stop the influx of illegal migrants. Border enforcement will decrease the influx but some persons will always manage to trickle through.

Consider now marginal costs and benefits of border enforcement. We assume – for better graphical presentation and without loss of generality – that marginal costs of enforcement are constant, i.e., independent of the existing stock of illegal immigrants. Strengthening border controls by one “unit” (for example, by an additional border guard) will always impose the same cost.²² The marginal benefits from border enforcement on the other hand are falling with the stock of illegal immigrants. Enforcement limits the number of non-contributing users of the (impure) public good financed from the state budget, such that per-capita consumption is higher compared to a situation without enforcement. However, when already many illegal immigrants are net beneficiaries consuming the public good and when per-capita consumption is already rather low additional enforcement will only have a small positive effect. Hence, for a large stock of illegal immigrants living in the country the marginal benefit of external enforcement is rather low.

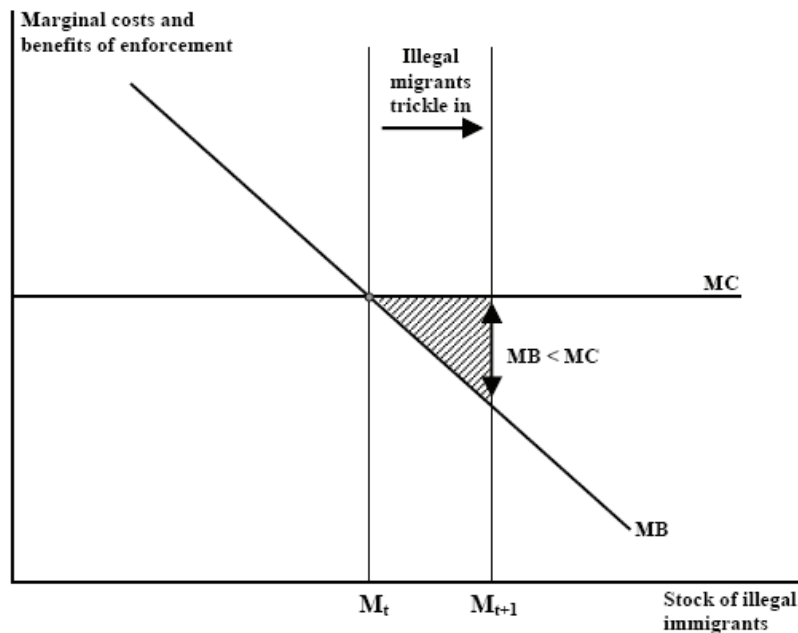


Figure 2: Marginal Costs and Benefits of Enforcement and Incentives for Migration Amnesties

Figure 2 shows the constant marginal cost (MC) and the falling marginal benefit (MB) curves. Let us assume that in period t marginal cost equals marginal benefit. Between period t and $t+1$ some illegal immigrants trickle into the country despite border controls. The stock of illegal immigrants rises from M_t to M_{t+1} . This dilutes per-capita consumption of the public good further (MB falls) and leads to a welfare loss indicated by the shaded area. From the host country's perspective two solutions can be imagined. First, at a lower marginal cost of enforcement the number of illegal migrants slipping through the borders could be reduced. However, this solution is not feasible as the host country cannot reduce marginal costs.²³ This leaves only to reduce the number of illegal aliens living in the

²¹ Cf. Krieger et al. (2007) for a more thorough analysis of the effects of immigration on public goods provision and its consequences for immigration amnesties.

²² Despite the previous assumption that the net effect of illegal immigration deriving from public good consumption is negative, it appears to be more realistic to assume increasing marginal costs of enforcement because with an increasing stock of illegal immigrants at least some tax contributions can be expected (e.g. from VAT).

²³ For example, it is not realistic to assume that the cost of border guards can easily be reduced.

host country. This can be done by introducing an immigration amnesty which reduces the stock of irregular immigrants to the previous level (M_i) where MB equals MC again and where the welfare loss disappears.^{24,25} It is clearly the optimal strategy for a benevolent, welfare-maximizing government to follow this strategy.

It should be noted, however, that this very simplified framework ignores several other influences on the decision whether to legalize or not. In particular, we have abstracted from important aspects such as distributional issues or the political process. Nevertheless, the model helps to understand the rationale for immigration amnesties. With a too large stock of illegal aliens living in the country, regularization will allow to reduce a resulting welfare loss. In Section 4.1, we will extend this framework and show that within an economic union such as the EU there exists an incentive for the host country to legalize more immigrants than under this section's scenario.

3. Adapting to the Situation in the EU – A Federal Perspective

Having dealt with the perspective of the legalizing country in the previous section, we will now consider the situation of the fellow member countries in the European Union. For this purpose we will start with a brief description of the current EU immigration policy. After that we will discuss incentives for migrants to move on within the European Union, i.e. from one member country to another. The section closes with an examination of the consequences of onward migration for the countries of final destination. We discuss the labor market impact as well as the effects on the welfare systems in order to see whether the anxieties of these countries towards immigration are justified.

3.1 The EU immigration policy

A common European immigration policy develops only cautiously, due to the fear of the member states to lose sovereignty over this important policy issue. According to Baldwin-Edwards (2006) the focus of the recent achievements of the common immigration policy lies on security aspects like border enforcement and expulsion of illegal migrants while other issues like legalization of illegal migrants or immigration to meet labor market needs have been absent until very recently when the debate about the so-called Blue Card started (see Section 4.3 for details).

The most obvious achievement of the common immigration policy is the Schengen acquis which removed barriers to mobility for workers and households inside the Schengen territory. In consequence EU citizens have the freedom to live and work where they choose within this region. In contrast to this, barriers against immigration for non-EU nationals have been established in most member states and at EU level after the first oil price crises in 1973. These barriers have been reinforced with the introduction of the Schengen acquis.

Since every migrant who arrives on the territory of the European Union has the right to apply for asylum, it is worth taking a closer look at the EU legislation on asylum policy. The rules of admitting asylum seekers and refugees as well as the national practices of proceeding with non-accepted asylum seekers and refugees are not yet harmonized in the EU. Usually, only very few applications for political asylum and refugee status are accepted. However, many humanitarian migrants are nevertheless tolerated in EU countries, even though their application for asylum status has been rejected.²⁶ Many EU countries have tightened the legal and administrative rules for admitting asylum seekers to limit entries and shorten the duration of stays.²⁷ According to Boeri et al. (2002) a "race to the bottom" among member states is unavoidable if migrants face different national rules. Caviedes (2004)

²⁴ An alternative interpretation would be to argue that an amnesty is equivalent to increasing the marginal benefit of illegal immigration. This argument follows because a legalized immigrant reduces the net cost of public goods due to her tax payments.

²⁵ A total of $(M_{i+1} - M_i)$ immigrants will be legalized.

²⁶ In most migration amnesties, at least some rejected but not (yet) repulsed asylum seekers are regularized as well.

²⁷ See Hatton (2004)

supports this concern by stating that “tolerating different regimes invites competitive policy-making that can impose externalities upon fellow member states”. Such externalities are not limited to the case of asylum policy. Therefore, the EU also established common rules on how to deal with the issue of illegal immigration. In 2002, the EU Council enacted a comprehensive scheme to combat illegal immigration and trafficking of human beings on the summit of Seville. This scheme encompasses measures on fields like visa policy, border management or return and readmission policy.²⁸

Alscher (2005) concludes that the EU immigration policy is getting more and more a common topic of the EU-harmonization process. But the focus only lies on restrictive measures like coordination of external border control and a common asylum policy. Fields like the legalization of illegal immigrants remain national affairs and therefore suffer from a lack of coordination. This opens the door for more negative externalities effects, as encountered by Caviedes (2004), which may then lead to sub-optimal outcomes from a European welfare perspective.

3.2 The situation of migrants – Can we expect onward migration?

The existing literature on immigration amnesties deals with the situation of a single migrant-receiving country that is not part of a federation. When considering the – more realistic – situation of low barriers to EU-internal migration a central question arises: Do illegal migrants arriving, for example, from Africa to Spain have an incentive to move on to other member countries?

Let us realistically assume that there is always a certain number of illegal aliens not intending to stay in the country of first arrival in Europe, but planning to move on to other, more northern EU member states such as Germany, Austria or the Netherlands. Reasons for this behaviour are manifold. For instance, the existence of network effects may induce migrants to live in regions where there are relatives, friends or people from the same cultural background.²⁹ If these networks exist in countries that are not easy to enter, migrants may choose a different “port of entry” and eventually move on to the final destination country.³⁰

In addition, the “safe third country” concept in EU asylum policy, introduced after the Dublin Convention, fosters onward migration. This concept states that countries are allowed to refuse asylum in case that the refugee has passed through a country deemed safe, where she could have sought asylum. The consequence mainly for African migrants is that they first have to apply for asylum in countries like Spain or Italy before they can move on to fellow EU member states.³¹

To get a clearer picture of the incentives concerning onward migration, data from surveys on illegal migrants arriving in Europe is necessary. Unfortunately, the data situation regarding illegal migrants coming to Europe is very dense.³² One work that offers some insights on the preferences of illegal migrants coming to Europe is the field survey by Chiuri et al. (2007). They surveyed 920 apprehended illegal immigrants coming to Italy and found that about 23 percent of them had the intention to move on to a different EU member state.

Another critical point about illegal immigrants and their legalization in a federal setting is the question when illegal migrants dare to move on. As long as they are clandestine it is very likely that they avoid any activities which might arouse attention. A straightforward conclusion from this behaviour is that illegal aliens hardly intend to move to another EU country due to the fear of being detected at the (EU-internal) border. Therefore an amnesty has an important consequence: no longer

²⁸ For a more detailed overview see Yoshida and Woodland (2005)

²⁹ Cf. Epstein and Gang (2004), Bauer et al. (2005) or Faria and Levy (2003) for related studies.

³⁰ This effect might be weakened due to the insight of Chiuri et al. (2007) that illegal migrants coming to Europe are mainly frontrunners, i.e. the first to migrate from their family.

³¹ For example, except for small maritime borders Germany is surrounded by „safe third countries“. Entering Germany without passing such a state is only possible via the large international airports in Frankfurt and Munich where it is easy to enforce border controls. This explains why the number of applications for asylum has dropped sharply after the introduction of the “safe third country” mode.

³² The data situation on illegal immigration in the U.S. is in many cases more comprehensive because the IRCA was a hotly debated and widely analyzed project. Cf. e.g. the studies by Cobb-Clark and Kossoudji (2000, 2002).

being illegal, the mobility of (formerly illegal) migrants rises, making it more likely that they move to another member country.

As far as we know, this effect has also not yet been dealt with in the literature. However, European policy makers seem to be aware of this potential problem, and first action is taken. In November 2003, EU directive 2003/109 was introduced which states that, *inter alia*, legalized migrants are only allowed to move on to another member country after a 5-year stay in the country of legalization. This underlines the anxiety of EU member states of becoming the final destination of former illegal aliens.

3.3 The situation of the target country

In this part we will briefly deal with the situation of the country of final destination. If at least some migrants move on once they are legalized, the country of final destination will be affected by an influx of presumably unskilled migrants which has to be interpreted as an external effect. External effects are defined as economic activities of an economic agent which have an impact on the well-being or welfare of another economic agent who is not compensated for this effect through the market process. Regarding immigration amnesties, the legalizing country does not take into account the influence of its policy on the welfare of its fellow member states. Consequently, the number of legalized migrants respectively the frequency of amnesty programs will be too high from a federal perspective.

A corollary of this hypothesis is the question whether the economic effects of onward migration in fact justify the anxieties of the country of final destination. As previously mentioned in Section 2.1, the free mobility of labor improves allocational efficiency from an economic union's joint perspective. Nevertheless may the consequences for the target country be negative. The reason for this may depend on the flexibility of the labor market or the design of the welfare state. With flexible wages, for example, an influx of unskilled labor may lead to deterioration of competing workers' wages; in the presence of wage rigidities the unemployment rate may rise. In addition, since immigrants tend to be net recipients of the welfare state (cf. Chand and Paldam, 2004, or Sinn, 2002) there may be further negative affects.

The empirical evidence on labor market effects of migration are mixed so that the anxiety of member states towards an influx of legalized migrants may not be justified. As Zimmermann (1995) surveys most of the empirical work has failed to find a noticeable positive correlation between migration and unemployment. Figure 3 displays the connection between unemployment and the share of foreign population for selected countries and even finds a negative correlation between these variables.

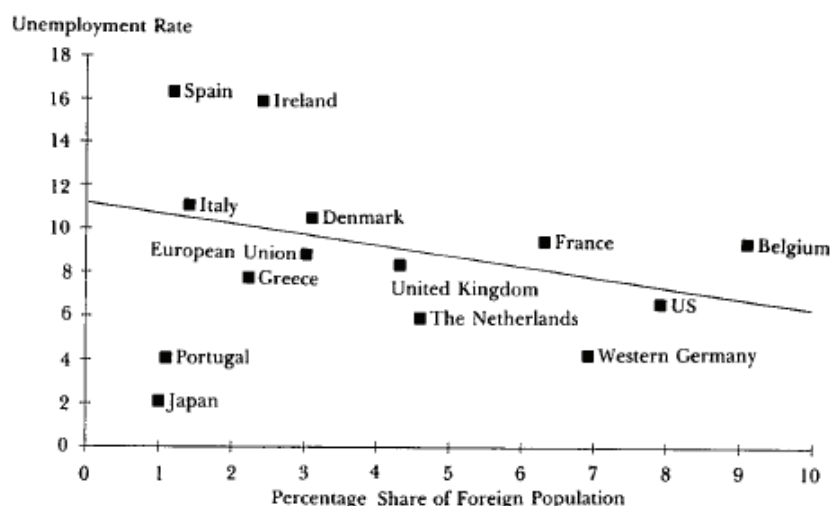


Figure 3: Relation between Unemployment Rate and Immigration for 1991 (Source: Zimmermann, 1995)

Friedberg and Hunt (1995) confirm that most empirical analyses find no significant influence of immigration on either unemployment or wages. Averaging over other empirical studies, they

conclude that a 10 percent increase in the share of immigrants reduces natives' wages by at most one percent. More recent studies come to different conclusions. For example, Borjas (2003) offers an empirical approach that analyzes the wage effects on the national labor market, taking into account differences in work experience across workers. He concludes that a 10 percent increase in labor supply reduces competing wages substantially by 3 to 4 percent.

In addition to possibly negative labor market effects there is a widespread fear that immigrants impose a negative burden on the host country's welfare system. Brücker et al. (2001) offer a survey on the impact of immigration on the European welfare system. They conclude that migrant households have indeed a higher probability of depending on social assistance and welfare programs compared to native households. However, the effects are rather differentiated. Socio-economic characteristics of migrant families like lower education and lower age of the household head as well as a higher number of children make immigrants in general less likely to depend on old-age and health benefits, but more likely to rely on unemployment assistance and welfare benefits.

Summarizing the studies about the impact of immigration on the economy, we find ambiguous evidence. Whereas the discussion about the correct measurement of the wage impact of immigration is still not settled, there is no clear evidence that the impact is indeed negative. The evidence on the welfare effects of immigration is also mixed. While immigrants seem to rely more heavily on unemployment assistance than natives, they have a rather low tendency to depend on old-age and pension benefits. In fact, in most countries even unskilled immigration is seen as a measure for solving the demographic challenge (cf. Krieger, 2005). All in all the anxiety of EU member states regarding onward migration and the influx of unskilled migrants is only partly justified and maybe more a result of political forces interested in influencing immigration policy.

4. The effects of onwards migration in a federation and possible solutions to resulting problems

After presenting the situation in the legalizing country and in the country of final destination separately, this section brings together both branches. Specifically, we deal with the interaction between both countries' policies and focus on the possibilities of the country of final destination (or the federation as a whole, respectively) to influence policy in the legalizing country. For this purpose we will draw on the theory of fiscal federalism that offers insights into the incentives of regional governments that are part of a federation and into the effects of fiscal transfers on different agents.

4.1. Interregional transfer payments

Interregional transfer payments are an important component of EU policy. They are granted through the so-called cohesion fund, which supports infrastructure projects like highways, railway stations or airports. In the financial year 2007 about 36% of the EU budget will be used for such subsidies.³³

In the context of immigration policy, interregional payments are less obvious. Nevertheless they have already been dealt with in the literature. For instance, Myers and Papageorgiou (2000) as well as Hatzipanayotou and Michael (2005) analyze the case where direct payments from the host country to the country of origin restrain the influx of migrants that would otherwise have a negative impact on the domestic welfare system. In the same direction points the work by Fenge and Meier (2006) who demonstrate that interregional matching grants are a superior instrument, compared to wage subsidies, in limiting unwanted immigration. Another option which has not been analyzed in the literature so far is to grant interregional subsidies for border enforcement or in order to delay (or entirely stop) immigration amnesties.

³³ Cf. European Commission (2007).

measures by southern European member states. From the host country's perspective a subsidy means that the marginal cost of enforcement is reduced. The optimal subsidy equals the shift of the MB curve, i.e. either BF or DE, as this will induce a level of enforcement which just reduces the number of those slipping through the border by the number of onward migrants. As a consequence the number of legalized immigrants will go back to $M_{t+1} - M_t$. Marginal costs and benefits of enforcement are equalized again in F and the stock of irregular aliens living in the host country is again M_t .

When dealing with interregional transfer payments an additional problem may arise in a federation. This problem occurred actually in the summer of 2007 when the aforementioned Nautilus project was suspended. Enforcing the EU external borders has the characteristics of a public good for EU member countries. Due to free internal movement, every country benefits from border enforcement through decreased migratory pressure. A well-known problem in the theory of public goods is the free-rider phenomenon. It occurs when none of the countries can be excluded from the benefits of tighter borders although it may withdraw its own financing share. This leads to a prisoner's dilemma situation in which no one has an incentive to finance the public good and supply will break down at last. The suspension of the Nautilus program in July 2007 was a good example for this phenomenon in which the joint support for border enforcement was abandoned due to a lack of financing.³⁵

Note that interregional transfer payments resembling Pigouvian subsidies are only introduced when interregional spillovers are in fact a relevant problem. This can be seen from the case of Malta where recently many illegal immigrants arrived by boat due to its proximity to North Africa. While the number of immigrants relative to population is huge, little support from other EU member states is given to Malta. In particular, other member states are rejecting any reception of migrants from Malta. This strategy is hardly surprising as Malta faces a specific problem which does not exist for Spain or Italy. Being an island, Malta's illegal immigrants are caught there and unable to move on to other member states. Without externalities, not supporting Malta is therefore the optimal strategy for the rest of the EU member states. This explains why Malta can expect little support from the rest of the EU.

4.2 Foreign aid as migration deterrent mechanism

Interregional transfer payments within the EU may possibly be replaced by giving subsidies to the transit countries, which is often labelled as foreign aid. In this case the receiving countries are those from where the illegal migrants start their journey to Europe, for example Morocco or Libya. This policy may alleviate migration pressure as well. Theoretical works dealing with this possibility are Myers and Papageorgiou (2000) and Dula et al. (2006) who analyze how the money should optimally be allocated between spending on border enforcement and granting foreign aid. Concrete examples for this procedure are given in Carling (2007) where the agreements between Spain and several African states are analyzed. For instance, Morocco allows Spain to return Moroccans who have entered Spain without authorization. Further examples are the European-African summits in Rabat and Tripoli in June and November 2006, where the EU promised to give an amount of 18 billion Euros over a period of seven years to some African states. The money ought to be used for a reduction of the migratory pressure from Africa to Europe.³⁶

Compared to an inner-EU transfer mechanism this procedure has some disadvantages from a fiscal federalism perspective. At the same time the procedure is attractive to policy makers as it appears to offer more practical solutions; for instance, the migratory pressure at the EU border is reduced when border enforcement takes place already in Morocco (the enforcement measures as well as the enforcement intensity and costs are nevertheless basically the same). The disadvantages come from the fact that there is less control over the proper use of funds when money is transferred to non-EU governments. Specifically, hardly any "second-round punishment" in case of misbehaviour is

³⁵ Cf. Deutsche Welle (2007)

³⁶ Cf. Kohnert (2006)

possible. Secondly, the theory of fiscal federalism shows that conditional or “matching” grants (such as the common co-financing of subsidies in the EU) are welfare-superior to unconditional grants (such as subsidies labelled as foreign aid). The reason is that conditional grants are not only cheaper but also improve the policy of the subsidy recipient in a welfare-improving way. Since co-financing may be possible with a EU member state such as Spain, it will not work with rather poor states such as Libya or Algeria.

4.3 Increasing the possibilities for legal immigration

Another alternative in coping with the problem of illegal migration is to increase the possibilities of legal entry to the EU. As EU Commissioner Frattini stated in September 2007 the EU has to deal with the challenge of an aging society in which the population will shrink by 20 million until the year 2025.³⁷ To satisfy the demand for workers he proposed the introduction of a so-called Blue Card which would resemble the US Green Card. The Blue Card would enable individuals from third countries to receive a work permit for two years at first, but which may eventually be extended. However, the mobility between EU member countries should be limited. In broadening the “front door” for legal migrants to the EU, the migratory pressure of illegal migrants would presumably decline. However, the previously discussed problems of inner-EU spillovers of immigrants will remain to exist. When immigrants aim at moving to a member state with rather restrictive Blue Card policy, they may consider to move first to a member state with a liberal policy and then move on. Only at the price of restricting the freedom of movement of all EU citizens this may be avoided.

5. Conclusion

Immigration amnesties are a controversial policy tool in the EU. While the influx of illegal immigrants becomes increasingly a concern for the southern member states, these countries respond, besides investing efforts in external and internal enforcement, by granting legal status to illegal aliens. This policy measure is – due to the lack of coordination in the EU – mainly a non-cooperative decision of a single country, ignoring effects on fellow EU member states.

Our examination has explored an economic approach to understand the granting of amnesties to illegal migrants in a federal setting like the EU. While the existing literature on immigration amnesties focuses on the case of a single independent legalizing country we have expanded this analysis to the case where the legalizing country is part of a federation with little restrictions on labour and household mobility. In this setting some new aspects have to be considered. For instance, the immigration policy of the legalizing country does not only affect the welfare of its own residents but also the welfare in the fellow member states. Those countries are affected by the increased mobility of legalized migrants and therefore by a higher migratory pressure of unskilled individuals.

We demonstrated in a simple framework which connects marginal benefits and marginal costs of border enforcement that the legalizing country grants an excessive amnesty to illegal aliens from the federal perspective. This behaviour is caused through the expected onward migration of legalized migrants, which decreases the marginal benefit of border enforcement.

There are several possibilities for the fellow member countries, respectively the body of the EU, to alleviate this problem. An obvious measure, derived from the theory of fiscal federalism, is granting interregional transfers for a public good such as the enforcement of external borders. In the case of southern European borders such a measure can indeed be observed by the activities of the FRONTEX agency to support the southern maritime border. By decreasing the marginal cost of border enforcement for the Mediterranean countries an incentive for them arises to grant a smaller amnesty to its illegal aliens and thereby increasing the efficiency from the federal perspective and thus aggregate welfare of all member states.

³⁷ Cf. Frattini (2007)

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La mobilité intra-européenne comme vecteur structurant à une appartenance supra-nationale: approche sociologique de cette « multiterritorialisation complexe ».

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Abstract

The free flow of people operates like a political right symbolically and practically re-enforcing Europe's building process. Yet, the resulting migrations within Europe remain largely unexplored and hardly regarded as a driving force shaping the new European space. Therefore, this essay aims to identify the structuring logic of these migration flows by analysing how french young people move abroad, to determine how they rebuild territorial identities, and to find out the distinctive patterns of the links generated by these movements across a 'space – system' continually re-organising itself politically and spatially. The point of this study is to offer an approach that will put into sociological perspective this new social object by emphasizing the links, new definitions, and exchanges between the various levels of territorial membership engendered by cross-border movements.

Keywords: mobility, territory, free movement of persons, European process.

Les sociétés occidentales se sont construites et définies autour de l'idée d'appartenance à un territoire, prônant, contre le nomadisme, une sédentarité synonyme de civilisation et occultant, dès lors, le fait qu'elles résultent de multiples processus migratoires. Aujourd'hui, on assiste, de plus en plus, à une redistribution du sens attribué aux questions des déplacements spatiaux, qu'ils revêtent l'aspect de « mobilité » ou de « migration ». Avec l'internationalisation, les questions migratoires se complexifient et la frontière séparant ces deux notions devient de plus en plus floue. Ce phénomène

est, de plus, accentué par la croissante facilité d'accès à des espaces aussi différents qu'éloignés. Les rapports entretenus entre les êtres humains et leurs territoires de vie deviennent, dès lors, soumis à des évolutions et à des mutations qui vont donc redéfinir les définitions habituelles de leurs corrélations.

Ainsi, il y a encore peu de temps, la majorité des Hommes évoluaient au sein d'un seul territoire, et cet espace d'appartenance géographique, politique et culturel tenait lieu d'évidence et constituait le principal support constitutif de leurs biographies. Mais aujourd'hui, comme le souligne Wanda Dressler, une territorialité plurale va se substituer de plus en plus à cette territorialité unique¹. On assiste donc à une recomposition de l'appréhension des espaces, liée, en partie, aux développements de la mobilité. Celle-ci va recréer de nouvelles formes d'allégeances et d'appartenances aux territoires et va recomposer les critères traditionnels constitutifs d'une affiliation territoriale. Et c'est la façon dont on peut réfléchir à ces processus de multiplication et de reformulation des appartenances territoriales dont il est ici question au travers de l'exemple de la migration trans-européenne de jeunes Français².

Ainsi, poser la question des logiques sous-tendant une expatriation française au sein de ce nouvel espace qu'est l'Union européenne, c'est donc, avant tout, s'inscrire au cœur d'une interrogation sur les mutations sociales et politiques: l'ouverture des frontières et l'autorisation à la mobilité intra-communautaire pour tous les ressortissants de l'Union apparaît comme une véritable mutation politique et sociale. Ce droit européen transforme le rôle traditionnel des frontières et des appartenances territoriales, crée de nouvelles formes d'allégeances au politique par l'instauration d'une citoyenneté supranationale et reformule l'implication de l'Etat-nation. De plus, encadrée législativement et encouragée institutionnellement, la libre circulation des personnes en Europe constitue une forme tout à fait particulière de migration que nous allons ici chercher à poser en terme sociologique. Il va s'agir ici de donner une vision située de cette migration trans-continentale au travers des déterminants spatiaux et temporels³. Pour ce faire, nous proposons ici d'aborder cette question au travers du facteur « mobilité » et de la façon dont il structure les flux et stratégies migratoires. Notre volonté, ici, est de proposer une démarche de réflexion théorique sur la façon dont nous pouvons aborder les liens entre décisions, motivations et compétences de ces acteurs migrants ainsi que les facteurs structurels (du local à l'international) qui les conditionnent.

1. Caractéristiques et perspectives de la population française expatriée.

Cette première partie se propose d'établir un rapide panorama des connaissances statistiques actuelles de cette population. Un premier bilan des flux migratoires français globaux fait ressortir combien ces expatriations relèvent de logiques à la fois diverses et complexes, soumises à de perpétuelles transformations et constituée d'une population avant tout très dispersée et hétérogène, bien souvent représentative des vicissitudes de l'histoire de France et de l'évolution du contexte mondial. Synthétiser et analyser, autant que faire ce peu, les caractéristiques démographiques et sociales de cette population au travers des divers (et maigres) outils statistiques disponibles sur cette question c'est, à nos yeux mieux comprendre les caractéristiques de cette population, interroger ses spécificités, cerner ses singularités, ses compositions et modes de fonctionnement, mais c'est également mieux saisir les liens entretenus entre cette population et les institutions censées encadrées ces flux.

¹ Dressler Wanda, 1999, « Europe, identités et territoires entre globalisation et cyberspace » in Les nouveaux repères de l'identité collectives en Europe, W. Dressler, G. Gatti, A. Perez-Agote (sous la dir. de), Paris : L'Harmattan, pp. 111-146.

² Expatriés de 18 à 30 ans, étant installés et travaillant depuis une durée minimum de 6 mois dans une des trois villes retenues, à savoir : Londres, Barcelone et Berlin.

³ Wagner Anne-Catherine, Les nouvelles élites de la mondialisation ; une immigration dorée en France, de Anne-Catherine Wagner, Paris, PUF, 1998.

1.1 Une population difficile à délimiter

Un premier constat : les 2 millions de Français établis hors de France ne sont pas répertoriés dans les recensements nationaux. Ainsi, ignorée des statistiques effectués sur le territoire national, l'analyse de cette population ne peut se faire de manière relativement fiable que grâce aux inscriptions consulaires. Nous nous baserons donc ici essentiellement sur l'analyse la plus récente disponible à ce jour, réalisée par la cellule statistique du Service des Français de l'Étranger⁴ en collaboration avec l'INSEE qui a fait paraître un ouvrage synthétique sur cette question de 1984 à 2002.

Cet ouvrage utilise les données issues des 220 postes consulaires français, seule source statistique existante. La première limite d'appréhension globale de cette population est d'hors et déjà posée : ne peuvent être connus et appréhendés que les Français qui décident de s'inscrire sur ces listes consulaires. Or, cette inscription, facultative,⁵ ne requiert aucune obligation de durée de résidence. Ainsi, saisir le « panel » de ces Français avec ce seul outil d'observation nous amène à constater qu'une grande proportion des expatriés ne s'inscrit pas sur les listes et varie selon les pays. Il est donc impossible d'observer de façon véritablement pertinente et globale ces Français établis hors du territoire national. Les statistiques font donc appel à l'estimation. Elle s'effectue par le biais des postes et n'est régulée par aucune véritable règle statistique, ainsi pour Bernard Gentil et Jean-Claude Massinon « elle est plus ou moins laissée à l'intuition des responsables de postes »⁶.

1.2 . Perspectives et évaluation des flux

La population française expatriée est donc estimée à deux millions dans le monde, même si les inscriptions consulaires ne totalisent que la moitié de ce chiffre. On constate une augmentation constante des flux depuis 1990 (+ 30%). Si les flux migratoires français se sont transformés en profondeur depuis les années 60 du fait de la globalisation de l'économie, du développement et la rapidité des transports, de l'intensification des moyens de communication et d'une plus grande interconnexion entre les pays, la construction de l'Union européenne, semble avoir eu un certain effet sur le nombre d'expatriés, plaçant l'Europe comme destination privilégiée. A partir de 1991, on constate une hausse de +3,4% par an, proportion sans doute largement sous-estimée car c'est justement en Europe (et en Amérique du nord) que l'on trouve le plus de Français non-immatriculés. L'Europe représente donc en 2002, 51% de la population totale des expatriés et la population française constitue, hors France, 1,3 % de la population totale de l'Union Européenne, avec une plus forte proportion au Luxembourg (5,8%), en Suisse (1,8%) et en Belgique (1,4%)⁷. Il semblerait donc que les Français préfèrent non seulement les pays culturellement proches, mais que cette proximité soit plus favorable et adaptée au nouveau visage de l'expatriation, bouleversée dans sa répartition spatiale, sa durée et sa composition par un nouveau contexte international qui modifie et multiplie les formes de migrations en les renvoyant de plus en plus aux termes de « mobilité internationale » ou d' « expatriation » plus que d'émigration.

L'étude sociologique des populations expatriées reste donc aujourd'hui largement inexplorée, et ce manque se fait d'autant plus sensible au près des populations non-immatriculées, composées, selon les estimations, d'une majorité de jeunes. Cette population méconnue, aux contours troubles, est qualifiée par l'INSEE par la simple appellation de « 3^{ème} catégorie », coexistant auprès des « détachés » et des Français « résidents permanents ». Elle est définie comme « intermédiaire aux précédentes, qui

⁴ Gentil Bernard et Massinon Jean-Claude, Les Français établis hors de France : tableaux statistiques de 1984 à 2002, Ministère des Affaires Étrangères, Direction des Français à l'étranger et des étrangers en France, Service des Français à l'étranger, Cellule statistique, Paris, 2003, 221 p.

⁵ Elle n'est uniquement nécessaire que pour une inscription sur les listes électorales, un renouvellement de la carte d'identité ou encore pour bénéficier des aides pour les handicapés et les personnes âgées ou enfin, pour obtenir des bourses d'études dans les établissements français du pays d'accueil. De plus, elle ne requiert aucune obligation de durée de résidence.

⁶ Gentil Bernard et Massinon Jean-Claude, Les Français établis hors de France : tableaux statistiques de 1984 à 2002, op. cit. p. 10.

⁷ C'est en Europe de l'Est que l'on constate la plus forte augmentation du nombre d'entrées françaises, notamment depuis la chute du mur de Berlin : + 10,2 % de 1991 à 2002. Mais le Royaume-Uni représente lui, dans la même période, une augmentation de +6% par an, les Pays-Bas de +4,4% par an.

rassemble entre autres les Français, jeunes pour la plupart, qui tentent une expérience d'expatriation sans projet à long terme.⁸ » La suite est significative de ces connaissances limitée, de la difficulté à circonscrire cette population : « les données disponibles pour la « troisième catégorie » ne permettent malheureusement pas de la repérer avec précision. Elle est sans doute importante en Europe, au Royaume-Uni plus particulièrement, où les souplesses des conditions d'emploi attirent les jeunes.⁹ »

Seuls les détachés et les binationaux immatriculés possèdent donc une épaisseur et une analyse réelle, cette « 3^{ème} catégorie » étant seulement sujette à des suppositions comme leurs supposés absence de projet.

Ainsi, ce rapide panorama des connaissances sur ces expatriés Français au sein de l'Union nous semble révéler un manque cruel de données pertinentes sur la question, c'est pourquoi nous allons maintenant chercher à proposer ici une démarche réflexive pour une plus juste appréhension de la libre circulation intra-européenne.

2. Sortir de l' « Europe du marché unique »

L'Union européenne, encadrée avec force politiquement et économiquement, est en effet dépourvue de symboles forts et rassembleurs qui permettraient la création dans véritable sentiment d'appartenance. Si cette communauté supranationale se voit tout de même trouver une certaine cohérence et légitimité du fait du partage d'un « univers de significations communes objectivés »¹⁰ à travers son histoire, ses idées - influence des Lumières, laïcité, démocratie, individualisme, solidarité sociale et son économie (libéralisme) -, elle peine cependant à intégrer une composante essentielle à la notion d'imaginaire à savoir la constitution d'un « espace de capacités de créations symboliques »¹¹. C'est par la mise en place du Traité de Maastricht que l'Europe a cherché à rompre avec ces insuffisances, autrement dit, avec ses conceptions antérieurs essentiellement basées sur une approche bureaucratique et économique. Car si l'Union se positionne, dans les textes, sous le vocable de « communauté d'intérêts et de valeurs partagées »¹², dans la réalité, se pose concrètement la question du passage d'une Europe des institutions à une Europe des citoyens.

Le point central de ce Traité est donc une volonté de rapprocher l'Union de ses citoyens en intégrant ses prérogatives au quotidien de ses ressortissants afin de favoriser l'émergence d'une citoyenneté européenne par la mise en place d'un ensemble de droits et de devoirs propres aux membres de la Communauté. Cette perspective est promue par une volonté de sortir de « l'Europe du Marché Unique » et de ses droits à finalités purement économiques en instituant un « nous européen ». Ainsi, l'Union a instauré des mesures législatives à forts impacts symboliques et susceptibles d'influer sur la construction ou la consolidation d'un sentiment d'appartenance et avec lui d'une citoyenneté supranationale¹³. L'autonomisation de la liberté de circuler et de séjourner octroyés à tous les ressortissants apparaissent comme les symboles forts de cette tentative de sédimentation des affects. Mais la Communauté européenne, en octroyant ce « droit à la mobilité », propose comme mode d'incarnation à sa légitimation un attribut limité dans la mesure où seuls les ressortissants les plus mobiles peuvent en être les bénéficiaires. Sous couvert d'une « liberté de circuler », l'Europe va donc non seulement se poser en détentrice de la législation des déplacements intra-européens mais va également intégrer ceux-ci comme une modalité constitutive d'une « socialisation européenne ». Autrement dit, on voit ici se dessiner, au niveau de ces institutions

⁸ Gentil Bernard et Massinon Jean-Claude, *ibid*, p.7.

⁹ Gentil Bernard et Massinon Jean-Claude, *Les Français établis hors de France : tableaux statistiques de 1984 à 2002*, op. cit. p. 7

¹⁰ Leblanc P., « L'imaginaire social, notes sur un concept flou », *Cahiers internationaux de sociologie ; Mobilité et modernité*, vol. CXVIII, janv-juin 2005, pp. 415-434.

¹¹ *Ibid*.

¹² Fontaine N., vice-président du Parlement européen, *Europe*, n°7006.

¹³ Vimont Pierre, (ss. dir.) « Citoyenneté européenne », in *Mise en œuvre du traité de Maastricht et construction européenne*, Tome 1, ENA, La Documentation Française, Paris, 1994, pp. 323-400.

supra-nationales, un « droit à la circulation », au fort pouvoir pratique et symbolique, support influant d'un projet de consolidation de l'intégration européenne.

La mobilité est donc au service de ce projet, elle fonctionne comme un droit politique cherchant à consolider de façon pratique et symbolique le processus de construction européenne. C'est pourquoi, au regard de cette utilisation de la mobilité comme d'un agent au service de l'étayage et de l'enracinement de l'appartenance européenne, nous proposons l'utilisation du terme de « *mobilité kinésique* » que nous définirons, à l'instar de Bernard Montulet, comme d'un « *mouvement au service d'un projet* »¹⁴. La libre circulation des personnes joue le rôle d'un instrument d'intégration, forgé par les institutions, qui, en proposant un nouveau niveau d'allégeance, cherche à appuyer sa légitimation. Les institutions ciblent et surveillent dans le même temps non seulement les individus à inclure (et donc à exclure) en son sein, mais elle consolide également son pouvoir par un contrôle des modèles et des symboles de reconnaissances.

Et c'est là où se joue la caractéristique profondément paradoxal de cette démarche qui intègre dans sa logique des principes apparemment antagonistes: Comment un acte de mobilité répondant à des logiques individuelles peut-il servir comme principe moteur d'une appartenance à une construction communautaire? Comment l'acte de mobilité peut s'intégrer, chez ces expatriés, comme un facteur prédisposant à l'adhésion à une supra-nationalité européenne?

3. La mobilité dans l'ancrage : ou comment penser la structuration dans les flux

La mobilité serait donc un processus actif caractéristique des sociétés contemporaines, s'intégrant, pour une grande part, dans les interactions de l'individu avec le social : elle nous renvoie à la fois à nos rapports avec l'espace, à nos modes d'interactions et d'échanges avec Autrui, et s'intègre, de fait, comme élément constitutif de nos constructions personnelles. La mobilité, « socialement construite, individuellement vécue et intersubjectivement partagée »¹⁵ est un vecteur structurant de nos modes de vie nous permettant d'appréhender la naissance du processus d'individuation. Elle serait donc un produit du social qui se répercute sur nos pratiques individuelles en étayant notre individualité par la multiplication des choix et des ressources qu'elle offre. L'individu est le pivot, le centre de cette pratique qui le renvoie à ses modalités d'investissement du spatial, qu'elles soient de l'ordre des possibilités d'accès, des compétences acquises ou du sens (stratégies, valeurs, perceptions, habitudes)¹⁶, qu'il lui a attribué. Les questions du choix et de son usage sont donc corrélatives de la dialectique mobilité/individualisation qui enserme le comportement de tout à chacun dans une autonomisation socialement et politiquement encadrée. Ainsi, corrélative de la pluralisation de nos modes de vie, nous pensons à l'instar de Joachim Scheiner et Birgit Kasper,¹⁷ qu'elle participe de la différenciation des groupes sociaux et de la complexification des appartenances. Autrement dit, nous posons ici comme hypothèse que la mobilité participe de la différenciation socio-culturelle : elle participe de l'individualisation, de la différenciation et de la pluralisation des modes de vie, de la libération des structures traditionnelles. En interagissant comme principe structurant entre l'individu et la société, la mobilité est dès lors à entendre comme un processus qui tend à élargir l'éventail des ressources mobilisables, et à travers elles, c'est toute la dynamique du social et de ses structures dont il est ici question. Cette appréhension dynamique de la mobilité au regard des pratiques individuelles

¹⁴ Montulet Bernard, Les enjeux spatio-temporels du social ; Mobilités, L'Harmattan, coll. Villes et entreprises, Paris, 1998, 222 p.

¹⁵ Bourdin Alain, « Mobilité et programme de la sociologie », Cahiers internationaux de sociologie, Mobilité et modernité, op. cit., pp. 5-21.

¹⁶ Kaufmann Vincent, « Mobilités et réversibilités: vers des sociétés plus fluides ? », Cahiers internationaux de sociologie, Mobilité et modernité, op. cit., pp. 119-135.

¹⁷ Scheiner Joachim. et Kasper Birgit., « Modes de vie, choix de l'emplacement de l'habitation et déplacements quotidiens », RISS n°176, juin 2003, pp. 355- 370.

nous amène donc à la considérer comme un facteur producteur de social, le principe d' « un mouvement permanent qui entraîne les processus sociaux¹⁸ ».

Ainsi, notre appréhension du contexte de globalisation et de mondialisation au sein de laquelle se déroulent ces mobilités (qui s'inscrit en ligne directe avec les thèses de Arjun Appadurai), se caractérise avant tout par un changement d'échelle et des flux, par des « rhizomes¹⁹ » qui les animent. Nous ne nous inscrivons donc pas dans le triangle traditionnel « culture/territoire/identité » pour privilégier les modalités de circulation des appartenances, représentations et modes de relations. Cette appréhension de l'univers contemporain en flux nous conduit à affirmer l'existence de types de migrants très différents tant cette circulation généralisée est à l'origine de nouveaux référents subjectifs qui rendent dépassées les formes traditionnelles d'identification à l'Etat et au territoire. Nous ne remettons pas ici en cause la notion de territorialité, mais nous posons plutôt ici comme hypothèse que ces migrants s'identifient plus au regard d'une « multiterritorialité complexe » caractérisée par des relations et des modes d'action plus souples. Il semble bien que, notamment grâce à l'essor des nouvelles technologies et des transports, on se doit de plus en plus de considérer la mobilité comme un phénomène réversible et transitoire que permanent. Cette forme de migration participe largement de l'interconnexion généralisée de nos sociétés contemporaine, où la circulation semble remplacer la migration définitive avec pour conséquence des phénomènes de co-présences et des jeux d'allégeances multiples créatrices d'appartenances plurielles. Ainsi, une juste appréhension des phénomènes d'expatriation trans-européens, nécessite la prise en compte de la « biographie de mobilité » de cette population. Il nous semble que c'est à travers elle que se structure les processus de création de nouvelles appartenances territoriales. Elle permet de saisir la façon dont la mobilité s'incorpore, se répercute et s'auto-alimente sur les trajectoires individuelles afin de mieux cerner les articulations, reformulations et échanges de leurs expressions socio-spatiales, les différentes transformations et recompositions inhérentes à une expatriation. Ainsi, l'autorisation à la libre circulation au sein de l'Union européenne est non seulement un fondement juridique institutionnellement établi cherchant à asseoir par cette pratique le principe de Communauté européenne, mais a également pour but de favoriser la consolidation d'un sentiment d'appartenance et de citoyenneté à ce supra-territoire. Ainsi, au delà du droit individuel à l'investissement et à l'établissement en de nouveaux territoires nationaux, il s'agit, pour ces structures sociales, d'appuyer la construction collective de l'Europe. La libre circulation des personnes au sein de l'Union renverrait donc à une co-construction dynamique, à la fois individuelle et collective, de cette communauté supra-nationale. Nous posons ici comme principe que les actions individuelles de mobilité sont à la fois agies par le contexte structurel mais agissent également en retour sur ces structures collectives. Il y a co-détermination du tout et des parties, et c'est par cette approche complexe de la libre circulation qu'il nous semble pertinent d'interroger la mobilité intra-européenne des jeunes Français au sein de l'Union. Nous cherchons, par cette démarche, à dépasser les théories traditionnelles qui prônent soit la domination de l'acteur individuel, soit celles des structures sociales. Pour ce faire, nous nous appuyons sur la théorie de la structuration sociale d'Anthony Giddens²⁰ qui intègre à la fois les actions des individus et les structures dans une relation dialectique. Devant la complexité du processus migratoire, il nous semble que sa théorie possède un grand potentiel explicatif qui permet de mettre en avant à la fois l'acteur et le système, l'action et la structure et nous donnent la possibilité d'interpréter l'action des migrants en rapport avec le contexte socio-économique et politique qui peuvent agir. Pour lui, en effet, les relations des acteurs et les structures sociales sont indissociables. Ainsi, si les acteurs produisent et reproduisent les conditions mêmes qui rendent leurs activités possibles, il existe des « effets retours » (« récursivité ») qui créent des relations circulatoires, des « anneaux de causalité ». Pour Giddens, l'action est contextuelle et ne se conçoit pas en dehors de ses

¹⁸ Bourdin Alain, « Mobilité et programme de la sociologie », Cahiers internationaux de sociologie, Mobilité et modernité, op. cit., pp. 5-21

¹⁹ Deleuze Gilles et Guattari F., Capitalisme et schizophrénie, tome 2 : Mille plateaux, Ed. de Minuit, Paris, 1980, p. 418

²⁰ Giddens Anthony, La structuration de la société ; éléments de la théorie de la médiation, Sociologies, Paris, 1987, 480 p.

rapports de médiation avec le monde environnant et avec la cohérence de l'action individuelle. Elle est toujours située dans un espace-temps, qui inclut le cadre de l'interaction, les acteurs et leurs modes de relations. La structure n'est donc pas extérieure aux individus en tant que « traces mémoires²¹ » et en tant qu'actualisée dans les pratiques sociales.

Il nous semble donc que les transformations de la territorialité de ces « libres-circulants » et la dynamique de construction européenne doivent être abordées comme des phénomènes articulés et explorés, à leurs entrecroisements, les systèmes de liens qui s'y produisent. Il faut mettre en exergue le processus interagissant des cadres sociaux macro-structurels et des comportements individuels afin d'éclaircir au mieux comment la mobilité peut-être une variable structurante à la création d'une appartenance supra-nationale. Cette démarche nous semble être la plus appropriée à l'appréhension des mécanismes de l'autorisation de la libre circulation trans-européenne, qui, en tant que processus d'identification de l'Union, déterminent des attitudes et des pratiques caractéristiques, qui, vont à leur tour agir sur le renforcement et la pérennisation de cette super-structure par la consolidation d'une appartenance et d'une allégeance européenne chez ses ressortissants.

Cette mobilité s'intègre donc à la fois, chez ces expatriés, comme un potentiel créateur d'allégeance à l'Union et donc de consolidation de l'Europe, mais également comme une production d'individualité, de ressources et de capitaux. Nous sommes donc dans deux niveaux d'analyse: le premier est individuel (comportements pratiques, discours, compétences de l'acteur) et le second est institutionnel (contexte structurel, structures sociales et institutions en tant que somme de règles et de ressources qui peuvent à la fois faciliter et contraindre l'action des acteurs sociaux). Notre point de vue nous place donc au niveau de l'« acteur compétant » qui possède des savoir-faire migratoires mais dont les possibilités d'agir sont délimités dans un contexte politique et socio-économique. Afin d'expliquer ce processus migratoire dans son ensemble, nous voulons donc « *conjoindre une perspective macro-sociologique (cadres sociaux de perceptions) et une approche micro-sociologique (perceptions individuelles)* »²² du système migratoire européen.

Ainsi, dans un premier temps, la mise en exergue des expressions d'appartenances des migrants trans-européens, nous permet de révéler leurs « *perceptions intégrés de l'espace* »²³, et l'analyse du processus d'identification a pour objet, dans un second temps, l'énonciation des mécanismes de construction du social via les structures en œuvre, autrement dit de révéler les référents externes spatio-temporels de l'individu. En effet, la libre circulation des personnes renvoie bien à un système législatif fondé sur des intérêts à la fois communautaires et individuels et, à travers elle, c'est tout la difficulté de la consolidation d'une citoyenneté européenne qui lie à la fois des avantages particuliers (droits) et des enjeux politiques (légitimation du pouvoir exercé). Avec Jean Leca, nous voyons donc ces citoyens migrants à la fois comme « *l'agent* » et le « *but* » de cette volonté de consolidation de l'Union, « *agent* » et « *but* » dont l'« *agrégation nécessite des « structures de médiations » pour former une vraie communauté politique* »²⁴. Notre étude relève donc bien d'une approche dialectique cherchant à dépasser l'antinomie subjectif/collectif. Une juste appréhension des paramètres sociaux encadrant cette libre circulation nécessitant, à nos yeux, une perspective compréhensive relayant l'individualisation des expressions d'appartenances et de territorialisation et une démarche objectiviste spécifiant les mécanismes d'identification des institutions européennes en œuvre.

L'expatriation européenne relève d'un processus de multiterritorialisation plutôt que de déterritorialisation. Ces migrants se constituent une identité plurielle, composite, relevant du métissage entre plusieurs référents d'appartenances. Et c'est grâce à cette pluralité qui élargit leurs « espace de références » que ces individus semblent pouvoir se stabiliser dans un monde de flux.

²¹ Giddens A., *ibid.*

²² Gumuchian H., Grasset E., Lajarge R., Roux E., Les acteurs, ces oubliés du territoire, Anthropos, Paris, 2003, 186 p.

²³ Da Costa R., « De la déterritorialisation à la multiterritorialité », Les sens du mouvement : modernités et mobilités dans les stés urbaines contemporaines, ss. dir. S. Allemand, F. Ascher et J. Lévy, Colloque de Cerisy /Institut pour la Ville en Mouvement, Belin, Paris, 2004, 336 p., pp. 69-79

²⁴ Leca Jean, « Individualisme et citoyenneté », Sur l'individualisme, PUF, 1987, pp. 159-212.

Ainsi, au regard d'un espace trans-européen ouvert où se multiplie et se diversifient les pratiques spatio-temporelles, l'expatrié utilise cette liberté de construction individuelle par l'appropriation de ces grandes variétés possibles de référents territoriaux. Car ici l'individualisme des pratiques ne renvoie pas à un renfermement de l'individu, mais semblent au contraire acheminer l'expatrié vers une multiterritorialisation. On voit donc différents niveaux d'échelles socio-spatiales (du local au mondial) qui interagissent simultanément pour créer un territoire personnel, propre à l'individu et à son passé.

4. Quelle « communauté » pour l'Europe ?

C'est donc la question des liens socio-spatiaux et de leurs mutations qui est ici en jeu au regard d'une dialectique entre un acte de mobilité répondant à des logiques individuelles et son intégration comme principe moteur d'une appartenance à une construction communautaire et collective. En effet, en intégrant dans ses choix de vie l'utilisation de l'autorisation de mobilité intra-européenne, les trajectoires de mobilité de notre population se combinent en un système exprimant la composante spatiale d'identités sociales singulières sous-tendues par un accompagnement institutionnel communautaire. Nous postulons donc que c'est au sein de notre triptyque interagissant « mobilité, territorialité et institution » qu'il est possible de dégager l'expression de l'expérience sociale spatialisée de ces migrants. Ainsi, penser cette migration au travers de principes antagonistes divisant la réalité sociale entre « *organicisme* » et « *individualisme* », nous conduit à dépasser cette apparente contradiction par une « approche complexe » qui pourrait rendre compte, lier et articuler les dimensions contradictoires de cette entité sociale, de cet « *unitas multiplex* »²⁵. Ainsi pour Edgar Morin, « *la notion de société est pensée sociologiquement en termes de Gesellschaft, système constitué par les interactions matérielles, techniques et d'intérêts. Mais elle est pensée « patriotiquement » en terme de communauté ou Gemeinschaft. [...] Pour concevoir la double nature Gesellschaft/Gemeinschaft de la société il faut échapper à la disjonction entre ces deux notions (qui sont complémentaires tout en s'opposant) et à la réduction de l'idée de société à l'une des deux. Dès lors, on pourra comprendre, non seulement la dimension mythique de la réalité sociale et de la dimension réelle du mythe social, mais aussi l'union/désunion de la société/nation, de la Gesellschaft/Gemeinschaft* »²⁶. Ainsi, il nous propose de prendre en considération la multidimensionalité des phénomènes grâce à une réflexion centrée sur l'articulation et le lien. Et c'est ce « principe dialogique » qui nous importe ici dans la mesure où il nous offre la possibilité d'associer des notions contradictoires afin de concevoir un même fait social complexe. C'est donc au travers du sens donné par nos enquêtés à leurs expériences, qu'il est possible de réfléchir sur ces principes apparemment antagonistes, mais désormais fondateurs de cette nouvelle forme de migration trans-européenne, à savoir : « la frontière qui relie », « la citoyenneté supra-nationale », les « territoires de la mobilité ».... Car c'est, à nos yeux, grâce à une démarche compréhensive de l'action de ces individus qu'il nous semble possible de dépasser ces apparentes contradictions, grâce à la mise en perspective des intentions et des perceptions de chacun, afin de donner une signification à ces cohabitations apparemment paradoxales.

Car c'est bien, en partie, de la réussite de l'influence de ce processus d'identification des institutions européennes (et avec elles nationales) que va dépendre la création d'un indicateur européen au sein de la mosaïque d'appartenances de notre population. L'ascendance symbolique et politique de cette super-structure, via l'autorisation de la mobilité, sera donc interrogée au regard de la place qu'elle tient dans l'expression de la territorialité complexe de chacun des protagonistes ici en question.

Il semble que la réussite de cette création d'un sentiment d'appartenance à l'Europe se joue dans ce gain du droit à la liberté de mouvement, cette indépendance au regard de l'origine culturelle. C'est

²⁵ Morin Edgar, « Le besoin d'une pensée complexe », Le magazine littéraire (Hors série) « La passion des idées : 1966-1996 », 1996, pp. 120-123.

²⁶ Morin Edgar, Sociologie, Paris, Fayard, 1984, 466 p., p.118.

l'acquisition de ces droits communs, de circuler, de séjourner et de travailler qui peuvent fonder les bases d'un sentiment d'appartenance à la communauté européenne, dans la mesure où ils permettent de dépasser le caractère individuel de la démarche. C'est donc la liberté d'aménager son propre territoire d'appartenance qui peut offrir la volonté d'intégrer l'Europe comme nouveau niveau d'appartenance. Ce sentiment, bien qu'amorcé par les institutions européennes, peut ensuite être intégré de façon propre à l'histoire de chacun, il est complexe et pluriel, constamment recréé et diversifié par la diversité des parcours des ressortissants. Cette production de territorialités européennes éclatées mais néanmoins cohérentes née donc d'une circulation entre différents niveaux d'appartenances territoriales, de l'accès plus rapide à plus d'espace, et de la complexification et de l'individualisation des ressources d'identifications, qui laisse à l'individu sa part de stratégie afin de conserver un équilibre territorial. Dans ce contexte, la Communauté semble moins se baser sur une véritable identité collective que sur l'acceptation d'un dialogue entre des diversités structurelles (politiques, culturelles, linguistiques) et des identités (nationales, professionnelles, régionales).

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Migration and EU Enlargement: The Case of Ireland v Denmark¹

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Abstract

Since the EU enlargement, European migration policies were characterised by a fundamental inconsistency: faced by changes in public opinion toward migrants, the majority of the EU Member States have chosen to effectively restrict the mobility of European citizens despite the increasing economic returns to immigration experienced in the three states (UK, Sweden and Ireland) that opted out of such restrictions. In this paper we compare the experiences with migration in Denmark and Ireland – two states that have, up to now, exhibited dissimilar attitudes towards migration, and chosen different approaches to migration policy vis-à-vis the Accession States. The importance of this comparison rests on the fact that prior to the Accession, both countries exhibited some of the most liberal immigration policies in the EU. Yet, these policies were also fundamentally different. While Ireland embraced liberal market-based approach, Denmark chose to follow migration policies that favoured humanitarian reasons for granting residency over economic. Thus, the two countries represent a perfect example of similar overarching migration flows with differing selection mechanisms prior to the Accession and diametrically opposing policies following the Accession. Using a computable general equilibrium model, we show that the economic benefits from international migration imply a gain of 0.5 and 1.07% of GDP for Denmark and Ireland, respectively, per each 1% of the labour force taken up by migrant workers. We attribute the differences in economic gains to the nature of migration flows and labour markets specifics in the two countries. We further discuss various differences between the two states in their approach to migration as potential drivers behind the economic returns to migration experienced in Ireland and Denmark.

JEL Classification: J61, F16, F2

Keywords: migration, enlargement, welfare, attitudes

¹ This paper is based on the research originally conducted for CEPOS, Copenhagen in 2006. As customary, all errors and omissions are author's own.

1. Introduction

From an economic theory point of view there is a strong case for more open migration within the EU. With respect to open labour markets, theory suggests that the gains from allowing free mobility of labour within a common trade zone include:

- Macroeconomic benefits of greater economies of scale in hiring labour (greater access to skills-specific pools of labour), better matching of productivity to wages and lower cost of some of the inputs into production (wages, costs of specific skills, social, human and, under certain conditions, financial capital);
- Labour market benefits of greater search efficiencies for workers and employers;
- Dynamic structural labour and product markets improvements: more specialized output mix and greater gains from trade (both standard gains from trade under Heckscher-Ohlin-Samuelson framework and extended gains from trade due to labour supply-induced specialisation changes – more on this in section 4.3); increased specialization in natives' human capital investment (a push factor incentivising greater human capital investments and more specialisation amongst the natives) along with gains from enhanced mobility of labour across sectors and EU Member States.

These theoretical predictions are further discussed in the context of Irish and Danish immigration policies below. However, little empirical analysis on the effects of opening up the labour markets for citizens of the New Member States (EU10 and Bulgaria and Romania) is available at this time. Consequently, much of the policy debate has taken place in the context of anecdotal evidence, hypothetical discussions of incentives and the theoretical framework. The present paper uses the case of Ireland and Denmark prior and after the Accession 2004 to shed some light on the effects of two different approaches to the immigration flows triggered by the EU Enlargement.

In many aspects of immigration experiences and specifically in the area of dealing with migration from the EU10 states, Ireland and Denmark represent opposite policy extremes. While Ireland adopted a completely unrestricted mobility approach to the EU10, Denmark chose to restrict new labour inflows. On the other hand, both countries had a similar approach to regulating access for the EU10 citizens to their welfare services (Gurdgiev, 2006:2).

In February 2006, the European Commission assessment of the migration policies of the Member States unequivocally defined the Commission view on the transitional restrictions placed on the new member states (EU10) by the majority of the EU15 states. Recognizing the importance of migrant labour in increasing the competitiveness of the European economies, the Commission urged all of the EU15 Governments to lift existing restrictions on EU10 migrants in advance of the 2011 deadline. This position mirrors the Presidency of European Council conclusions from November 2004 which devoted nearly two thirds of its report to migration policies and called for a more harmonized approach to immigration within the EU. In March 2006, the EU Commission issued its conclusions concerning the results of investigation into whether Ireland experienced displacement of the native workers with immigrants in 23 months since May 1, 2004 Accession. According to the report, "in the aggregate there is no evidence that immigration flows into Ireland have caused any important disruption to the labour market. On the contrary they have actively contributed to a strong economic performance" (reported in *The Irish Times*, 2006).

However, in contrast to EU leadership, some of the Member States, including those with previously open doors policy for economic migrants, e.g. Ireland and Denmark, have recently experienced a renewed debate about the desirability, advantages and costs of labour mobility. Most notably, in Ireland, after a year and a half of permit-free admission of the EU10 citizens, both the voters and some opposition parties have seemingly reversed their previously expressed support for unrestricted migration. In late December 2005, the leader of the Irish Labour Party (the third largest party in the Republic), Pat Rabbitte publicly questioned the merits of allowing Eastern European workers unrestricted access to the Irish labour markets. This was followed by a major public opinion poll recording a 78% support for a reintroduction of the work-permit system for admission of EU10 migrants. Interestingly, the same poll showed a 54% majority support for the idea that immigration

has a positive impact on Ireland's economy in general. The Labour Party leadership continued to insist on existence of evidence for displacement due to increased migration from the New Member States (EU10) with the latest remarks to this extent made in August 2006 (Gurdgiev, 2006:1). Another political party, Sin Fein, occasionally resort to anti-immigrant arguments to stir up nationalist vote at the grass roots level.

In 2007 parliamentary elections, immigration issues played only a secondary role in the electoral debates held in public. Yet, the need for tighter immigration restrictions, more direct selectivity measures in admittance policies and immigration-related labour laws and regulations strengthening were all a part of the platforms on which the three main parties campaigned. The importance of immigration in the overall policy debate was highlighted by the fact that immediately following the elections, the Government created a new Ministerial portfolio with responsibilities for immigration and integration policies – a portfolio that bridges three previously separate ministries.

Within the EU25, there is no delegation of authority away from the national governments and although Qualified Majority Voting principle is now accepted on measures tackling illegal migration, legal migration remains subject to the unanimity rules. This situation will remain in place even under the provisions of the Reform Treaty, signed in December 2007 in Lisbon. The implications of these policy failures were brought to light by the 2004 Enlargement. According to Boeri and Brucker (2005: 2) "there was a "race to the top" of migration restrictions with 12 out of the 15 Member States of the European Union (EU) reneging on their previous commitment not to restrict worker flows from the New Members".

In Ireland, recent concern about increased inflow of foreign workers is, in part fuelled by the argument that due to restrictive policies of the other Member States, Ireland and the UK are being forced to accept *all* surplus labour from the EU10 countries. On the other hand, in the countries that adopted severe restrictions on labour migration, such as Denmark, there is growing fear of possible deterioration of economic competitiveness vis-à-vis the states with more liberal migration regimes, which may benefit from capturing the better quality labour from the EU10 states. Finally in the countries with extensive welfare state spending the migration restrictions are motivated by the argument that some migrants are likely to abuse the welfare state services (this argument was extensively used in Denmark during the 2001 debate preceding immigration policies reforms). In all cases there is a tendency on behalf of the policy makers to move toward tighter immigration controls and centralised migration management².

This paper is designed to summarise the evidence on the Irish labour markets experiences with migration and relating it to Denmark. In sections 2 and 3 we provide some evidence on the benefits and costs of immigration. In section 4 we use the US and EU-wide experiences and recalibrate one of the models of wage and growth effects of migration for the cases of Ireland and Denmark in order to highlight the different effects of migration policies in two countries. We also provide extensive discussion of which policy-specific differences in Ireland and Denmark can explain their divergent experiences. Section 5 concludes. Appendix 1 provides a summary of Irish immigration policies and experiences in the recent past. Appendix 2 summarises the nature and effects of the differences in labour market and migration policies in Ireland and Denmark.

2. EU10 Accession and Immigration Policy: Background

The accession treaties regulating admission of the EU10 states into the European Union on May 1, 2004 contain separate transitional arrangements governing labour mobility between the EU15 and the EU10 states. These involve postponement of the opening of labour markets for up to a maximum

² According to economic theory, the main costs of the failure to coordinate migration regime amongst the EU15 states arises from the possible diversion of migration flows. In words of Boeri and Brucker (2005:2), this "means that migration cannot fully play a spatial arbitrage function, "greasing the wheels" of otherwise immobile labour markets."

period of seven years – a clause, prior to 2006, utilised by 12 countries of the EU15, with exception of Ireland, Sweden and the UK. Table 1 below illustrates the existent transitional procedures, while Table 2 outlines the procedures adopted by the EU15 member states vis-à-vis the EU10 states.

According to the EU15 regulations, significant uncertainty concerning the overall migration policy outlook vis-à-vis EU10 accession states will remain in place at least until the end of 2008. Beyond 2008, a final two-year extension is subject to open interpretation as to what constitutes effective damages to labour markets and how these damages will be assessed.

Table 1. Permitted Transitional Arrangements.

Timing	Procedure	Source of Law
2004-2006	EU15 states can choose to apply national rules on access to labour markets.	National legislation
End of 2005	Choice to continue applying national rules through 2008 or implementing the EU rules on free labour mobility	Choice of National legislation or EU rules
2006-2008	Choice made at the end of 2005 applies: 1. National rules chosen 2. Community rules apply There is an automatic review of procedures at the end of 2007 – beginning 2008.	1. No change from 2004 2. Community Rules apply but have an option to temporarily reintroduce national legislation
End of 2008	EU rules must be introduced with exception of the states that can establish evidence of adverse effects of migration on their labour markets. Maximum extension – 2 years	Barring exceptions, EU rules apply. Decision to claim exception rests with the national Government.
End of 2010	EU rules apply without exception	EU rules

Source: <http://europa.eu.int/scadplus/leg/en/s17000.htm>

Table 2. Actual Transitional Arrangements in EU15 states, 2004-2008.

Country	Access to labour market	Access to welfare benefits
Austria, Belgium, Finland, France, Germany, Greece, Luxembourg, Italy, Portugal, Spain	Access to labour markets restricted through 2006, quotas for work permits. Germany and France are currently considering further extension of restrictions for up to 3 years. In Spain, bilateral agreement with Poland permits limited number of Polish nationals to work.	Restricted.
Denmark	General access to labour market, but obligations for work and residence permits. Work permits have 1-year duration and are subject to quotas and administrative restrictions.	Restricted residence and work permits can be withdrawn in case of unemployment.
Ireland	General access to labour market.	Benefits are granted only to the residents after two years of job tenure.
Sweden	Community rule for free labour mobility applies.	Equal treatment.
United Kingdom	General access to labour market, but obligation to register for work and residence permits. Work permits issued first for limited time.	As in Ireland

Source: Boeri and Brucker 2005: 8, Table 2.1 and author own information on Ireland.

Prior to May 1st 2004, only the governments of Denmark, Ireland, the Netherlands, Sweden and the UK promised not to restrict the access of EU10 citizens to their labour markets. The actual outcome has been even less liberal. The Danish government decided to allow work permits only to the EU10 citizens, who can prove that they have a job which meets wage and working conditions standards will have access to work permits. In addition to restricting job search possibilities, authorities can withdraw residence permits for those EU10 citizens who lose their job, thus reducing the portability of the Danish work permits. The latter reality implies that the Danish model selects against higher skilled individuals who choose their employment location, in part, on the basis of quality of the job matching permitted within the location.

Immigration policy indexes from research conducted by Fondazione Rodolfo De Benedetti and other sources show that over time, there has been a general tendency on behalf of the EU15 states to tighten regulations of migration flows vis-à-vis non-EU nationals. Equally important is that the countries with initially more liberal attitudes toward migration, such as the UK, Ireland, Austria, the Netherlands and Denmark, experienced more tightening of their policies over time than the countries with originally restrictive policies, as discussed in more details in the following section.

Combined with the fact that current EU legislation allows for wide-ranging variation in migration policies vis-à-vis the Accession States, the uncertainty highlighted in table 1 above about the future migration climate implies that potential migrants will view restrictions in 2004 as being likely to continue through 2008. This means that countries like Denmark will face continued difficulties in attracting higher quality job candidates from the EU10.

3. Immigration Policies Historical Background: Ireland and Denmark

The end of the 1990s and the beginning of the 21st century saw acceleration in the race to the top amongst the EU15 states in placing restrictions on migration. Denmark's degree of immigration restrictions in 1994 was lower than that of Italy, Portugal, Greece and Spain and almost at a level with Germany. By 2004 Denmark had in place more restrictive migration policies than any other country within the EU. A major tightening of immigration restrictions by Denmark in 2002 is also commonly cited as an impetus for similar restrictions in Finland. The Danish reforms of 2002 were themselves driven by exogenous factors (such as immigration pressures taking place in Spain and Italy) and endogenous factors (such as the 2001 electoral debate about the costs of non-economic migrants settling in Denmark).

In 1994, Ireland was the third most liberal country in terms of migration restrictions within the EU15. By 2004, the country was more restrictive in its migration policies than the UK, Germany, Finland, Austria and Greece with respect to non-EU nationals. In part, Ireland's policy tightening in 1999 was necessitated by two reforms in the UK in 1996 and 1998. However, the subsequent reforms of 2003-2004 were driven by internal political demands for tighter immigration controls and the external opportunity to regularize and standardize labour flows under the Accession of the EU10 states. Another important driver for Irish policy tightening was the peaking of the asylum and refugees inflows in 2000-2002. Finally, the forthcoming immigration reforms – expected to pass the Dail (Parliament) before the end of 2006 – appear to be driven by opposition pressure aimed at reducing inflow of migrants from non-EU states in order to partially offset the ever-growing supply of labour from the EU10 countries.

The policy spillovers across the borders take fundamentally different form in Denmark and Ireland. Denmark, as a part of the Schengen agreement, has broader scope of policy integration incentives that encompasses policy changes across the EU15 states. Thus, Denmark protested against the large-scale changes in the admission process in Spain, and the Government has repeatedly referred to policies changes in Germany, UK and Sweden when advocating for policy-tightening reforms. In Ireland, the reference case for reforms is invariably the UK – a situation that is driven by the close links between the two countries and the common travel zone.

Prior to Accession, in Ireland and Denmark, the share of foreigners in the total population ranged between 3.7 and 3.4 percent respectively – by any measure not a dramatic number of foreigners when

compared with Switzerland (18.3%) Austria (10.5), Germany (8.8) or even rather closed France (6.0%). This similarity, however, was eroded by the Accession, as Ireland experienced major new inflows from EU10 relative to Denmark. According to preliminary results of the latest census the immigrants now account for approximately 8.1% of Irish population.

4. Labour Markets Effects of Migration

4.1. Applying the US experience

The overall conclusions emerging from recent studies is that the average aggregate income accruing to U.S. natives is largely unaffected by immigration inflows. For example, Borjas (1995 and 2003) show that foreign born workers effect on US born residents' average capital and labour income is around 0.1%. Ottaviano and Peri (2005) calculate that the average wage of U.S. born workers increased between 2% and 2.5% in response to the inflow of foreign-born workers in the 1990-2000 period. At the same time, the inflow lowered the real wage of native low skilled workers by 1%, but increased the real wage of native workers with intermediate level of skills by as much as 3-4%.

Hanson et al (2001) consider how US regional economies absorb immigration inflows. The study concludes that "despite the geographic concentration of recent immigrants, wages have not fallen perceptibly in the gateway communities in which migrants settle". The authors note that the various states absorbed impacts of immigration through skills upgrading of the native workers, outward migration of the natives, and a shift in output mix in favour of migrant-labour intensive goods.

It is important to distinguish the two different sources of migration: demand-based migration, generated by the employers demand for specific labour, and supply-based migration, driven by the availability of surplus labour outside the host country. Borjas (2003 and 2005) studies the effects of supply-based migration in the US and finds that since such migration flows do not select workers that are complimentary to the natives (as in the case of demand-based migration), over time, large scale inflows of migrants did result in small decrease in the relative wages of specific types of labour. Borjas estimates that a 10% increase in immigration inflows tends to reduce earnings of comparable native worker by up to 4%. In contrast negative effects in the case of the demand driven migration appear to be negligible.

The implications of these findings are apparent in the case of Ireland and Denmark. As argued above, Ireland experienced more demand-driven migration prior to the Accession, with a subsequent increase in the supply-based migration following since 2004. In Denmark, the opposite trends took place. Prior to 2002 reform, the majority of immigrants arriving into Denmark were of the supply-driven type – dominated by refugees and asylum seekers. Following the reforms, Denmark started to pay more attention to selective migration.

An interesting dimension of migration benefits in the context of the US is represented by short-term high skilled migration. Tani (2006) shows that in Australia, US and the UK, short-term skilled labour movements have non-trivial positive effects on economic growth. Specifically, calibrated model matching US and UK data yields short-term migration benefits of 0.19 and 0.15 percent of GDP per each percentage rise in migration inflows. Although no analysis is available on short-term skilled migration in Denmark or Ireland, it is likely that these effects will be similar to those in the UK. Ireland serves as a major MNCs hub, offering significant opportunities and synergies for skilled short-term migration. Highly skilled migrants arriving into Ireland face no depreciation of their internationally recognised skills. However, unlike Ireland, Denmark does not present the same opportunities for such migration.

4.2. Labour markets effects of Migration: Denmark v Ireland

The impact of migration on welfare in the receiving and the sending countries depends heavily upon the flexibility of labour markets. In theory, in the presence of severe wage rigidity, firms hire until their marginal product equals the pre-set wage rate agreed through a centralized bargaining

arrangement. In reality, some skill-induced premia do arise even in heavily regulated wage markets. As part of the labour force remains unemployed, not all migrants are absorbed by the host labour markets. Assuming that native and non-native employees are not perfect substitutes – due to, for example differences in language skills, high non-economic to economic migrants ratios and aptitude deficit (a problem more pronounced in Denmark than in Ireland) implies that the unemployment risk is partially shifted from natives to immigrants.³

Boeri and Brucker (2005) report the results of their simulations of the labour markets mobility effects on overall economic growth for the EU15. We use these results as a benchmark comparison model. We extend these results by recalibrating the model to reflect the differences between Denmark and Ireland and the rest of the EU 15 (see table 4 for the list of underlying assumptions) to generate the set of estimates, presented in table 3 below. Technical specifications of the model are provided in Boeri and Brucker (2005) Appendix 2.

The authors assume that the risk of unemployment is twice as large for foreigners than for natives. This is in line with observed unemployment differentials between domestic and foreign population for the EU15, but not for Ireland and Denmark. In Ireland, the probability of unemployment for non-EU15 nationals is below that of the natives. Denmark is distinguished as a country with the unemployment rates amongst the migrants at almost three times higher than of the natives (see for example CEPR Bulletin, 2001). The importance of this assumption lies with the costs of immigration transmission through the welfare system. In countries with higher unemployment amongst immigrants, social welfare payments to immigrants will be higher and the fiscal burden will be greater. This is the case in Denmark. In countries like Ireland, lower unemployment amongst the migrants coupled with more restricted access to welfare benefits implies that this cost channel is less pronounced. These differences are reflected in our assumptions (table 4) and in the subsequent discussion in section 4.4.

In addition, as fiscal tightening takes place due to additional inflows of low-skilled migrants, some of these migrants either move out of the country or shift into employment. Wages decline supports higher demand for labour. In what follows we assume that wages decline is proportional to a decline in unemployment of unskilled foreigners by the factor of 0.9 (the higher range of income replacement ratio for Denmark's unemployment benefits). The same rate applies for Ireland's native low skilled workers, but not for foreign workers who have no access to unemployment benefits.

Although the Danish economy experienced strong employment growth since 1994, the country has persistently had high unemployment among immigrants from less developed countries throughout the 1990s. In addition, Denmark has a greater share of migrants from non-economic immigration groups and the structure of its migration from the EU10 is similar in skills patterns to the migration from non-EU countries. For example, Blume et al (2005:3) state that in Denmark and Sweden during the 1980s and 1990s both countries "have followed the same principles regarding immigration policy, i.e. immigration from low income countries has been restricted to tied movers and refugees". We can therefore strengthen the Boeri-Brucker assumption on relative employment disadvantages for Denmark as reflected in table 4.

In Ireland, average level of skills for the EU10 migrants is probably below that of non-EU migrants. This conjecture is warranted by the relative distribution of the migrants across various sectors. The majority of EU10 migrants find employment in the construction, retail and hospitality sectors that require lower skills utilization than higher skills intensive software, manufacturing, healthcare and IT sectors – traditional magnets for non-EU migrants. We assume, in the case of Ireland, that there is no difference in employment rates between the natives and the migrants. This is consistent, largely, with available evidence – arrival of increasing numbers of migrants over the last 10 years has been positively correlated with falling unemployment. Since 2004, arrival of a large number of new

³ Commander et al (2006) show that for the UK, the perception that job security has declined as a result of globalisation is also not consistent with the facts. Instead, the evidence suggests that immigrants in the UK have largely been complements to native workers. Once again, this is probably true in the case of Ireland with more balanced immigration than for Denmark where migration falls predominantly into low-skilled sectors.

migrants from the EU10 states was coincident with stable low unemployment. We assume that the share of manual labour in the total foreign population is 50% for EU15, for Ireland – 40% and for Denmark – 60% to reflect the differences in skills demands outlined above.⁴ For example, Traaen and Zimmermann (2004) found that the migrants to Denmark had lower skills than the migrants to Germany. The importance of this assumption is further illustrated in section 4.3 below.

Finally, in contrast with Boeri and Brucker (2005) we drop the assumption of similar population size between the sending and receiving countries, since neither Ireland nor Denmark are comparable in size to the EU10 states total pool of population. For the case of pre-Accession 2004 migration, we assume that Ireland and Denmark represent approximately 6 times (Denmark) and 9 times (Ireland) smaller market than the domestic labour market of the sending states. For post-2004 period, we assume that the respective ratios were 30x for Ireland and 10x for Denmark to reflect the fact that the pool of migrant labour available for migration to Ireland increased significantly due to Accession, while remaining relatively constant for Denmark. The issue of relative country size is important within the context of policy debate as well as the context of theory. If the host country is of similar size to the sending country, large-scale migration inflows can generate pricing power for single country. Alternatively, a small country is a price-taker in wage markets under free trade and free mobility assumptions. Furthermore, the recent debate in Ireland about the costs and benefits of EU10 migration is shaped by concerns that some of the sending countries of the EU10 are vastly larger than Ireland and that Ireland can find itself ‘flooded’ with migrants.

Table 3. Impact of Migration on Income and Employment (% change in response to 1% increase in migrants’ share of the labour force).

	Country	Rigid Wages. Share of non-manual labour 50%.*	Ireland (pre 2004). Share of non-manual labour 60%.	Denmark (pre 2004). Share of non-manual labour 40%.	Ireland (post 2004). Share of non-manual labour 50%.	Ireland (post 2004). Share of non-manual labour 40%.
Total GDP, % change	Host	0.48	1.07	0.5	0.35	0.56
	Source	-0.45	-0.48	-0.59	-0.41	-0.57
Native income, % change	Host	-0.1979	0.205	-0.0093	0.177	0.014
	Source	0.2575	-0.0673	0.0141	0.0235	0.046
Migrants income, % change		146.54	149.9	137.63	135.8	140.5
Post-tax wages	Host	-0.13	0.02	-0.17	-0.0016	0.0013
	Source	0.20	0.00	0.38	0.00	0.21
Unemployment	Host	0.3	0.00	-0.03	0.00	-0.05
	Source	-0.3	-0.07	-0.28	-0.11	-0.21

* Boeri & Brucker, 2005 results.

Estimation model is supplied in Appendix 2 of Boeri & Brucker (2005).

Ireland and Denmark results – author’s own estimation.

⁴ The assumption for Ireland is warranted by the relative inflows of migrants into skilled and unskilled professions. For example, according to the OECD (2006) 44% of all recent migrants found jobs in construction industry, catering and hotel services, all of which are characterised by low skills intensity. Noting that in Ireland recent migration flows were skewed in favour of low-skilled labour from EU10, the figure of 40% for unskilled labour share of migration inflows is likely to be a slight overestimate. Golinowska (2002) identifies a general pattern in migration flows from Poland and the former Communist Block states. “Under communism, most emigrants were in the category of skilled labour. Since 1990, however, the majority of them have only basic vocational qualifications. This reflects not only the stronger demand in the EU10 states for qualified and highly-qualified workers but also the fact that economic conditions in the region have improved and are expected to improve further in the years ahead.” For Denmark, no such statistics are available. Extrapolating from data shown in Table 5, Ireland/Denmark ratio of proportion of foreign labour in lower skills industries to higher skilled industries is ca -2.7/-4.1 or 0.66. Thus, if Ireland has skills ratio of 40% to 60% as justified by the OECD (2006) figures, then Denmark ratio is closer to $40\% \times 1/0.66 = 60.7\%$.

The first column of Table 3 displays the results of Boeri and Brucker (2005) scenario for 50% lower probability of employment for migrants than for the native workers and that the migrant skilled labourers represent 50% of the total migrant labour force. It assumes that all wages are set under centralized bargaining arrangements. The following two columns capture specifics of the Irish and Danish markets as discussed earlier and summarized in table 4 below for the pre-2004 Accession period. The last two columns show changes in Denmark and Ireland due to post-Accession 2004 policies implementation.

Comparing the three pre-2004 scenarios above, the case of Irish migration yields the highest GDP increases per 1% rise in immigration for the host country – nearly 1.07% increase in the GDP. In Denmark, due to lower productivity of the incoming migrants, the net effect of migration on GDP is 0.5% (nearly identical to that in Boeri and Brucker, 2005) per 1% increase in migration. On the source country side, losses due to emigration for the EU10 states are lower in the case of migration to Ireland than in the case of migration to Denmark due to higher after-tax income levels attained by the immigrants in Ireland than in Denmark (skills differential) and higher remittances.

Table 4. Assumptions of the Model

	Boeri & Brucker (2005)	Ireland	Denmark
1. Wage setting arrangement	Rigid wages for manual and non-manual labour	Fixed manual wage	Rigid wages for non-manual labour
2. Relative unemployment rate for foreigners	2x of natives	Same as natives	3x of natives
3. Share of manual labour amongst the foreigners relative to non-manual workers	50%	40% (pre 2004) 50% (post 2004)	60% (pre 2004 and post 2004)
4. Size of host country relative to sending country	identical	9x smaller (pre 2004) 30x smaller (post 2004)	6x smaller (pre 2004) 10x smaller (post 2004)
5. Remittances	none	15% of income (pre 2004) 25% of income)post 2004)	15% of income (same for both periods)
6. Tax rates	Flat tax on income set to clear the wage income replacement costs for unemployed workers (both foreign and domestic)	Same as Boeri & Brucker (2005) but benefits apply only for unemployed domestic workers	Same as Boeri & Brucker (2005)
7. Elasticity of transition employment rate for unskilled workers	none	None for foreigners, 0.9 for domestic low skilled workers	0.9 for all workers

Pre-Accession, native incomes increase in the host country in the case of migration to Ireland and decrease in the case of migration to Denmark, although the latter effect is significantly smaller than the decrease in income for the EU15 average attained under the Boeri and Brucker (2005) assumptions. After-tax wages of the natives rise in Ireland due to the lack of higher welfare services demand from migration in Ireland. The opposite occurs in Denmark. These are captured by the differences in assumptions on tax rates employed in simulations and outlined in table 4 above.

Post-Accession, more careful selection of migrants for skills and aptitude under the Danish model yield higher economic benefits relative to those attained in pre-Accession policy setting. The opposite applies to Ireland. Comparing across the two countries, Ireland continues to lead Denmark in benefits

of migration in post-2004 period primarily due to the fact that its policies currently retain restricted welfare access of the previous period.

To elaborate on these effects: as foreign and domestic incomes increase in Ireland in the wake of migration, tax revenues collected by the state improve, generating a fall in tax rate needed to balance the fiscal expenditure. Unemployment does not change, so the demand for new unemployment benefits is zero. This means that the fiscal channel transmission of migration benefits acts to increase after-tax wages of the natives in Ireland. Furthermore, there is a net increase in *per capita* GDP in Ireland due to (1) GDP elasticity with respect to migration flows being greater than 1, and (2) higher skills intensity of migrant population than the native population implying above average GDP per capita inflow for each immigrant worker. In contrast, in Denmark, inflow of average quality of migrants, as reflected under our assumptions 2, 3 and 7 in table 4 above, implies that the increase in tax revenue to the state is below the increase in welfare payments associated with migrant inflow. Demand for tax-financed services rises, post-tax wages fall and per capita GDP falls as well despite the overall increase in GDP.⁵

The unemployment rate remains stable in Ireland due to higher economic growth and jobs creation across both sectors, while in Denmark the unemployment rate falls due to lower wages triggering higher demand for low-skilled labour.⁶ In addition, under our assumptions, Denmark experiences higher rates of transition into employment from unemployment benefits than Ireland, as lower wages for migrants and domestic workers trigger lower tax revenue and thus lower unemployment benefits. In Ireland this effect should apply only to domestic workers, but this category of labour experiences a rise in overall income as the result of migration.

Overall, the results of this exercise highlight the importance of the following factors in determining the economic effects of migration and the differences between Denmark and Ireland. The higher share of skilled workers migrating into Ireland contributes to increase in wages at the destination and rising incomes. After-tax wages rise in the host country since migration of predominantly skilled labour into the country with predominantly lower average skills yields an increase in unskilled domestic labour wages, while generating a lower tax burden (due to the Irish system of social benefits restricted to the natives alone). In Denmark, a higher tax burden combined with a higher incidence of unemployment amongst the migrants implies that wages of the skilled natives rise, but this increase is not sufficient to offset the decline in the unskilled wages and increased welfare payouts. More on these effects in section 4.4.

4.3. Labour markets structures and gains from migration: Denmark v Ireland

4.3.1. Theoretical Basis

Blume et al (2005) analyse immigration patterns in Sweden and Denmark with respect to the propensity of the immigrants to fall into poverty relative to the natives. They argue that Sweden and Denmark have similar labour market structures: “high levels of unionization, high relative minimum wages, a low variance in the earnings distribution and a big role for the public sector as employer... Further, both countries have experienced a secular shift away from low-skilled industrial jobs towards service sector jobs with higher demands on social and language skills, i.e. ... industrial jobs with

⁵ It is important to recognise here that these results are based on the assumptions reflecting the status quo conditions that exist in Denmark and Ireland today, and a cumulative effect of the past migration policies. The latest reforms in both countries tend to partially reverse these conditions. Most importantly, in Ireland, the latest reforms in the direction of accepting EU10 migrants in place of non-EU migrants and extending the welfare benefits to the former group of migrants after 1 year residency in Ireland will most likely reduce the skills intensity of migrant inflows and increase welfare dependency ratios of migrants in the near future. In Denmark, the present policies act in the opposite direction. Despite this, years of high level migration flows in the past will continue to determine the relative effects of migrants in the economy for the foreseeable future.

⁶ In part the effect on the wages of the natives in Ireland is skewed upwardly due to the retained assumption that rising incomes are not associated with rising government consumption. This is consistent with our assumption in Table 4, but has not been the case in Ireland over the last 6 years.

people working to a great extent alone, based on simple instructions, have been replaced to a large extent by jobs in more or less self-governing groups putting emphasis on communicative and social skills." It is clear that language requirements alongside the less flexible structure of the labour markets form a greater barrier to promotion and integration in Denmark than in Ireland.

Denmark differs significantly from Ireland in terms of the burden of the state on the economy with Danish government spending to GDP or GNI ratios well in excess of the EU15 average. This spending, in return, is distributed largely without restrictions on the nationality of the Danish residents. On the other hand, the Irish welfare state is both smaller in scope than that of Denmark and offers only limited general welfare benefits to non-nationals. The Danish system of unemployment benefits is based on the Ghent principle and is heavily dependent on the labour unions. This system is augmented by the means-tested welfare benefits. The unemployment benefits are not available to the non-nationals from outside EU15 states. Similarly to Ireland there are non-means tested child benefits, which only recently (2005) became available to the non-nationals. Housing benefits are means tested in both countries, but in contrast to Denmark, these benefits are not available to non-nationals in Ireland.

In general, literature analysing the effects of welfare systems on migration flows in countries like Denmark, Sweden and the Netherlands shows that economies with labour markets characterised by high degree of unionisation may experience difficulties in attracting high skilled migrants and simultaneously experience higher incidence of poverty and unemployment amongst the migrants relative to the natives.

This is consistent with the theoretical frameworks for modelling labour markets effects of migration in the presence of unionised sectors. Fuest et al (1999) develop a model where welfare effects of immigration are distributed within an economy characterized by wage bargaining between unions and employers. The model shows that immigration is unambiguously beneficent if the wage elasticity of labour demand in the competitive sectors is smaller than in the unionised sectors. This condition is present in Ireland where competitive sectors, most notably those led by the Multinational Corporations (MNCs) and other export-oriented sectors are not subject to significant union penetration but face acute shortages of qualified labour.⁷

In the opposite case, the welfare effects of immigration are not as clear-cut. Low levels of immigration reduce the welfare of the natives, while large scale immigration tends to enhance native welfare. Since the issue at stake is economic migration, most of the Nordic countries, including Denmark have only a limited experience in attracting inflows of high quality migrants, as in the recent past these countries were open primarily to non-economic migrants with extremely low levels of human capital.

Fuest et al (1999) estimate that in an economy with half of the labour force unionised and almost any reasonable level of wage elasticity of production, an immigrant labour force of 10% is required to elevate welfare above the autarky level. Clearly, no Nordic country has reached this point when one considers economic migrants only. However, the degree of unionisation in these countries may be well above 50%. If the level of unionisation rises to 90% of the domestic employers, immigration levels required for welfare improvement are in excess of 28%.

⁷ In all of our analysis, we do not address the issue of how labour migration may act to reduce the threat to jobs from offshoring. Like other forms of skill-biased technological change, offshoring reduces the demand for low-skilled workers while increasing the demand for high-skilled workers in high-wage economies. According to several studies (see Commander et al, 2006) "these effects have been most pronounced in the US because American multinationals have relied on offshoring in manufacturing to a greater extent than their European counterparts... In the US, the offshoring of manufactured products has contributed to the decline in both the absolute and relative wages of low-skilled workers compared to the wages of workers with a college education as well as growing wage inequality. One view is that about a quarter of the wage inequality in the US over the last twenty-five years is the result of low-wage competition from immigration, imports of labour-intensive products, and the offshoring of manufacturing production by American companies..." Little of such analysis exists for the EU, although similar effects were found in the UK data.

Zhao and Kondoh (2002) develop a theoretical model of immigration in presence of unionised labour markets. They show that in a two-sector economy coexistence of unionised and non-unionised firms, permanent immigration brings positive effects on all variables with exception of competitive wages. The degree of unionisation is directly positively correlated with the negative effects of immigration on wages. Temporary migration yields mixed results. If temporary migrants are allowed to work only in manufacturing, all wages and the union/non-union wage gap fall. Otherwise, if the migrants are permitted to work in any sector, the gap increases, while wages may or may not fall.

The above discussion suggests that Ireland, with more flexible less unionised labour markets and lower wage elasticity of labour demand will attain higher benefits from economic migration than Denmark. Prior to the Accession of 2004, inflows of migrants into Ireland were dominated by the longer-term settlers composed of returning Irish emigrants, high-skilled EU15 and non-EU foreigners and non-EU refugees. This implies that under the above theory prior to Accession, wages in Ireland should exhibit slower growth and falling gap between union wages and private sector wages. This is exactly what took place during the period of the wage moderation in the mid- to late 1990s. Since Accession, as immigration into Ireland became less permanent and less skilled in nature, consistent with the skills mix of the Eastern European workers, immigration became concentrated in few sectors, most notably construction and low-wage services. According to the theoretical discussion above we should expect amelioration of wages decline relative to pre-2004 period and a widening gap between wages in unionised and non-unionised sectors. Once again, this trend is now apparent in the Irish data.

Another important differential aspect of the labour markets effects on benefits from immigration arises in the relation to the skills variation present in the economy. While little research on the topic exists in European context, some recent research from the US sheds light on the issue. Orrenius and Zavodny (2003) use US data for 1994-1998 to consider the effects of immigration on wages of the natives in the presence of skills differentials.

In general, in the US, foreign workers make up over 8% of workers in low-skilled occupations (similar to Ireland's 10% and less than in Denmark – 16%). Foreign labour within the US captures around 6% of the high and medium skilled labour force (in Ireland – around 15%, while in Denmark less than 5%). The study estimates that "...when controlling for fixed effects, immigrant inflows have different effects on natives' wages depending on the occupation group and the type of immigrant. Higher immigrant shares are generally associated with positive wage effects on high-skilled natives." A one percentage point increase in the total immigrant share is associated with an increase in native-born executives' average wages of 0.25 percent, and 10.9 percent among natives in high-skilled occupations. For low-skilled natives (service workers, laborers, and farm workers), the respective wage impacts of all immigrants is -1.14 percent. Finally, "natives in medium-skilled occupations (clerical and sales jobs) are less affected—either positively or negatively—by immigration than natives in more or less skilled occupations."

4.3.2. Evidence

Once again, these figures are of importance in the context of capturing some of the differences between Denmark and Ireland. In Ireland, recent changes in economic environment imply a shift within the domestic economy away from the low-skilled to high and medium skilled patterns of production. Until the Accession of 2004, main inflows of immigrants were relatively evenly divided between the low and high skilled sectors. At the same time, there was continued strong demand for low skilled labour and subsequently the negative effects of the migration outlined above did not have any effect on wages in the low skilled sectors. Hence, it is safe to conclude that Ireland did not experience net losses in welfare in either skilled or unskilled sectors. Table 5 below shows relative flows of immigrants to each labour market category in Ireland and Denmark.

Table 5. Proportion of total employment of the nationals less foreigners in each occupation.⁸

	Agriculture		Industry		Services	
	1995-1998	2003-2004	1995-1998	2003-2004	1995-1998	2003-2004
Denmark	-0.5	-0.8	3.7	4.8	-8.2	-8.1
Ireland	7.3	5.3	3.1	4.5	-10.4	-12.5
OECD	1.0	1.0	-2.2	-1.8	0.9	0.8

Source: OECD Labour Force Statistics, Eurostat

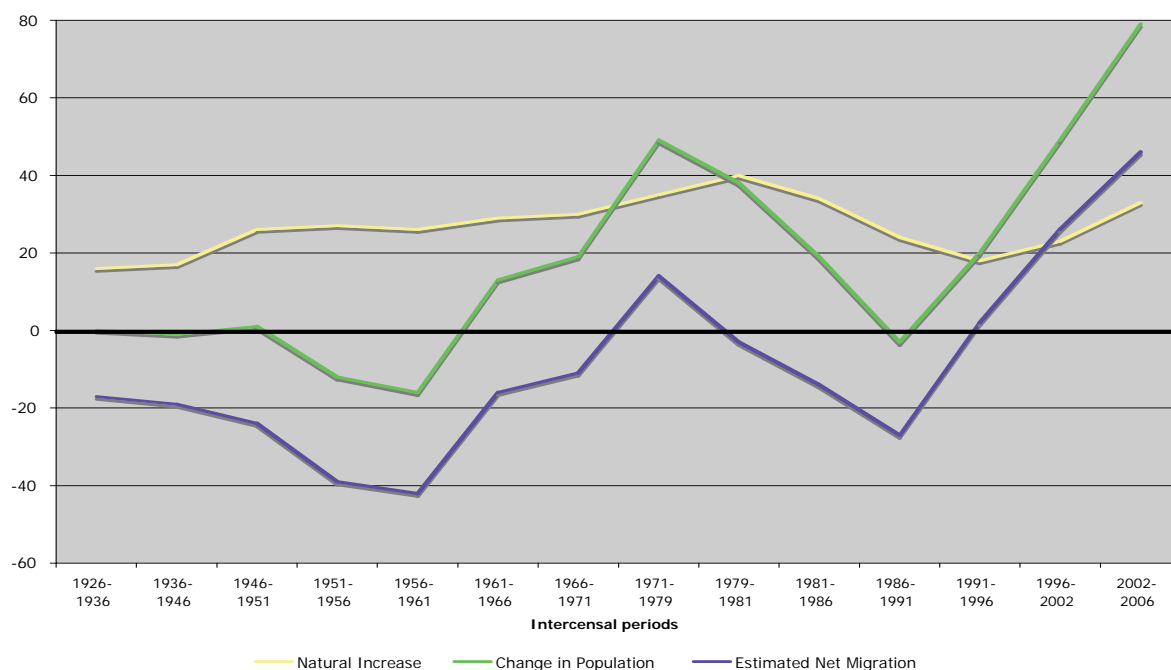
In Denmark, immigration was concentrated mostly in the low skilled sectors, with a result that intra-sector distribution of wages was shifting the burden of migration to less skilled workers, adversely affecting the levels of unemployment and poverty amongst the domestic low skilled workers and earlier cohorts of migrants (e.g. Pedersen, 2000). Over time, the share of foreigners relative to the natives employed in agriculture increased, while the share employed in industry and services had fallen. In Ireland, the share of foreigners employed in agriculture also increased, but so did the share of foreigners employed in services. In both countries, these trends do not reflect changes in migration that took place since the 2004 Accession.

In Ireland, according to the OECD (2006) estimates, between 2000 and 2004, net immigration has averaged 1.1% of the working age population (some 40% of whom are returning Irish citizens), so that by 2005 around 8-9% of jobs were filled by non-nationals. "Immigrants are predominantly young (80% are aged 15-44) and well dispersed across the country (only 30% go to Dublin)." Using these figures and assuming that around 50% of the previous migration flows were within medium to high skilled categories, with net value added of ca €70,000-75,000 per worker per annum, the annual immigration inflows contribution to the overall economy was around 5.7-6.8% of potential GDP or 6.84-8.1% of potential GNI. Over the same period, net new inflows of immigrants since 2000 into Ireland combined to about 4% of the labour force, confirming our estimated effect of migration to Ireland in table 3 above. Barrett *et al.*, 2005 produce a slightly lower estimate for the immigrants that arrived between 1993 and 2003, although their assumptions do not distinguish between the temporary and seasonal workers and the full time, longer-term migrants.

Recent data cited by The Irish Times (2006) claims that only 2% of the working age population in the Republic is composed of the EU10 migrants, or roughly 52,000 individuals – a grossly under estimated figure when compared with that shown in the Census 2006 preliminary results. According to the OECD (2006), much closer to the Census 2006 results, net immigration into Ireland averaged around 1.1% pa since 2000, with just 40% of these returning Irish citizens. 29% of recent migrant workers found employment in the construction industry with an additional 15% working in the catering and hospitality industry. Overall, OECD (2006) suggests that some 8% of the Irish workforce were comprised on the foreigners. "Their contribution to potential output is difficult to estimate, but if it is assumed that the average immigrant is relatively unskilled and works in either construction or retail services with a value added of € 45,000 per employee, collectively they would have added around 3% to potential GNP over the last couple of years." Overall, post-Accession 2004 cohort of migrants yields lower economic benefits to the Irish economy.

⁸ These figures apply to pre-Accession periods. Since then, some of the migration inflows in Ireland have shifted more in favour of less-skilled labour employed in agriculture and industry, as well as in low-skilled services.

Figure 1. Average Annual Natural Rate of Increase in Population, Total Change in Population and Net Migration for each Intercensal Period, 1926-2006.



Source: Census 2006, Table A.

These results are broadly in line with those reported in table 3 above and with the results reported in the Census 2006.⁹ According to the Census 2006 preliminary results, for the period of 2002-2006 the rate of net immigration in Ireland was around 1.14% per annum (see Figure 1). In Dublin, this figure was 0.47% pa, while Mid-Eastern region and the Midlands (both comprising primarily of the Dublin commuter belt) saw 2.28% pa and 1.91% pa increases in net immigration respectively. Majority of the new arrivals were absorbed in the construction industry and low-wage services, such as tourism and retail sectors.

The latest figures for the first quarter 2006, published by CSO (2006) show that year on year, net immigration has risen from 53,400 in April 2004-2005 to 69,900 in April 2005-2006. Approximately two-thirds of the population increase in the year up to April 2006 was accounted for by migration. Nearly half (43 per cent) of immigrants were nationals of the 10 new EU accession states, which joined the EU on 1 May 2004. 26 per cent (22,900) of immigrants were from Poland while 7 per cent (6,100) were from Lithuania. Only 22.7 per cent of all immigrants originated from outside the

EU and USA, down from 36.4 per cent in 2001 and 44.7 per cent in 2002. More than half (54 per cent) of immigrants were aged 25-44 while a further 28 per cent were aged 15-24. Approximately 1 in 10 of the immigrants were children under the age of 15.

For Denmark, absent specific data on the composition of recent migrants' inflows it is impossible to make similar estimates, as noted for example in Pedersen (2000). However, considering that prior to 2002 the majority of migrants entering Denmark were non-economic and given the vastly higher rates of unemployment amongst the foreigners in Denmark relative to Ireland, the benefits of economic migration in Denmark are somewhere between 1 and 1.1% of the potential GDP. These benefits may have been fully offset by large numbers of foreigners on social welfare assistance – something that

⁹ Note, that accounting for GDP-GNP gap in Ireland, 3% increase in potential GNP implies 2.5% increase in potential GDP. Taking a present value of 2-years increase rate of 1.07% per 1% in the labour force, as reported in table 3 and accounting for ca 1.1% increase in foreigners' net arrival rate and for the skills-specific value added in low skills sectors of €45,000 and in high skilled sectors of €75,000 we have total potential GDP increase of 2.31%, which is proximate to 2.5%. This confirms our results in Table 3.

virtually does not occur under the Irish system of social welfare.¹⁰ Furthermore, lack of growth in foreign employment share in Denmark in the services sector, coupled with faster growth of the foreign share in agricultural employment, shown in Table 5, suggest that the benefits of the Danish migration policies were much lower than those in the post-Accession Ireland.

It is worth noting that in the recent years, especially following the Accession of 2004, Danish authorities implemented work permit and immigration system reforms that allow for selection of individuals on the basis of their skills and discourage asylum seekers and refugees. These reforms are partially reflected in table 2 above. According to table 2, Ireland elected a less targeted approach to selection of specific professions from the Accession states pool of labour, while Denmark adopted a more targeted one. Denmark actively restricts entry of individuals for the purpose of job search, requiring instead that any potential EU10 migrants must obtain a job prior to applying for a permit. Ireland does not have such a requirement.

In the case of Denmark, while offering more control over unemployment amongst the incoming foreigners, these restrictions also play a role of reducing foreign resident capacity to search for their first employment in Denmark. Furthermore, the Danish system reduces search opportunities for migrants interested in switching from one job to another by making it possible for the government to revoke the permit to reside in the country in the case of a job loss. Such restrictions do not apply in Ireland for the migrants from the EU10 states, although they do apply for those from outside the EU.

Finally, it is necessary to point out that all of the current restrictions on EU10 citizens' mobility are temporary, as indicated in Table 1. This implies that potential migrants to countries with strong restrictions on Accession states mobility have an added incentive to enter their host destinations illegally in anticipation of the forthcoming lifting of restrictions by the end of 2008. Similar effects of front-loading migration have taken place in anticipation of Accession in the UK and Ireland where large numbers of Accession states' citizens have entered the countries illegally in expectation of legalizing their position once Accession takes place. In the case of Ireland, the actual figures of such individuals are unknown, but the fact that the peak of registrations took place in the first 2 months after Accession indicates that such phenomena did take place. In the UK various reports, cited above, give more direct evidence.

4.4. Recent fiscal effects of migration

In general, immigration influences welfare through an impact on production, employment, real wages, and the wage distribution discussed above, as well as through public sector finances in the receiving country. According to Pedersen (2000) throughout the 1990s, the first channel was "of inferior importance in the Danish context" due to low levels of economic migration into the country and high rates of unemployment among foreigners. For earlier cohorts of migrants, the employment rate for the group was 1-1.5% of the economy wide level of employment. With subsequent displacement of refugee, asylum and family unification flows by economic migration since 2001, this effect is likely to increase over time. A significant factor in this will be the high rate of income taxation, which can result in a family switching into full employment facing some 90% marginal tax brackets on their income relative to social welfare benefits.

The fiscal channel for transmission of immigration effects into the host economy operates through the fiscal revenue-expenditure pathways. The basic idea is that immigration can be associated with stronger demand for welfare services by the migrants and deterioration of fiscal balance in the host country. Additional pressure on fiscal solvency can be caused by rising unemployment amongst the natives displaced by foreign workers.

According to data reported by Pedersen (2000) in 1995, non-OECD immigrants contributed negative 11.3 billion DKK (net loss in fiscal balance) while OECD immigrants contributed a positive 1

¹⁰ According to Pedersen (2000), by 2000, the stock of people in the population being immigrants or descendants of immigrants has risen from a very low level to around 6-7 per cent – close to EU15 average. The main trend in the last quarter of a century has been immigration due to family reunions and an inflow of refugees, especially in the years after 1980.

billion DKK net of benefits collected. Thus, due to higher rates of welfare dependency, non-OECD migrants did exert a significant drag on the social welfare system in Denmark. In addition to welfare payments and subsidies, the refugees and asylum seekers required significant spending on processing, detention centers and integration programs. Even after 10 years of residence, the average non-OECD immigrant in Denmark shows negative net contributions of some 48,000 DKK per annum. The distribution of these costs is also uneven as the unemployed non-OECD immigrants in Denmark tend to be concentrated in few areas.

In Ireland the first channel of fiscal transmission is extremely important, as economic migrants contribute significantly to wage competitiveness and alleviate labour supply shortages in the economy. The second channel is also non-trivial: non-EU foreign residents do not have access to social welfare and housing subsidies, with exception of refugees and asylum seekers, whose numbers never reached those encountered in Denmark. At the same time, economic migrants do contribute to fiscal revenue via general income, labour and consumption taxes and indirect levies and charges. Finally, as mentioned above, there are no negative distributional effects of Irish immigration experience, as immigrants tend to locate fairly evenly across the country and within the larger cities. Thus, the fiscal scenario for Ireland stands as a reversed case of that in Denmark.

4.5. Future Fiscal Effects

More importantly, looking into the future, the change in immigration patterns for Denmark in favour of selecting only those migrants who are employed and restricting their access to welfare benefits should generate significant net added revenue as in the case of Ireland. However, these benefits are going to be offset by a rising cost of increasing unemployment amongst the resident foreigners present in Denmark as they directly compete with cheaper and better selected economic migrants. Thus, present policies are unlikely to be sufficient in generating substantial fiscal benefits due to a continued high cost of past policies.

Pedersen et al (2004) look at the effects of immigration in OECD countries from the point of view of distinguishing different types of welfare state in destination countries. The authors identify a group of social democratic welfare states (Denmark, Finland, Iceland, Norway and Sweden), a group of liberal welfare states (Australia, Canada, Ireland, Japan, New Zealand, UK and the USA), a group of continental/conservative welfare states (Austria, Belgium, France, Germany, Luxemburg, the Netherlands and Switzerland) and a group of Southern European welfare states (Greece, Italy, Portugal and Spain). This division allows authors to capture the effect of the tax pressure (and to a limited extent – the level of social expenditure, omitting the consideration of whether or not welfare benefits apply to the immigrants). In the conservative EU continental countries the social services are generous, but access is limited only to individuals who have earned their rights to the system, so newly arrived immigrants are not eligible to a number of social services. In the social democratic welfare states high social welfare levels and fairly universal access to welfare schemes are available to the newly arriving immigrants.

The authors show that data confirms a priori expectations concerning the selection effects variation between different types of welfare states. “The unemployment rate in destination countries has a significantly negative effect on migration flows, and especially for the liberal countries, where social safety nets are limited compared to the European welfare states, we find a large negative effect from a high unemployment level in the destination country. The effect of the magnitude of the tax pressure also varies across welfare state groups. If selection effects dominated the gross migration flows, we should expect that the most negative effects of a high tax pressure were found for high-income source countries and less negative effects were found for low-income source countries. We do find this pattern for the liberal welfare states... For the Scandinavian welfare states, we find the strongest negative tax pressure effect for the migration flows from the poorest countries”.

The latter implies that the generous welfare system, coupled with higher taxation, in Denmark as opposed to Ireland act to select lower quality migrants and to reduce gains from productive

employment exacerbating fiscal pressures in the Nordic states. In dynamic setting this effect is far more important than the direct effect of the welfare dependency amongst the foreigners relative to the natives. While the direct cost to taxpayers and the economy at large of the foreign migrants receiving social welfare is easy to compute and restrict, the positive selection of immigrants on the basis of their propensity to use welfare services distorts both within and intra-generational human capital investments and entrepreneurship amongst the selected immigrants.

5. Conclusions

Ireland undoubtedly benefited significantly from the large-scale inflows of economic migrants prior to Accession. Changes in patterns of migration away from market-based selection of the candidates for admission toward artificial standards based on giving preferences to EU10 natives over non-EU migrants is yielding a set of results which is still favourable but less so. Lower quality of labour skills brought into Ireland by the EU10 natives is largely reflected in continued shortages of high skilled workers in the country, while alleviating pressures in supply of low skilled labourers. This policy is changing the skills mix within Ireland by reducing the gap between the foreign residents' skills and those of the natives. As the result, there is an increasing concern that post-Accession, immigration pits foreign workers more directly against the domestic ones.

Overall, the latest Eurobarometer 2005 shows that immigration is not perceived to be a major issue by the Irish public. Asked to identify the two most important issues facing the country, 51 per cent of Irish respondents identified crime, followed by 49 per cent for healthcare and 28 per cent for rising prices. Only 12 per cent point at immigration. This despite the fact, that in the most recent Irish Times survey, conducted in December 2005, nearly 78% of the respondents agreed with the proposition that foreigners do take Irish jobs when they locate into Ireland.

As a small open economy with a high degree of exports and foreign direct investment dependency, Ireland cannot afford to restrict significantly inflows of new labour into the country. With continued strong growth projected into the near future, it is also unlikely that Ireland will experience a sudden substantial loss of jobs. OECD (2006) states that in Ireland "there is room to increase labour supply further. The main avenues here are to continue to attract immigrants – especially the highly skilled – and to facilitate the participation of women and older workers." Thus, the overall migration pressures in the Irish context will remain confined to the realm of political speculation and electoral manipulation.

According to Holzman and Munz (2004), in the future most countries of Europe will have to recruit highly and semi-skilled immigrants. The EU member states will have to compete with both traditional and new countries in attracting best qualified and most suitable migrants. Holzman and Munz state that "opening economically motivated 'gates of entry' might in part reduce pressure in the asylum and family reunion 'gates'. But ... to attract qualified potential migrants, select them according to Europe's needs, and integrate them economically as well as socially, the EU and its member states will have to embrace cultural and institutional changes."

The most recent debates concerning the future direction of immigration policies in Ireland have focused on the arguments of whether or not Ireland should adopt the Denmark-style flexicurity model of labour markets by enhancing state unemployment and training benefits provision (Gurdgiev, 2006:3). The problem with the flexicurity model is that it is unsuitable to states like Ireland as it demands an extremely high degree of social consciousness and obedience – something not found outside the Nordic states. The flexicurity model appears to be unsustainable in the presence of the labour markets open to migration as it creates powerful welfare traps for the immigrants and exerts significant fiscal costs on a recipient country. Finally, the Danish model also generates lower remittances and skills spillovers to the sending country.

For all its benefits, the flexicurity model is under threat in Denmark as well. As the country is moving away from low skilled migration focus in favour of more tailored high-skills migration and a

more focused economic migration model, the high rates of taxation and social spending will undoubtedly retard Denmark's ability to attract high quality migrants. Even with temporary and partial benefits offered to some sectors, such as academics, high taxes represent a problem for retaining high skilled migrants over the long term. Appendix 2 below provides a summary of the labour markets policies bottlenecks identified in the present paper.

However, for all economic consequences of migration, a major source of controversy over immigration in Denmark and Ireland is related to public opinion. Today, popular views of immigration appear to be more concerned with the social implications of immigration, assimilation and integration of immigrants into broader society. In so far as such concerns spill over into immigration and naturalization policies in the specific countries, the costs associated with achieving these objectives falling on the shoulders of immigrants will further reduce the welfare states' ability to attract quality migrants.

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APPENDIX 1: Immigration Effects in Ireland, 1995-2006.

The decade of the 1990s saw a dramatic transformation of Ireland: between 1992 and 2000 the average Irish growth rate of more than 8% of GDP per annum was the highest in the OECD area. More importantly, rapid growth continued after the slight correction in 2001. According to the latest forecasts, Irish economy is expected to expand at 5-5.5% of GDP in 2006.

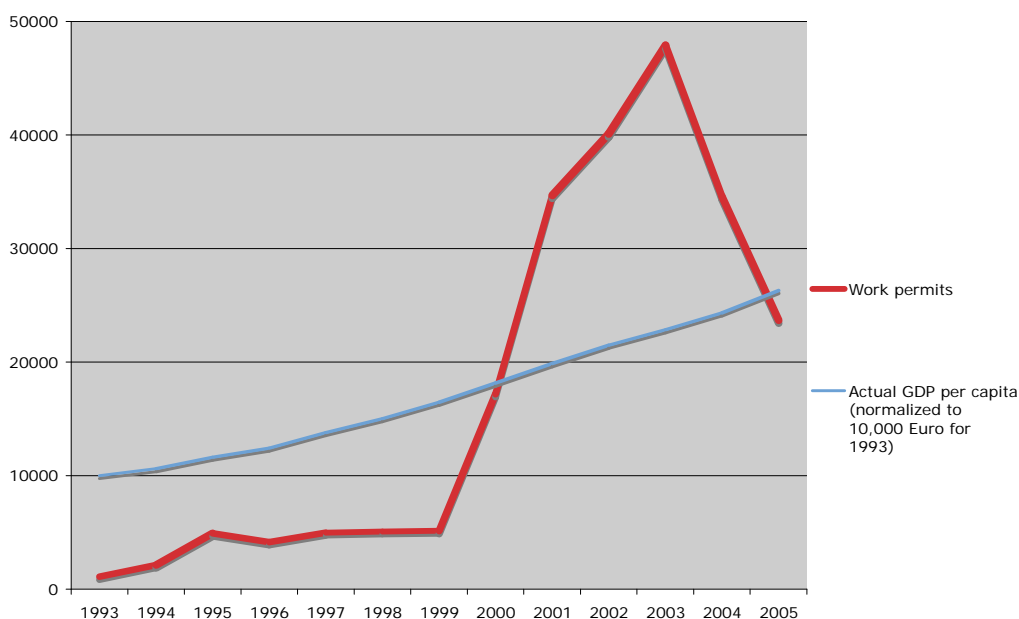
The growth of GDP in Ireland was accompanied by very strong jobs creation. Between 1991 and 2005 as Ireland created nearly a million new jobs, unemployment fell from 15.9% in 1993 to below 5% in 2000, and employment grew at 3.1% in 2001, 1.8% in 2002, 1.9% in 2003 and 3% in 2004. Unemployment remained low, currently standing at around 4.3-4.5% in seasonally adjusted terms. As figure A1 below shows, the per capita real income grew at a robust rate throughout the period of increasing migration flows. In the early stages of the boom, excess demand for labour was alleviated by the increasing participation rate, primarily due to women entering the labour force on the strength of economic growth and lower income taxation. Strong gains in employment were also made in the early years from re-entry by the long-term unemployed and returned migration from abroad.

OECD (2006) figures for net migration show that in 2004 Ireland was the third largest recipient of new migrant labour in the OECD, with 7.9% of labour force composed on foreign nationals. Adding to this figure the substantial increases in migration from the EU10 states following May 1, 2004 accession, Ireland can be expected to have in excess of 9% share of the foreigners in its labour force. In 1989 net emigration reached over 41,000. By 2002 the net immigration steadily climbed to the same number. In the first Census of the Population to include the question about the respondents' nationality, conducted in 2002, there were about 88,500 non-EU-15 nationals resident in Ireland.

Changes in immigration flows into Ireland can be traced to the evolution of the demand for labour. The latter can be traced to the numbers of work permits issued prior to the Accession of May 1, 2004, since following the Accession a large share of migrants fell out of work permit scheme. Figure A1 below shows the total numbers of work permits issued in Ireland.

In terms of the relative composition of inflows, EU15 less UK, plus US and South America have generated 39,145 permits in 1996, while in 2002 the number of work permits issued for these countries rose to 101,065 – a 258% rise in 5 years. For Asia, Australia and New Zealand the numbers were: 11,786 in 1996 and 36,495 in 2002. Citizens of the African countries obtained 4,867 work permits in 1996 and 26,515 in 2002. This implies that in 1996 3,605 permits were issued to the Eastern Europeans and former USSR states, with this figure rising to 26,235 in 2002.

Figure A1: Number of Work Permits Issued, Ireland



In addition to showing dramatic increases in numbers of migrants over time, the migration patterns exhibit some other noteworthy regularities specific to Ireland. These include:

- 1) Increased propensity of Irish businesses to hire foreign workers and most notably, non-EU workers;
- 2) A relatively even distribution of skilled and unskilled migrants throughout Irish economy and geographically;
- 3) Emergent emphasis on using migrants from the EU10 states to replace earlier migrants from non-EU states, especially in low-skilled areas of employment;
- 4) A decline in migration from UK and slowdown in the growth rates of migration inflows from the EU15 states;
- 5) According to some surveys, up to 1/3 of all non-nationals employed in Ireland in 2004 came from the EU10 states;
- 6) Approximately 40% of non-nationals stay for the period of 1-2 years and ca 20% stays for the period of longer than 2 years.
- 7) Of all countries that did not restrict mobility of EU10 citizens, Sweden received 2,100 workers in May-November 2004 and the UK received 176,000 during the May 2004 – March 2005 period. Between May 2004 and end of April 2005, Ireland received 85,115 in May 2004-April 2005 period. Of these, 41,000 came from Poland, 20,000 from Lithuania, 9,200 from Latvia, 7,200 from Slovakia and 4,400 from Czech Republic.
- 8) According to the latest data (see The Irish Times, 2006), as of January 2006, EU10 nationals comprised only approximately 2% of the working-age population of Ireland, or approximately 52,000.
- 9) Increases in EU10 citizens' migration were associated with a fall in non-EU migrants due to both the displacement factor and policy changes that saw a significant reduction in the number of labour categories eligible for work visas. In 2004, the decline was 28% on 2003 figures with just 10,900 new work permits issued. In January-June 2005, only 4,000 new work permits were issued, representing a drop of some 20% of new permits from non-EU states. There was a marked decline in the numbers of asylum seekers and refugees over the last 5 years. The number of persons applying for asylum in Ireland declined by ca 60% from a peak of 11,598 in 2002 to 4,625 in 2004.

Thus, within a decade, Ireland experienced a reversal of migration patterns from massive outward emigration of natives in the 1980s to strong inward migration of the EU15 and non-EU citizens, coupled with net return immigration of the Irish nationals from the UK, US, Australia and Europe. In addition, the country immigration flows became diversified, combining short and long term migrants, immigrants from the English speaking countries and those with low language and cultural symmetry to the natives, asylum seekers and undocumented immigrants, high skilled workers and low skilled labourers. This resulted in a significant strain on the existing legislation aimed at regulating migration flows. Both immigration and integration were pitted against lack of experience in dealing with foreign residents, a rapidly changing environment and a largely homogenous indigenous cultural tradition.

Over the last few years, the Government instituted several policy measures to address these bottlenecks. These include:

- 1) The Immigration Act 2003 which established liability for illegal aliens carriers and arrangements for the removal of illegal aliens, the Act introduced the safe country of origin concept and streamlined asylum applications processing;
- 2) The Immigration Act 2004 clarified lawful and unlawful residence and defined Ministerial authority of immigration officers;
- 3) The Employment Permits Act 2003 introduced new legislative basis for work permits, including penalties for employers for illegal employment of non-nationals.
- 4) The 2004 Citizenship Referendum and the related Irish Nationality and Citizenship Act 2004 replaced the principle of 'automatic' citizenship based on *jus sanguinis* or *jus soli* by a new principle according to which a child born in Ireland will be entitled to automatic citizenship only if one of his/her parents was already an Irish citizen or a long-term resident of the Republic.
- 5) In 2005, publication by the Minister for Justice, Equality and Law Reform of a discussion document *Immigration and Residency in Ireland*, concerning a proposed immigration and residence bill.
- 6) The *Employment Permits Bill 2005* concerning the regulation of employment permits provides for the application, grant, renewal, refusal and revocation of employment permits. Under the new legislation, employment permits will be granted to the employee and will define certain rights and entitlements of the employee.

APPENDIX 2. Summary of Findings.

	Effect on welfare	Redistributive effects	Denmark	Ireland
Demand-based migration	Positive	Small as migrants are largely complimentary to natives	Problem in the past, new policies are addressing it.	Strong inflows prior to Accession. Accession reduced effectiveness of demand-driven migration by introducing large-scale substitution away from demand-based selection in favour of substitution of non-EU migrants with those from EU10.
Supply-based migration	Mixed, with some negative effects especially in the case of non-economic migrants	Economic migrants: negative effect to reduce income of the natives in competition for jobs with supply-driven migrants. Non-economic migrants, added losses in welfare will arise due to fiscal pressures.	Supply-based migration was dominant prior to 2001 and is falling since 2002. Majority of foreigners residing in the country are supply-based non-economic migrants. Very strong fiscal pressures arising from welfare state provisions.	Supply-side migration was small and declining throughout the second half of the 1990s. Since 2004, most of migration flows are supply-driven immigration from EU10 states.
Short-term high skilled migration	Positive although relatively small	None	Least suited to benefit from these inflows as Denmark does not act as a major international business hub in the area of services	Major potential benefactor, but is hampered by the lack of normalised visa-less travel regimes with Schengen states.
Wage rigidities and unionization	Higher wage rigidities and degree of labour markets unionisation are associated with lower benefits of migration. Unionisation yields negative returns to migration.	Migration tends to reduce wages gap between the unionised and non-unionised natives.	Due to high degree of unionisation & wage rigidity the country is likely to experience negative effects of migration. Partial alleviation of this problem is possible via attracting high-skills migration.	Less of a problem. Further reduction in union cover and wage rigidity (minimum wage laws & social partnership agreements) will ensure transfer of significant positive gains from migration.
Taxation and welfare state	Higher taxation & social welfare spending and income maintenance translate into lower quality of migrants and greater skills differential in favour of the natives.	Negative: transfers from working natives to non-working migrants	Denmark is exposed to potentially severe costs of migration on welfare system and suffers low ability to attract quality migrants. Selection bias under generous welfare system reduces quality of the subsequent generations of residents born into foreign families.	Because of the restrictions placed on foreigners' access to welfare system, Ireland is less susceptible to these threats. Lower income taxes generate significant attraction for selecting quality migrants. Tax brackets creep & high cost of living undermine this competitive edge.

Cultural and language barriers	More liberal and open cultural and linguistic environments should be conducive to more efficient transfer of benefits.	Welfare transfers to assimilation programmes exert added burden on fiscal positions. Negative selection mechanism operating amongst the migrants ensures lower efficiency of spending programmes.	Linguistic barriers & mono-cultural environment are likely to reduce incentives for migration of skilled individuals as they increase costs of assimilation & lower potential benefits from transferring work experience to the rest of the world.	Major beneficiary of being an English-speaking country with liberal and open attitude toward migrants. One potential bottleneck is the perception of immigration as a temporary phenomena by the policy-makers and employers.
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East-West Migration and the Immigrant-Trade Link: Evidence from Italy

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Abstract

Employing data for Italy and 68 trade partners that span the period 1996-2001, we examine the role of immigrants in influencing Italian exports to and imports from their respective home countries. Particular emphasis is placed on variation in the immigrant-trade relationship across Former Soviet Republic (*FSR*) and Post-Communist (*PCOM*) country classifications relative to immigrants from non-*FSR* and non-*PCOM* countries. The findings provide information that may assist in policy formulation and lead to more enlightened public and political debates of the issue. Immigrants are generally found to exert pro-trade influences, with proportional immigrant effects being somewhat comparable across home country classifications. However, estimated per-immigrant effects, in absolute terms, of immigrants from *FSR* or *PCOM* countries are greater in magnitude as compared to the effects of immigrants from non-*FSR* and non-*PCOM* countries.

JEL Classifications: F14, F15, F22

Keywords: Gravity, Immigrants, Networks, Tobit, Transplanted Home Bias

1. Introduction

Migration from Eastern to Western Europe increased considerably following the end of the Cold War. The ensuing political changes included removal or weakening of restrictions that had severely limited East-West migration. As a result, many European nations have recently experienced large increases in the number of immigrants from the former Soviet Union and associated satellite nations. This has led East-West migration to become an important political and economic issue. Expected EU enlargement will further lessen migration barriers; thus, it is expected that, in coming years, additional increases in migration will occur. In response, fears of domestic social service depletion, adverse local labor market effects, reluctance of immigrants to assimilate to host country culture and, in some instances, terrorist attacks, have led to calls for more restrictive immigration policies in many European nations. We employ data for Italy and 68 trade partners that span the period 1996–2001 to examine the role of immigrants in influencing Italian exports to and imports from their respective home countries. We place particular emphasis on potential variation in the immigrant-trade relationship across home countries classified as Former Soviet Republics or as Post-Communist nations. In doing so, we provide information that may assist policy formulation and perhaps result in a more informed and enlightened debate.

Prior studies have assumed that the immigrant-trade relationship operates through two broadly-defined channels. First, immigrants increase host country imports from their respective home countries if they arrive in the host country to find that desired home country products or reasonable substitutes are unavailable. White (2007a) refers to this channel as a “transplanted home bias” effect. Second, immigrants may possess superior knowledge of home country markets or of host country characteristics that, if successfully exploited, increases trade flows. This channel has been referred to as the “information bridge hypothesis” (Dunlevy, 2006), and is described by Greenaway et al. (2007) as the combination of a “cultural bridge” and an “enforcement bridge”. For instance, immigrants may arrive in the host country with knowledge of home country customs and expected business practices. Such knowledge may range from seemingly innocuous language abilities to the understanding of complex informal contracting structures. Effectively, the immigrants’ knowledge overcomes information asymmetries associated with cultural differences. Similarly, immigrants may arrive with established connections to home country business networks that serve to transmit information regarding future business opportunities or act to deter opportunistic behavior through a form of reputation-enforcement (Rauch and Watson, 2002; Rauch and Trindade, 2002; and Rauch, 2001 and 1999).

Given that prior studies have documented pro-trade influences of immigrants, examining variation in the immigrant-trade relationship seems reasonable. That Former Soviet Republics and Communist bloc nations have removed many of the Cold War-era restrictions on emigration to and trade with Western nations provides a sort of natural experiment.¹ The extended period of limited interaction, both personal and economic, between residents and firms on both sides of the “Iron Curtain” may have produced significant differences in typical consumers’ tastes and preferences. If so, recent immigrants from the East arriving in the West may have demand for home country goods that cannot be sated by the products available in Western markets. Further, limited interaction during the Cold War period may have resulted in the emergence of East-West information asymmetries that hinder international trade transactions. If so, then immigrants may have a role to play in promoting trade by providing information that reduces the extent of the asymmetric information. We examine this possibility and, in general, variation in immigrant-trade links across home country classifications. The analysis reveals that immigrants, in general, exert pro-trade influences and that proportional influences are somewhat comparable across home country classifications. However, the typical

¹ The appendix lists the nations comprising our data sample and identifies those that are classified as Former Soviet Republics or as Post-Communist nations.

immigrant from a Former Soviet Republic (*FSR*) or a Post-Communist (*PCOM*) home country typically exerts a greater absolute influence on Italian-home country trade as compared to immigrants from non-*FSR* and non-*PCOM* home countries.

The paper proceeds as follows. Section 2 provides a brief review of the related literature and presents the specific hypotheses we examine in the analysis. Section 3 presents the empirical specification and details both the data and variable construction. Estimation results are discussed in Section 4, while Section 5 concludes.

2. Review of Immigrant-Trade Link Literature

A number of studies have reported a positive relationship between immigrants and host-home country trade flows. Gould (1994), examining US data, first reports an immigrant-trade link, and subsequent research identifies pro-trade immigrant effects for a number of other host countries. For example, Wagner et al. (2002), Head and Ries (1998) and Helliwell (1997) for Canada, Piperakis et al. (2003) for Greece, Hong and Santhapparaj (2006) for Malaysia, Bryant et al. (2004) for New Zealand, and Blanes (2003; 2006) and Blanes and Martin-Montaner (2006) for Spain each report pro-trade influences of immigrants. Examining China-Taiwan trade specifically, Ching and Chen (2000) also report evidence of pro-trade immigrant effects. Rauch and Trindade (2002) posit that Chinese population shares indicate the presence of ethnic Chinese networks and find that such networks increase bilateral trade flows. Examination of US state-level export data has led to documentation of pro-export immigrant effects (Co et al., 2000; Herander and Saavedra, 2005; Bardhan and Guhathakurta, 2005; Bandyopadhyay et al., 2006; Dunlevy, 2006; and Tadesse and White, 2007). Examining intra-France trade, Combes et al. (2005) report a pro-trade influence of migrants. Finally, Blanes (2004) for Spain and White (2008a) for the US report that immigrants exert positive influences on intra-industry trade. The abundance of studies documenting pro-trade immigrant influences leads to our first hypothesis:

H1: Immigrants exert positive influences on both Italian exports to and imports from their respective home countries.

A small number of additional studies have examined variation in the immigrant-trade relationship across home countries. Employing US data, White (2007a) finds the US immigrant-trade link is driven by immigrants from relatively low-income countries. Similarly, White (2008b) considers variation in the US immigrant-trade link across both product types and home country income classifications and concludes that immigrant-trade links are weakest for US exports of homogenous products to high-income countries and strongest for US imports of differentiated products from low-income countries. Examining the Danish immigrant-trade link, White (2007b) reports a somewhat different result. Immigrant-trade links are found to be greatest in magnitude for trade in differentiated products with high-income countries, and weakest, yet still positive, for trade in homogenous products with low-income countries. The difference in results relative to White (2008b) is thought to result from the relative homogeneity of the Danish population relative to the US population. The implication is that host country characteristics may underlie immigrants' abilities to influence trade flows.

Examining UK data, Girma and Yu (2002) stratify their sample of home countries by "commonwealth" or "non-commonwealth" affiliation and report a positive influence of immigrants on trade only for the latter classification. The authors posit that personal contacts and connections to business and/or social networks apply to all immigrants, regardless of home country. Commonality of legal norms and judicial systems, differences in formal and informal contracting structures and in

communications systems between the UK and commonwealth-affiliated home countries are assumed to diminish immigrants' abilities to affect trade. Thus, institutional dissimilarities between the UK and non-commonwealth home countries are thought to permit immigrants from such nations to enhance trade flows.

An indirect test of the conclusions of Girma and Yu is provided in White and Tadesse (2007). Examining whether Australia's abandonment of its White Australia policy generated variation in immigrant-trade links across home countries, the authors classify home countries by access to preferential treatment (in terms of immigrant entry, assisted migration, etc) under the policy. Immigrants from nations not afforded preference under the policy are found to exert stronger proportional influences on Australian imports from their home countries, while immigrants from nations afforded preference exert stronger influences on Australian exports to their home countries. It is thought that the White Australia policy homogenized the Australian population, and that abandonment of the policy resulted in subsequent immigrant inflows being demographically quite different from the existing Australian population. More recent immigrants arrived to find an Australia that was culturally distinct from their home countries. The resulting variation in the influence of immigrants across home country classifications is thought to stem from Australia-home country cultural dissimilarities. The observed variation across home countries in terms of immigrant-trade relationships leads to our second hypothesis:

H2: Variation in the proportional influences of immigrants on trade flows exists across home country classifications, with immigrants from FSR and PCOM home countries expected to exert greater influences than do immigrants from non-FSR and non-PCOM countries.

Several studies have provided estimates of the absolute effects of immigrants on host-home country trade flows. Wagner et al. (2002), examining Canada, estimate that a typical immigrant generates \$312 in exports to and \$912 in imports from her home country. This is considerably less than the estimated \$3,000 and \$8,000 increases in Canadian exports to and imports from the typical home country produced by Head and Ries (1998). White (2007b) estimates that the typical immigrant increases Danish trade with typical home country by \$352 and \$426 (for exports) and by \$394 to \$407 (for imports).

Allowing for variation in the per-immigrant effects across home country classifications, White (2007a) estimates that the typical immigrant from a low-income home country increases US exports to their home country by \$910 and US imports from their home country by as much as \$2,967. White and Tadesse (2007) estimate per-immigrant effects on Australian trade and find the typical immigrant from a nation afforded preference under the White Australia policy increases exports to and imports from the home country by \$138 and \$134, respectively. Immigrants from nations not afforded preference by Australian immigration policy increase trade by significantly larger amounts: exports increase, on average, by \$1,756, while imports rise by an average of \$569. These estimates provide a baseline for what may be considered reasonable per-immigrant effects on Italian trade and lead us to our third, and final, hypothesis:

H3: Variation in the estimated per-immigrant effects of immigrants on trade flows exists across home country classifications, with immigrants from FSR and PCOM home countries expected to exert greater absolute effects as compared to immigrants from non-FSR and non-PCOM countries.

3. Intuition and Empirical Specification

To examine the hypotheses listed in Section 2, we follow the empirical approaches of earlier studies of the immigrant-trade relationship and employ a variation of the standard gravity equation. Tinbergen (1962) first applies the gravity equation to trade flows and more recent research has established theoretical foundations for the model (Anderson and van Wincoop, 2003; Feenstra et al., 2001). The standard gravity specification posits that trade between two countries i and j during year t (\tilde{T}_{ijt}) increases with the countries' combined economic mass ($Y_{it}Y_{jt}$) and decreases with geodesic distance (GD_{ij}). Higher home country GDP (Y_{jt}) implies greater potential export markets for Italy (country i) and an increased probability of host country imports from home country j . Similarly, higher Italian GDP (Y_{it}) signals an increased capacity to both export and import. We use geodesic distance between Rome and the capital city of home country j , measured in kilometers using the great circle method, as a proxy for transport costs. We also include a vector, represented by the expression $\exp(IM_{ij}^{\delta}, X_{ij}^{\phi})$, where IM_{ij} is the stock of immigrants from country j residing in Italy, and X_{ij}^{ϕ} is a vector containing additional trade-facilitating/inhibiting factors. Equation (1) illustrates.

$$\tilde{T}_{ij} = \alpha \left(\frac{Y_i^{\beta_1} Y_j^{\beta_2}}{GD_{ij}^{\gamma_1}} \right) \exp(IM_{ij}^{\delta}, X_{ij}^{\phi}) \quad (1)$$

Equation (1) postulates that immigrants exert positive influences on trade. The equation also predicts strictly positive realizations of import and export values. As trade data frequently contain cases where values are equal to zero, we follow Eaton and Tamura (1994) and Head and Ries (1998) and modify equation (1) to permit realization of zero trade values. In equation (2), η is a fixed amount of trade that we subtract from the level predicted by equation (1).

$$\tilde{T}_{ij} = \alpha \left(\frac{Y_i^{\beta_1} Y_j^{\beta_2}}{GD_{ij}^{\gamma_1}} \right) \exp(IM_{ij}^{\delta} X_{ij}^{\phi} + \varepsilon_{ij} - \eta) \quad (2)$$

When the latent trade value is negative, observed trade values will be zero. Thus, the observed data on country j 's trade with Italy can be described as $T_{ij} = \max\left[\tilde{T}_{ij}, 0\right]$. Substituting this identity, expanding the vector X_{ij}^{ϕ} , allowing α to be the constant of proportionality, taking natural logarithms of the continuous variables on both sides of the resulting equation, and assuming that ε_{ij} is an identically and independently distributed error term results in our estimation equation. To capture potential variation in the influences of immigrants across host countries, we include a series of terms that interact the immigrant stock with host country dummy variables. Equation (3) presents our baseline estimation equation.

$$\begin{aligned} \ln(T_{ijt} + \eta) = & \alpha_0 + \delta_1 \ln IM_{ijt} + \beta_1 GDP_i + \beta_2 GDP_j + \gamma_1 \ln GD_{ij} + \phi_1 \ln CD_{ij} \\ & + \phi_2 \Delta \ln XRATE_{ijt} + \phi_3 \ln OPEN_{ij} + \phi_4 \ln POP_{jt} + \phi_5 \ln REM_{jt} \\ & + \phi_6 ADJ_j + \phi_7 FTA_{ijt} + \phi_8 ITALIAN_j + \phi_9 SEAPORT_j + \beta_\Omega \Omega_t + \varepsilon_{ijt} \end{aligned} \quad (3)$$

The coefficient, $\hat{\delta}_1$, on the variable representing the immigrant stock from a home country j residing in Italy during year t , IM_{ijt} , captures the effects of immigrants on trade flows. Immigrant stock data are from the Istituto Nazionale di Statistica and have been compiled by the Migration Policy Institute (2007). To examine possible variation in immigrant-trade links across home countries, we estimate modified versions of equation (3) where the IM_{ijt} variable is interacted with dummy variables identifying home countries by *FSR* or *PCOM* classification. Our vector of dependent variable includes aggregate imports and exports as well as disaggregated (manufactured and non-manufactured goods and goods classified by 1-digit SITC level) import and export values, each of which is regressed in turn on the set of explanatory variables. All trade data are from the SourceOECD Database. As Italy is country i , the corresponding GDP values (included in equations (1) and (2)) do not vary across trading partners and the effects are subsumed into the coefficients on the time dummy variables.

The coefficient on the CD_{ij} variable represents the effects of cultural distance between immigrants' host and home countries on trade flows. We estimate the cultural distance between host-home country pairs using the methodology described in Tadesse and White (2007). Unless noted, data for all other explanatory variables are from the World Bank (2006). Annual changes in the country i -country j exchange rate ($\Delta \ln XRATE_{ijt}$), given as country j currency units per Italian currency unit (the Lira prior to 1999 and the Euro thereafter), represents terms of trade effects. An increase in the variable signals a depreciation of country j 's currency against the Italian currency and thus an expected increase (decrease) in Italian imports (exports). A measure of trade openness ($OPEN_{jt}$) is the sum of imports and exports divided by GDP (Head and Ries, 1998). The population of country j (POP_{jt}) serves to proxy for market size. To control for each home country's relative lack of outside trading opportunities, we follow Wagner, Head and Ries (2002) and measure economic remoteness as $REM_{jt} = 1 / \sum_{k=1}^K [(Y_{kt} / Y_{wt}) / D_{jk}]$, where Y_{wt} is gross global product and k identifies potential trading partners for country j other than Italy.² Monetary values, trade flows and otherwise, have been normalized to 2000 US dollars.

Several dummy variables are also included in our estimation equation. ADJ_j is equal to one if country j and Italy are adjacent. The variable controls for the expected increased levels of trade associated with reductions in transportation costs attributable to a shared border. As common language has been identified as an important determinant of trade flows in gravity specifications (Dunlevy, 2006; Hutchinson, 2002), $ITALIAN_j$ is equal to one if Italian is commonly used in country j (CIA, 2006). Capturing the effects of trade agreements, FTA_{ijt} is equal to one if country j is in an agreement with Italy during year t . $SEAPORT_{jt}$ is equal to one if country j is not landlocked and serves to capture related geographic effects on trade. Finally, a vector of time dummies, Ω_t , absorbs macroeconomic fluctuations and trade-influencing policy decisions. Table 1 presents descriptive statistics.

² Internal distance, when $k=j$, is derived as $0.4 \times \sqrt{Land\ Mass_j}$ (Head and Mayer, 2000).

Table 1: Descriptive Statistics, All Home Countries and by Home Country Classification

Variable	Description	All home countries N = 408	Fmr. Soviet Rep. home countries N = 42	Non-Fmr. Soviet Rep. home countries N = 366	Post-Comm. home countries N = 102	Non-Post-Comm. home countries N = 306
T_{it}	Real Exports, total (thousands USD)	2,923,059 (6,175,525)	517,385** (974,360)	3,199,120 (6,455,734)	996,416*** (1,037,072)	3,565,273 (6,991,412)
	Real Imports, total (thousands USD)	2,673,430 (5,809,083)	691,183*** (1,346,837)	2,900,901 (6,076,240)	820,173*** (968,100)	3,291,182 (6,571,832)
IMM_{it}	Immigrant Stock	12,342 (21,958)	2,062*** (3,768)	13,521 (22,858)	12,729 (24,457)	12,213 (21,102)
GD_{ij}	Geodesic Distance (kilometers)	4,628.74 (4,240.94)	2,205*** (478.96)	4,906.87 (4,390.43)	1,392.06*** (774.17)	5,707.63*** (4,373.86)
CD_{ij}	Cultural Distance	0.9986 (0.4612)	1.2597*** (0.1599)	0.9686 (0.4749)	1.086** (0.3246)	0.9694 (0.4955)
$DlnXRATE_{it}$	Exchange Rate (annual change)	0.0574 (0.2038)	0.0505 (0.1899)	0.0582 (0.2056)	0.0964 (0.2794)	0.0444 (0.17)
Y_{it}	Real GDP (millions USD)	369 (1,140)	39.7*** (76.1)	407 (1,200)	36.1*** (57.2)	480 (1,300)
$Y_{deflator_{it}} / Y_{deflator_{it}}$	GDP Deflator Ratio	23,9999 (140.5634)	0.8995*** (0.2482)	26,6508 (148.1997)	1.0132*** (0.36)	30,5056 (158.6667)
$OPEN_{it}$	Trade Openness	0.7485 (0.4082)	0.981*** (0.2877)	0.7218 (0.4118)	0.9607*** (0.3076)	0.6777* (0.4135)
POP_{it}	Population (millions)	71.4 (191)	30.7*** (50.6)	76 (201)	18.9*** (34.8)	88.8 (217)
REM_{it}	Economic Remoteness	4.356 (2,179)	3.613*** (933)	4.441 (2,264)	3.486*** (962)	4.646* (2,386)
$ITALIAN_j$	Common Language	0.0588 (0.2356)	0.0*** (0.00)	0.0656 (0.2479)	0.0588 (0.2365)	0.0588 (0.2357)
ADJ_{it}	Common Border	0.0588 (0.2356)	0.0*** (0.00)	0.0656 (0.2479)	0.0588 (0.2365)	0.0588 (0.2357)
FTA_{it}	Free Trade Agreement	0.2745 (0.4468)	0.0*** (0.00)	0.3060 (0.4615)	0.2353 (0.4263)	0.2876 (0.4534)
$SEAPORT_{it}$	Coastal Access	0.8235 (0.3817)	0.7143 (0.4572)	0.8361 (0.3707)	0.7059** (0.4579)	0.8627 (0.3447)

Standard deviations in parentheses. "****", "***", "**" and "*" denote statistical significance from the overall mean at the 1%, 5% and 10% levels, respectively.

We see that the typical *FSR* and *PCOM* nations are quite different from the average nation in our sample. The typical *FSR* and *PCOM* nations trade significantly less with Italy than does the average home country. This is found with respect to aggregate levels of imports and exports. However, both *FSR* and *PCOM* nations tend to have smaller economies relative to the average nation in the sample; sufficiently so that the average measure of trade openness for *FSR* and *PCOM* nations is significantly higher than that of their non-*FSR* and non-*PCOM* counterparts. There also tends to be fewer immigrants from *FSR* and *PCOM* nations in Italy relative to the average home country, and *FSR* and *PCOM* nations, on average, have smaller populations than do non-*FSR* and non-*PCOM* nations. While, on average, *FSR* and *PCOM* nations are closer to Italy in geographic terms, they are culturally more dissimilar to Italy, with non-*PCOM* nations being significantly more distant. Similarly, *FSR* and *PCOM* nations tend to be less economically remote, while non-*PCOM* nations are significantly more remote.

4. Discussion of Estimation Results

Following Ranjan and Tobias (2005), Eaton and Tamura (1994) and Head and Ries (1998), we utilize the Tobit technique when estimating equation (3).³ Given that we have the parameter η , the resulting coefficients are not true elasticities. However, as the values of η , relative to the mean values of corresponding dependent variables, are quite small, we can heuristically interpret the coefficients as elasticities. We begin by discussing our primary results (obtained by employing aggregate trade values as dependent variables), then proceed to consider variation in the immigrant-trade relationship across disaggregated measures of trade. Finally, we provide a discussion of estimated relative per-immigrant effects on Italian exports and imports.

4.1 Variation in Immigrant-Trade Links across Home Country Classifications

Table 2 presents estimation results obtained when using aggregate exports and imports as dependent variables. Column (a) presents results where immigrants are not classified by *FSR* or *PCOM* status. Column (b) presents results where we compare the effects of immigrants from *FSR* countries to those of immigrants from all other countries. Column (c) presents a similar comparison between the influences of immigrants from *PCOM* countries to those of immigrants from all other countries. The results reveal an interesting contrast in immigrant effects across home country classifications. In line with the first hypotheses stated in Section 2 and the empirical evidence from the literature, the coefficient of immigrant stock variable in Column (a) is positive and significant, implying that a 10 percent increase in the stock of immigrant population leads to a 0.8 percent increase in Italian exports to their respective home countries. Though positive, the corresponding effect of immigrants on Italian imports is not significant.

³ We also provide similar estimates derived by employing Ordinary Least Squares as a robustness check. All data and estimation results are available from the authors upon request.

Table 2: Immigrant-Trade Links, All Home Countries and by Home Country Classifications

	Dependent Variables:					
	In Exports _{ijt} (a)	In Exports _{ijt} (b)	In Exports _{ijt} (c)	In Imports _{ijt} (d)	In Imports _{ijt} (e)	In Imports _{ijt} (f)
In Immigrants _{ijt}	0.0803** (0.0386)	---	---	0,0377 (0.0436)	---	---
In Immigrants _{ijt} x Former Soviet Republic _j	---	0.0963 ^(p=0.105) (0.0592)	---	---	0,0313 (0.067)	---
In Immigrants _{ijt} x Non-Former Soviet Republic _j	---	0.0837** (0.0397)	---	---	0,0363 (0.0449)	---
In Immigrants _{ijt} x Post-Communist Nation _j	---	---	0.1274*** (0.0408)	---	---	0.0899* (0.0461)
In Immigrants _{ijt} x Non-Post-Communist Nation _j	---	---	0,0517 (0.0391)	---	---	0,0059 (0.0442)
In Cultural Distance _{ij}	-0,2783 (0.3179)	-0,2914 (0.3199)	-0,2441 (0.314)	-0,198 (0.3589)	-0,1928 (0.3613)	-0,1601 (0.3547)
In Geodesic Distance _{ij}	-0.8117*** (0.0868)	-0.8045*** (0.0892)	-0.6537*** (0.0988)	-0.8144*** (0.0981)	-0.8173*** (0.1008)	-0.6389*** (0.1114)
In Exchange Rate _{ijt-1}	0,0416 (0.3032)	0,0376 (0.3034)	-0,1483 (0.3049)	0.7762*** (0.0682)	0.7759*** (0.0683)	0.8452*** (0.0708)
In GDP _{jt}	0.7297*** (0.0602)	0.7305*** (0.0602)	0.7918*** (0.0626)	0.338*** (0.0752)	0.3393*** (0.076)	0.3232*** (0.0745)
In (GDP Deflator _{jt} /GDP Deflator _{it})	0,0441 (0.0494)	0,0478 (0.0505)	0.0972* (0.0515)	0,0171 (0.0557)	0,0157 (0.057)	0,0761 (0.0581)
In Open _{jt}	-0,2305 (0.1541)	-0,2388 (0.1559)	-0,2356 (0.1522)	0.5744* (0.3444)	0.5761* (0.3447)	0,3635 (0.3466)
In Population _{jt}	0,0866 (0.0662)	0,0833 (0.0668)	0,0733 (0.0656)	0,1048 (0.1763)	0,1081 (0.1783)	0,0992 (0.1741)
In Remote _{jt}	-0.2205* (0.1315)	-0.2202* (0.1315)	-0.2401* (0.13)	-0,1992 (0.1484)	-0,1993 (0.1484)	-0,2209 (0.1467)
Italian _j	0.5803** (0.2775)	0.5828** (0.2776)	0.5376* (0.2744)	0.6961** (0.3128)	0.6951** (0.3129)	0.6487** (0.3093)
Adjacent _j	0.6045** (0.2837)	0.6057** (0.2837)	0.76*** (0.2837)	0.6823** (0.3222)	0.6818** (0.3222)	0.8549*** (0.3228)
FTA _j	0,0088 (0.1811)	0,0247 (0.1865)	0,1396 (0.1835)	0,2133 (0.2046)	0,2069 (0.2108)	0.3586* (0.2072)
Seaport _j	0.8656*** (0.1708)	0.8515*** (0.1752)	0.789*** (0.1708)	0.5079** (0.1984)	0.5135** (0.2034)	0.4227** (0.1978)
Constant	0,7498 (1.5309)	0,7055 (1.5361)	-1,5604 (1.6731)	-4.5626*** (1.7322)	-4.5449*** (1.7379)	-7.1285*** (1.8905)
se (ancilliary parameter)	1,1448 (0.0197)	1,1446 (0.0197)	1,1303 (0.0197)	1,2899 (0.0455)	1,2899 (0.0455)	1,274 (0.0449)
N	408	408	408	408	408	408
Pseudo-R ²	0,28	0,28	0,29	0,26	0,26	0,27
McFadden R ²	0,71	0,71	0,72	0,70	0,70	0,71
Log likelihood	-639	-639	-634	-686	-686	-681
LR Statistic	500.38***	500.5***	510.79***	490.34***	490.35***	500.38***

Dependent variables are have been converted to 2000 US dollars. Standard deviations are in parentheses. Year dummy variables included in regression specification; however, corresponding coefficients not reported here. "****", "***" and "*" indicate significance from zero at the 1%, 5% and 10% levels, respectively.

While the observed pro-export effect of immigrants corresponds with the existing literature, we acknowledge that the extent to which immigrants influence trade between Italy and their home countries may vary by their country of origin as well as the immigrants' socio-economic characteristics. While the data we use in the present analysis do not allow us to disentangle the pro-trade effect of immigrants by their socio-economic characteristics, classification of home countries by *FSR* or *PCOM* status permits consideration of variation in the influences of immigrants across home country groupings. The corresponding results are presented in columns (b) and (c) (for aggregate exports) and columns (e) and (f) (for aggregate imports). Significant pro-export immigrant effects are observed for immigrants from non-*FSR* and Post-Communist nations. Accordingly, while

a 10 percent increase in immigrant stock from non-*FSR* leads to 0.83 percent rise in Italian exports, a like percentage increase in immigrants from *PCOM* countries lead to a 1.27 percent increase in Italian exports to and 0.9 percent increase in Italian imports from their respective home countries. It is, however, worth noting that the coefficient representing the influence of immigrants from *FSR* countries on Italian exports is positive and, while insignificant, has a p-value equal to 0.105.

That immigrants from *FSR* countries do not exert significant influences on Italian exports to or imports from their home countries while immigrants from *PCOM* countries do can be attributed to differences in immigrants' abilities to overcome information asymmetries by identifying marketing opportunities and assisting in the amelioration of lax contract enforcement. In other words, variation in proportional immigrant effects may be explained by differences in immigrants' "bridging capacities". It may also be that, while immigrants from *PCOM* countries possess information and/or network connections sufficient to overcome asymmetries and enhance trade between the West- and the East, immigrants from non-*FSR* nations, collectively, may not have bridging capacities strong enough to overcome informational asymmetries and informal trade barriers that inhibit trade between Italy and their home nations.

Turning to the other variables in the model, we observe that all coefficients bear the *a priori* expected signs. Increased geodesic distance between Italy and home countries and depreciation of immigrants' home country currencies vis-à-vis the Italian currency correspond, respectively, to decreases in Italian trade in general and an increase in Italian imports from the home countries. With increases in the GDP values for immigrants' home countries, Italian trade increases with elasticity values below unity, as reported in other gravity based studies. We also observe a decrease in Italian exports to and imports from economically remote home countries, indicating the presence of alternative source trading partners both for Italy and the home countries. We observe greater trade between Italy and home countries in which Italian is commonly used; implying that commonality of language facilitates transactions. While population, a proxy for market size, and home country trade openness frequently have positive coefficients, they generally are not significant. An indication of the impact of infrastructure, we also observe that Italy trades more with home countries to which Italy is adjacent and those home countries that are not landlocked.

4.2 Variation in Immigrant-Trade Links across Disaggregated Measures of Trade

Acknowledging that the abilities of immigrants to influence Italian-home country trade may vary according to the types of goods being traded, we augment our primary results (presented in Table 2) with a series of estimations in which disaggregated measures of exports and imports are employed as dependent variables. The resulting coefficients, following the empirical framework described by equation (3), provide a more comprehensive depiction of the immigrant-trade relationship and serve as a robustness check of the primary results.⁴ Owing to space constraints, Table 3 presents a summary of the proportional immigrant effects on exports and imports for aggregate, manufactured, non-manufactured and 1-digit SITC sectors.⁵ For example, the top row in Table 3 presents the coefficients on immigrant stock variables presented in Table 2, while subsequent rows present coefficients which correspond to immigrant stock variables in our auxiliary set of estimations.

⁴ Since Albanian and Romanian immigrants comprise a large share of the Post-Communist nation cohort, as an additional robustness check we estimate equation (3) using our full battery of trade measures as dependent variables with 1) Albania excluded from the sample; 2) with Romania excluded, and 3) with Russia excluded. As estimation results do not vary significantly from results presented here, we conclude that our results are robust to sample composition.

⁵ The full set of estimation results is available, upon request, from the authors.

Table 3: Summary of Proportional Immigrant Effects on Exports and Imports

Trade Measure	All home countries		Former Soviet Republic home countries		Non-Former Soviet Republic home countries		Post-Communist home countries		Non-Post-Communist home countries	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Aggregate	0.0803** (0.0386)	0.0377 (0.0436)	0.0963 (0.0592)	0.0313 (0.067)	0.0837** (0.0397)	0.0363 (0.0449)	0.1274*** (0.0408)	0.0899* (0.0461)	0.0517 (0.0391)	0.0059 (0.0442)
Non-Manufactured Goods	-0.0022 (0.0367)	-0.0384 (0.0506)	0.0196 (0.0564)	0.0727 (0.0774)	0.0024 (0.0378)	-0.015 (0.0519)	0.0289 (0.0391)	-0.0137 (0.054)	-0.0211 (0.0375)	-0.0535 (0.0518)
SITC-0: Food and live animals	-0.0197 (0.0426)	0.4073*** (0.0637)	0.0532 (0.0653)	0.1406 (0.0961)	-0.0043 (0.0438)	0.3505*** (0.0645)	0.014 (0.0454)	0.3979*** (0.0681)	-0.0402 (0.0435)	0.413*** (0.0653)
SITC-1: Beverages and tobacco	0.0107 (0.0475)	0.2851*** (0.1045)	0.3053*** (0.0703)	0.203 (0.1572)	0.0729 (0.0471)	0.2669** (0.1074)	0.1018** (0.0492)	0.4131*** (0.1099)	-0.0448 (0.0472)	0.2043* (0.1057)
SITC-2: Crude materials, inedible, except fuels	0.1305*** (0.0381)	-0.1082* (0.0591)	0.152*** (0.0584)	0.0778 (0.0899)	0.1351*** (0.0392)	-0.0689 (0.0603)	0.1776*** (0.0402)	0.0242 (0.0605)	0.1019*** (0.0386)	-0.1885*** (0.058)
SITC-3: Mineral fuels, lubricants and related materials	0.3833*** (0.0605)	-1.0293*** (0.1345)	0.1451 (0.0903)	-0.5562*** (0.1965)	0.329*** (0.0611)	-0.9138*** (0.1363)	0.3567*** (0.0644)	-0.9427*** (0.1423)	0.3986*** (0.0618)	-1.0792*** (0.1373)
SITC-4: Animal and vegetable oils, fats and waxes	0.1878*** (0.0418)	0.5601*** (0.1561)	0.2944*** (0.0638)	0.3176 (0.2248)	0.2103*** (0.0428)	0.5078*** (0.1592)	0.2679*** (0.0433)	0.5171*** (0.1644)	0.1391*** (0.0415)	0.579*** (0.1573)
Manufactured Goods	0.0927** (0.0384)	0.1442*** (0.0482)	0.1133* (0.059)	0.1252* (0.074)	0.097** (0.0396)	0.1402*** (0.0496)	0.1406*** (0.0406)	0.2275*** (0.0502)	0.0635 (0.0389)	0.0935* (0.0482)
SITC-5: Chemicals and related products, n.e.s.	0.1558*** (0.0321)	0.2789*** (0.0646)	0.1159** (0.0493)	0.2979*** (0.0988)	0.1474*** (0.033)	0.2831*** (0.0667)	0.1667*** (0.0366)	0.3542*** (0.0683)	0.1457*** (0.0351)	0.2335*** (0.0654)
SITC-6: Manufactured goods classified chiefly by material	0.1633*** (0.0368)	0.0895* (0.051)	0.1583*** (0.0565)	0.1951** (0.078)	0.1623*** (0.0379)	0.1118** (0.0523)	0.2208*** (0.0385)	0.2064*** (0.0521)	0.1284*** (0.0369)	0.0183 (0.0499)
SITC-7: Machinery and transport equipment	0.1015*** (0.037)	0.1608*** (0.0502)	0.0783 (0.0567)	-0.0829 (0.0753)	0.0966** (0.038)	0.1093** (0.0505)	0.1308*** (0.0393)	0.247*** (0.0523)	0.0836** (0.0377)	0.1083** (0.0502)
SITC-8: Miscellaneous manufactured articles	0.0237 (0.0398)	0.3345*** (0.0594)	0.2342*** (0.0596)	0.2165** (0.0909)	0.0682* (0.0399)	0.3096*** (0.061)	0.116*** (0.0406)	0.4139*** (0.0626)	-0.0324 (0.0389)	0.2862*** (0.06)
SITC-9: Commodities and transactions n.e.c.	0.3379*** (0.054)	0.1624 (0.1184)	0.0654 (0.0803)	0.1022 (0.1812)	0.2799*** (0.0542)	0.1501 (0.1216)	0.2784*** (0.057)	0.3733*** (0.1219)	0.3733*** (0.0548)	0.0218 (0.1175)

Standard deviations are in parentheses. ***, **, * and ** indicate significance from zero at the 1%, 5% and 10% levels, respectively.

We find for both exports and imports that, regardless of whether the full sample of home countries is considered collectively or we allow for variation across home country classifications, immigrants do not exert a significant pro-trade effect on Italian trade when non-manufactured goods are considered as the metric of trade. However, when we consider the five 1-digit SITC classifications that aggregate to form the non-manufactured goods sector (i.e. SITC-0 through SITC-4), substantial variation is found across classifications and home country classifications. Specifically, immigrants exert significant pro-export influences on goods classified as part of the SITC-2 $\left(\hat{\beta} = 0.1305\right)$, SITC-3 $\left(\hat{\beta} = 0.3833\right)$ and SITC-4 $\left(\hat{\beta} = 0.1878\right)$ sectors and pro-import influences on goods classified in SITC-0 $\left(\hat{\beta} = 0.4073\right)$, SITC-1 $\left(\hat{\beta} = 0.2851\right)$ and SITC-5 $\left(\hat{\beta} = 0.5601\right)$ sectors. Interpretation of these coefficients is as before. For example, with respect to SITC-2, an assumed 10 percent increase in the immigrant stock from a given home country results in a 1.31 percent increase in Italian exports of SITC-2 goods to the home country.

Interestingly, a negative immigrant effect is found for Italian imports of SITC-2 $\left(\hat{\beta} = -0.1082\right)$ and SITC-3 $\left(\hat{\beta} = -1.0293\right)$ products. The proportional influence of immigrants is of considerably greater magnitude with respect to SITC-3 goods and the effect is persistent when we consider variation in the influence of immigrants on Italian imports across our home country classifications. We attribute these negative coefficients to the types of products that comprise the SITC-2 and SITC-3 classifications. Consisting of “Crude materials, inedible, except fuels” and “Mineral fuels, lubricants and related materials”, respectively, the sectors include raw materials, petroleum, petroleum-related and other similar goods. Such goods can be described as relatively homogenous. To consider the extent of product homogeneity within these two sectors, we apply the Rauch (1999) product classification system to SITC classifications, at the 4-digit industry level of detail, and find an estimated 69.4 to 72.2 percent of industries within the SITC-2 sector and 76 to 80 percent of industries within the SITC-3 sector produce homogenous goods.⁶ Compared to all sectors, SITC-2 and SITC-3 are significantly more likely to produce homogenous goods.⁷ As a result, these goods are frequently traded in large quantities on organized international exchanges and immigrants have limited ability to influence trade flows. Thus, the reported negative coefficients may reveal a spurious correlation driven by raw materials and fuel imports, rather than trade-inhibiting or trade-substitution effects of migration.

⁶ The Rauch (1999) product classification system has both a “conservative” classification and a “liberal” classification. The liberal classification is more likely to define industry output as heterogeneous. The ranges presented here are based on both classifications.

⁷ The liberal Rauch (1999) classification estimates that only 41.6 percent of output, across all sectors, is homogenous, and the conservative classification estimate is only marginally higher: 44.8 percent.

Table 4: Estimated Per-Immigrant Effects on Exports and Imports

Trade Measure	All home countries		Former Soviet Republic home countries		Non-Former Soviet Republic home countries		Post-Communist home countries		Non-Post-Communist home countries	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Aggregate	477	----	----	----	551	----	1,456	763	----	----
Non-Manufacturing	----	----	----	----	----	----	----	----	----	----
SITC-0: Food and live animals	----	200	----	----	----	194	----	----	----	312
SITC-1: Beverages and tobacco	----	16	486	----	----	----	12	4	----	18
SITC-2: Crude materials, inedible, except fuels	7	-35	69	----	8	----	26	----	8	-86
SITC-3: Mineral fuels, lubricants and related materials	21	-217	----	-21,321	21	-163	57	-1,225	31	-266
SITC-4: Animal and vegetable oils, fats and waxes	6	23	25	----	7	24	4	2	7	38
Manufacturing	503	563	8,895	6,986	582	607	1,462	1,378	----	541
SITC-5: Chemicals and related products, n.e.s.	74	195	402	867	78	222	141	224	101	248
SITC-6: Manufactured goods classified chiefly by material	212	79	2,126	3,994	234	108	617	480	240	----
SITC-7: Machinery and transport equipment	229	256	----	----	242	197	562	274	276	266
SITC-8: Miscellaneous manufactured articles	----	157	6,557	306	100	164	277	420	----	194
SITC-9: Commodities and transactions n.e.c.	18	----	----	----	17	----	21	365	30	----

Per-immigrant effects are estimated using coefficients presented in Table 3 and observed changes in immigrant stock values and trade values.

Considering manufactured goods (i.e. the summation of export or import values for the sectors SITC-5 though SITC-9), we observe significant pro-trade influences of immigrants with the single exception of Italian exports to non-*PCOM* home countries. Further, the magnitudes of the coefficients are surprisingly consistent, ranging from $\hat{\beta} = 0.0927$ to $\hat{\beta} = 0.2275$. When considering variation in immigrant effects across 1-digit SITC sectors, we find that all significant coefficients are positive in value and that significance is common: 40 of the 50 coefficients are significantly different from zero and positive. When one considers the relative magnitudes of the coefficients between *FSR* countries and non-*FSR* countries, in 8 of 11 instances where the estimated per-immigrant effect is non-zero, the effects are larger in magnitude for immigrants from *FSR* countries. Likewise, comparison of the magnitudes of per-immigrant effects for immigrants from *PCOM* countries and non-*PCOM* countries reveals that in 10 of the 12 instances the effects are larger in magnitude for immigrants from *PCOM* countries. While there is considerable variation in estimated per-immigrant effects across home country classifications, the typical immigrant from an *FSR* or *PCOM* country exerts a larger absolute effect on Italian trade as compared to their counterparts from non-*FSR* and non-*PCOM* countries.

4.3 Variation in Per-Immigrant Effects across Aggregate and Disaggregated Measures of Trade

To gain an understanding of the economic significance of the estimated pro-trade influences of immigrants and of the variation in influences across home country classifications, we construct estimates of per-immigrant influences for each of the trade measures employed in our analysis. Per-immigrant effects, presented in Table 4, are constructed for all home countries, *FSR* and non-*FSR*

home countries and *PCOM* and non-*PCOM* home countries as
$$\hat{\beta} \times \frac{\sum_{j=1}^J T_{j1996}}{J} \cdot \frac{\sum_{j=1}^J IM_{j1996}}{J} \times 0.01$$
. This is the

product of the proportional effect of immigrants on the relevant measure of trade (presented in Table 3) and the average value, in 1996, of the corresponding trade measure divided by a one percent change in the average 1996 immigrant stock. The subscript *j*, in this expression refers either to all home countries or those within the *FSR*, non-*FSR*, *PCOM* or non-*PCOM* classifications.

In contrast to the frequent similarity, observed across home country classifications, in proportional immigrant influences presented in Table 3, the per-immigrant effects on trade for *FSR* and *PCOM* home countries are frequently much greater in magnitude than the corresponding effects for immigrants from non-*FSR* and non-*PCOM* home countries. This is especially pronounced when one considers the influences of immigrants on trade in manufactured goods and the associated SITC classifications. More specifically, the typical immigrant from an *FSR* country increases Italian manufactured goods exports to and imports from their home country by \$8,895 and \$6,986, respectively. Likewise, the typical immigrant from a non-*FSR* country is estimated to have a positive influence on trade in manufactured goods; however, the estimated effects are considerably smaller: Italian exports to and imports from the home country are estimated to rise by \$582 and \$607, respectively. A similar result is found for trade in manufactured goods for *PCOM* countries relative to non-*PCOM* countries and for many of the 1-digit SITC manufacturing sectors. Comparing the estimated per-immigrant effects to those of earlier studies (presented in Section 3), we find that the Italian immigrant-trade link is comparable in terms of the levels of estimated per-immigrant effects and the existence of variation in effects across home country classifications.

The results are consistent with the notion that immigrants from *FSR* and non-*PCOM* countries, having faced restricted mobility during the Cold War, in most instances did not arrive in Italy until

the early 1990s. As new arrivals from countries that had relatively little economic contact with Italy and for which there were no earlier waves of immigrants from their host country, these more recent immigrants faced conditions quite conducive to their increasing Italian imports from their home countries, through a preference effect, increasing both Italian imports from and exports to their home countries by providing superior information of Italian and home country markets or through their connections to social and/or business networks in the home country. Contemporaneous immigrant arrivals from non-*FSR* and non-*PCOM* countries may have arrived to find relatively less opportunities to influence Italian trade flows, since desired home country products, or reasonable substitutes, already were available in Italian markets (thus, diminishing any preference effect on imports from the home country) or to find that their information of Italian and home country markets and connections to trade-facilitating networks were shared by prior immigrant arrivals who had, to some degree, already exploited the associated information asymmetries and, thus, had already enhanced Italian-home country trade flows.

5. Conclusion

Prior to undertaking our empirical analysis, we stated three hypotheses that were based on the existing literature and which we hoped to address. The hypotheses included exploring the existence of an immigrant-trade link for Italy, examining variation in the link across home countries and product types, and considering estimated per-immigrant influences on Italian-home country trade flows. Our study is the first to examine the Italian immigrant-trade link and, thus, the first to report the existence of pro-trade influences of immigrants on Italian trade flows. Further, the time period our study examines, presents a unique opportunity to compare the relative influences of immigrants from *FSR* and *PCOM* countries to those of immigrants from non-*FSR* and non-*PCOM* countries. Although there are instances where variation is indeed documented, we often find comparable proportional effects of immigrants from each home country classification. Estimation of per-immigrant effects reveals similar influences of immigrants with respect to trade in non-manufactured goods, yet immigrants from *FSR* and *PCOM* countries consistently exert stronger influences on trade in manufacturing products as compared to the influences of immigrants from non-*FSR* and non-*PCOM* countries.

As mentioned at the outset, EU enlargement and further weakening of restrictions on East-West migration will most likely lead to an intensified debate and, perhaps, more calls for restrictive immigration policies in western European capitals. That immigrants are found to increase trade flows between this host country and their respective home countries is, in itself, an important piece of information for policymakers and those engaged in the immigration debate. The finding of variation across home country classifications and product types serves both as robustness checks for our primary results and as additional information that may prove useful to the policy discussion. There is, however, more research to be done on this issue. While we have examined variation across broad home country classifications and sectors of the economy, examination of the issue using more disaggregated trade measures and, thus, higher level of detail will produce more precise estimates. Additionally, it is important to note that we have treated all immigrants as being equally-capable of influencing trade flows. It is expected that some immigrants may be better-equipped, in terms of education and human capital levels, or access to host country networks resulting from occupational choice, etc., to exert pro-trade effects. Thus, further exploration of the East-West immigrant-trade relationship with an emphasis on immigrant characteristics is merited.

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Appendix: Country Listing⁸

Albania^b, Algeria, Argentina, Armenia^{a, b}, Australia, Austria, Azerbaijan^{a, b}, Bangladesh, Belgium, Brazil, Bulgaria^b, Canada, Chile, China, Colombia, Croatia^b, Czech Republic^b, Denmark, Dominican Republic, Egypt, El Salvador, Estonia^{a, b}, Finland, France, Germany, Greece, Hungary^b, Iceland, India, Indonesia, Ireland, Israel, Japan, Jordan, Korea (Rep. of), Latvia^{a, b}, Lithuania^{a, b}, Luxembourg, Macedonia (FYR)^b, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland^b, Portugal, Romania^b, Russian Federation^{a, b}, Slovak Republic^b, Sloveni a^b, South Africa, Spain, Sweden, Switzerland, Tanzania, Turkey, Uganda, Ukraine^{a, b}, United Kingdom, United States, Uruguay, Venezuela, Vietnam, Zimbabwe.

⁸ The subscripts ^a and ^b identify Former Soviet Republics and Post-Communist countries, respectively.

Immigration, Trade and Wages in Germany

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Abstract:

This paper examines the effect of several macroeconomic variables such as GDP, imports, unemployment, immigration and emigration on the real wages and salaries of German laborers. Annual data for 49 years has been used to estimate twelve different regressions, trying to capture the effect of variables on the real wages and salaries in Germany while considering the unification of West-East Germany with a dummy variable. The results are striking, and contradicting with most of the earlier literature. The paper concludes that wages are insensitive to the macroeconomics changes most of the time while salaries are more sensitive to these changes. The paper also contributes to the literature by investigating the effects of macroeconomic variables on the salary and wage changes of different gender groups.

Keywords: Immigration, wages, international trade, Germany

1. Introduction

Germany implemented a systematic immigration policy post World War II at the beginning of 1960s, and had signed several recruitment agreements with developing countries with abundant labor force to fill the low-skill labor need during the economic expansion period. The countries which provided low skill labor are Italy, Spain, Greece, Turkey, Morocco, Portugal, Tunisia, and Yugoslavia. However, the immigration policy had been fine-tuned after the baby-boomers entered the labor force around 1970s. The number of immigrants coming to Germany less the departures from Germany is equal to net surplus of immigrants, given in Chart 1 and Chart 2, demonstrating strong evidence of several immigration policy changes over 30 years in the country.

Chart 1

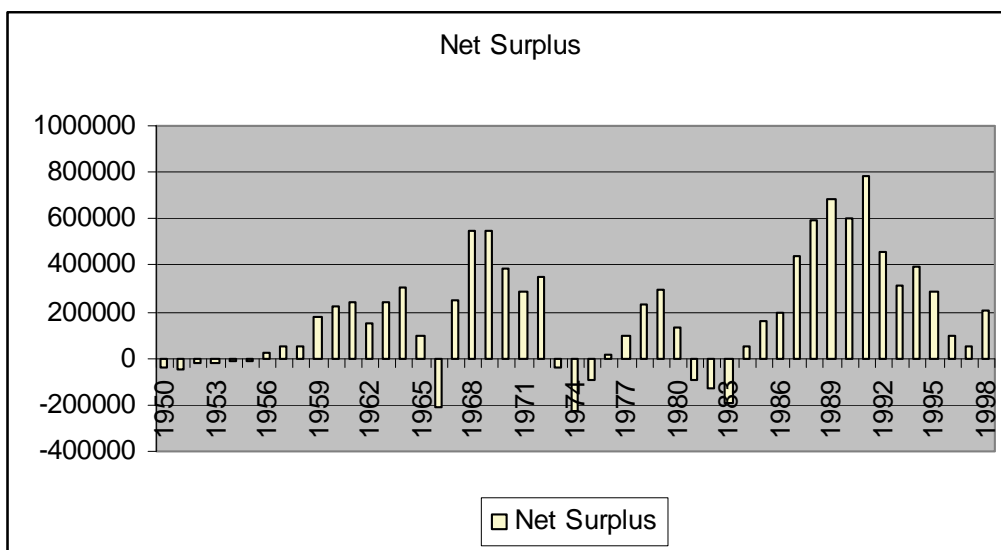


Chart 2

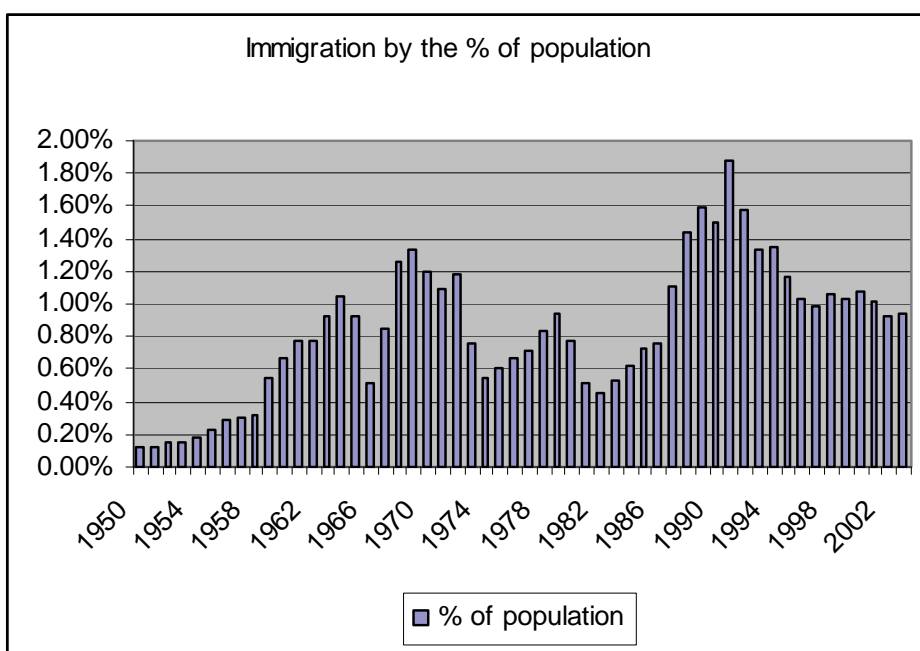
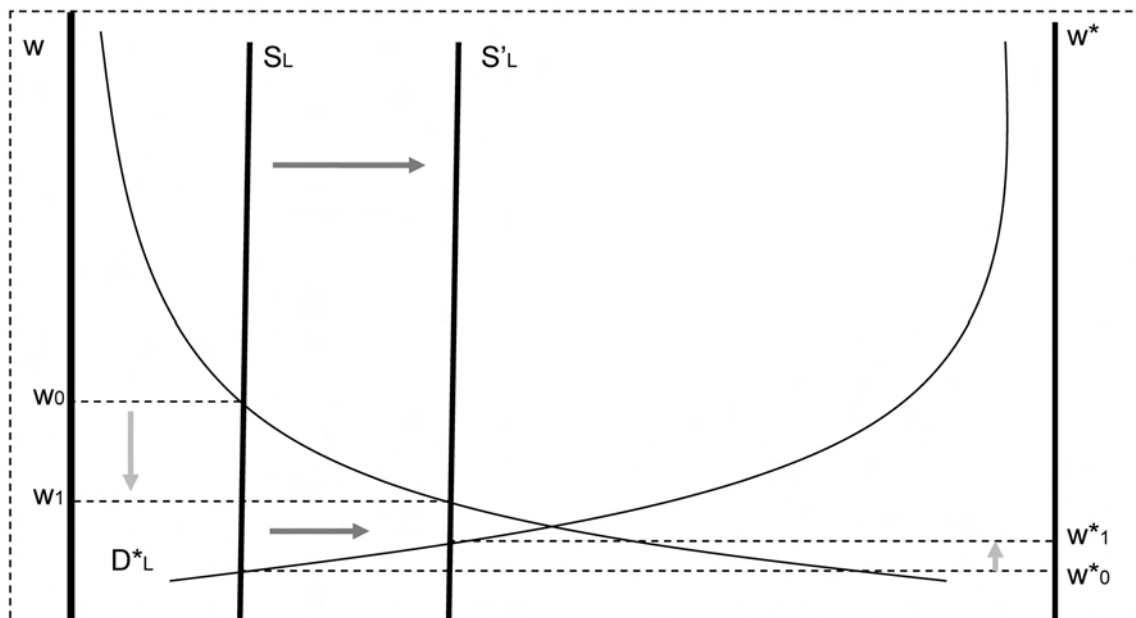


Chart 1 clearly depicts that Germany had consecutive positive immigration surpluses during the 1960s when the guest workers were employed in low skill jobs, particularly in the jobs that Germans were increasingly unwilling to work, in accordance with the bilateral agreements signed with the countries listed above. Following 1970s, however, the German immigration policy got stricter in filtering the immigrants, therefore, decreasing the immigration surplus until 1980s. Starting from 1985, the need for unskilled labor rose again, forcing Germany to loosen the strict immigration policy, leading to the all times highest immigration surplus in 1991. Since the 1991 immigration surplus, mostly due to the collapse of Berlin Wall and reunion of West and East Germany, the immigration surplus has been gradually decreasing.

This paper is testing the hypothesis that immigration affects the labor market conditions in Germany. The underlying assumption is that immigrants increase the supply of labor force in an

economy, thus, lower the market price of labor (See Figure 1). For a given economy, labor supply is fixed in short run, and immigration moves the inelastic supply curve of labor to the right, resulting in lower equilibrium wages for labor. Yet, the literature for the effect of immigration on wages has little support to the assertion made above.

Figure 1



The effect of immigration on wages has been long studied and has remained controversial among scholars for decades. Theoretical models have been established since early 1940s by economists like Samuelson, Mundell, Fleming, Heckscher and Ohlin, but empirical studies have not fully supported these theoretical models yet. The purpose of this paper is examining literature and shedding a light on this controversial subject.

Two main strands of research on this issue have been pursued by scholars from two distinct fields in economics: labor economists and trade economists. Labor economists tried to find a relation between immigration and real wages among labors with different skill, and/or education level. The theory behind the labor economists' stand is that immigration changes the labor supply of the economy, and thus, alters the overall labor market conditions. On the other hand, trade economists consider trade as the main influence on wages and employment. They believe trade causes factor price equalization (or at least convergence), reducing the incentives for immigration.

2. Empirical Results and other Issues on Immigration, Trade and Wages in the Literature

Bilal, Grether, de Melo (1998) also investigated the immigration era with a trade model where a three factor two sector model has been employed to analyze the effects of immigration. However, the purpose of the paper is to find the determinants of natives' attitudes toward immigration. Bilal et al. (1998) correctly indicted that factor movement has a sole incentive: to maximize income. Yet, the authors pinpointed that contrary to all globalization movements; the countries have not been only encouraging the free capital movement but also opposing the free labor movements. Not surprisingly they are also opposing the low-skill low-capital labor more than the high-skill ones. The important

assumption here is that the immigration and imports are substitutes. That is, the countries that are subject to low-skill labor immigration assumed to import goods that are produced by low-skilled labor intensively. The attitudes of domestic are summarized by the authors as follows: one shot immigration wave does not affect the income of the natives. Domestic high and low skill labors always have opposite attitudes towards the immigration (Bilal et al., 1998).

Zimmerman (1996) has also investigated the effect of immigration and trade on wages and employment in Germany and Austria during the post Iron Curtain fall time. The Austrian results indicate that immigration negatively affected the wages and employment of natives but had no effect on total employment. Imports negatively affected the employment whereas exports positively affected wages. However, results are mixed for Germany. Neither immigration nor trade negatively affected wages and employment. Trade did not affect wages at all, and hardly affected employment. Nonetheless, he concluded that blue collar immigrants are substitutes for native blue collars and complements for native white collars. From this behavior, Zimmerman (1996) concluded that most of the immigrants (from East Europe) are complement to white collar native workers in Germany thus the overall effect of migrants on the German labor market is unproblematic.

There are numerous other studies about the effect of immigration and trade on wages, employment. Heiskem-DeNew and Zimmermann (1994) stated that the immigration hardly affects native's wages. Haisken-DeNew and Zimmermann (1997) studied the wage and mobility effects of trade and migration. They found that trade matters more than migration for their effects on wages. Moreover, wages are affected negatively by a relative increase in imports (relative to exports). Brandel, Hofer and Pichelman (1994) analyzed turnover processes in firms and concluded that the recent surge of new immigrants into Austria led to a significant displacement of guest workers of earlier generations, but also of natives. Winter-Ebmer and Zweimüller (1997) conclude that increased immigration did not result in higher unemployment entry of Austrian manufacturing workers, although it increased the duration of unemployment. Aiginger, Winter-Ebmer and Zweimüller (1997) analyzed a panel of Austrian workers in manufacturing, and conclude that individual unemployment rates over a period of three years react significantly negative to increased export volumes and (only insignificantly) positive to import volumes. Brezis (1993) argues that although the initial effect of immigration is negative on wages, the long term effect should be expected to be positive, due to endogenous response of investment together with increasing returns to scale. Drinkwater, Levine, Lotti (2002) supports the idea of no significant detrimental effect of immigration on labor market and wages with his empirical study both on Germany and US. He also found a limited relation between trade and immigration. Bruder (2004) encountered no significant impact of immigration on trade, but found a negative effect of trade on immigration and a weak link between trade and factor movement. She also indicates that immigration promotes imports of intermediary and finished goods, but has an insignificant effect on exports. Kohli (2002) has almost gotten the same results for the effect of immigration on international trade. He argues that immigration tends to stimulate imports and worsen the trade balance where export has not been significantly affected by immigration. These findings are based on his Swiss non-resident worker research.

3. The Economic Model and Data

Consistent with the earlier literature, the following variables are chosen as dependent and independent variables: real wages, real salary, gross domestic product (GDP), unemployment, imports, labor arrivals in form of immigrants, migrant departures from Germany. The functional form of the economic model can be depicted as:

$$\text{Wages} = F(\text{GDP}, \text{Unemployment}, \text{Imports}, \text{Arrivals}, \text{Departures})$$

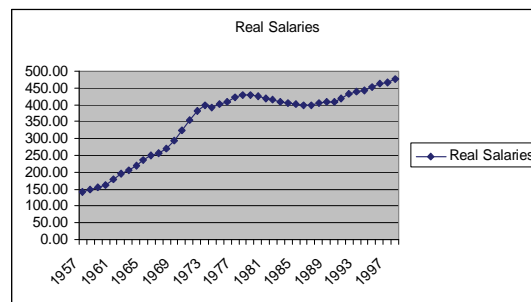
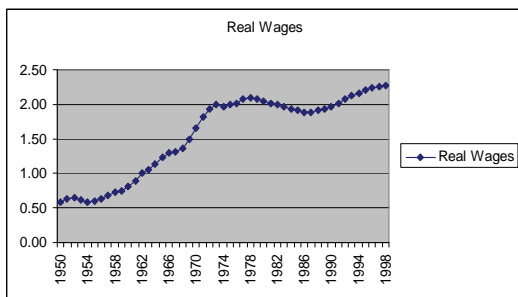
$$\text{Salary} = F(\text{GDP}, \text{Unemployment}, \text{Imports}, \text{Arrivals}, \text{Departures})$$

GDP, unemployment and imports are all the control variables that account for the macroeconomic changes in the German economy since 1950. Wage and salary are the dependent variables in which we are interested. The data consist of annually reported forty nine observations, and have been kindly provided by the Federal Statistic Office of Germany. GDP and imports are given in nominal values; therefore, they are inflation adjusted before being used in the log linear regression model. Unemployment is given in percentages, the arrival and departure data is given in actual numbers. Time series models have many restrictions that limit the researcher who has to take these restrictions into consideration before estimating the model. The initial model that includes level data for the dependent and independent variables can not be estimated, due to the fact that none of the variables are stationary except unemployment rate.

$$wages = \delta_0 + \delta_1 GNP + \delta_2 imports + \delta_3 unemployment + \delta_4 arrivals + \delta_5 departures + \varepsilon$$

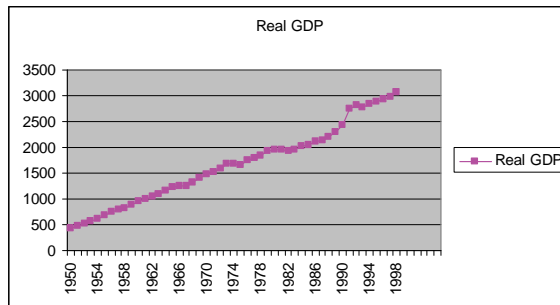
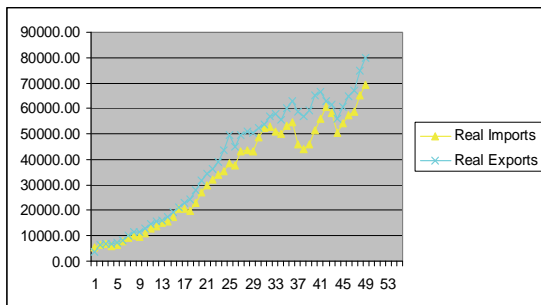
$$salary = \gamma_0 + \gamma_1 GNP + \gamma_2 imports + \gamma_3 unemployment + \gamma_4 arrivals + \gamma_5 departures + \varepsilon$$

Graph 1



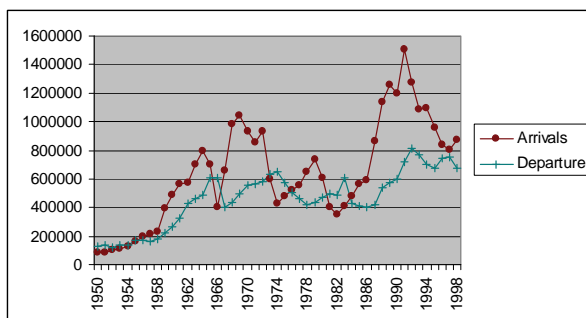
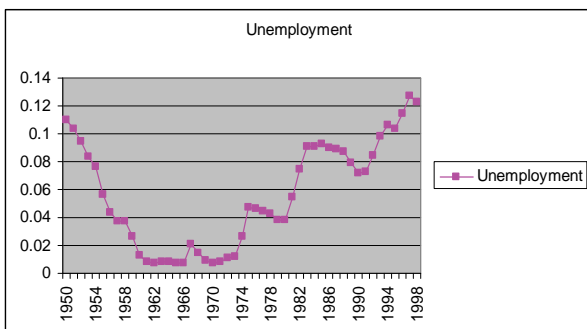
Graph 1.a

Graph 1.b



Graph 1.c

Graph 1.d



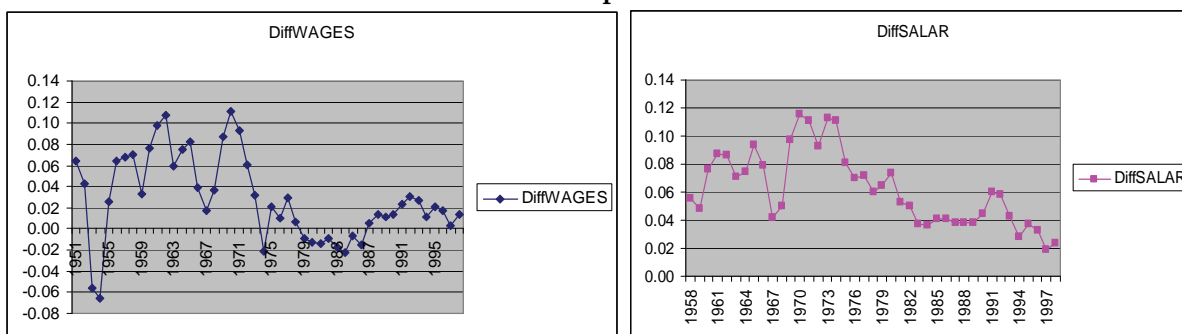
Graph 1.d

Graph 1.e

Graph 1.a-1.e clearly demonstrates that real wages and real salaries are sharing a common trend, while imports are probably following a stochastic common trend with GDP. Unemployment rate started high then decreased for years, and after a minimum point around 1970, it started rising. West-East Germany Union gave increasing rate of unemployment after 1990s. Finally arrivals and departures have a less clear upward trend which is expected by the literature that Germany is running 1% immigration surplus every year on average.

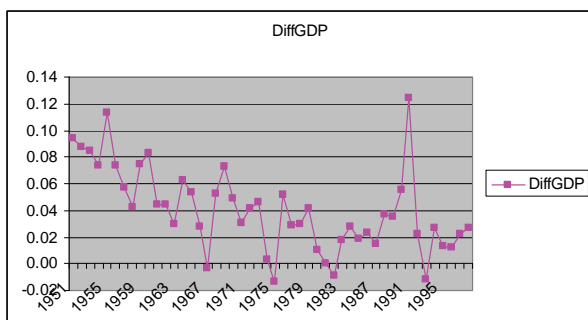
Since the original model can not be estimated in levels, all the variables are converted into logarithmic form, however, they were again found to be non stationary, having a trend component, therefore is not suitable for regression estimation. Finally, first differences of the logarithmic form of variables have been used in the estimation and they are depicted in Graph 2.a-2.e. The variables in first difference in logarithmic form are found to be stationary, autoregressive of degree one, AR(1).

Graph 2

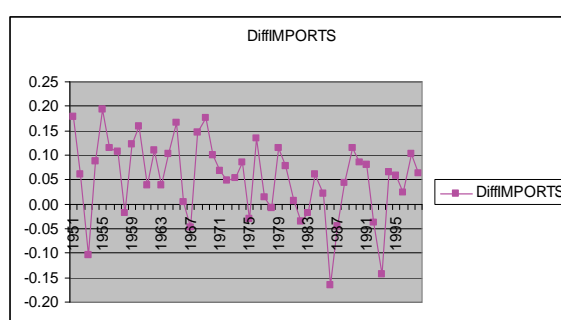


Graph 2.a

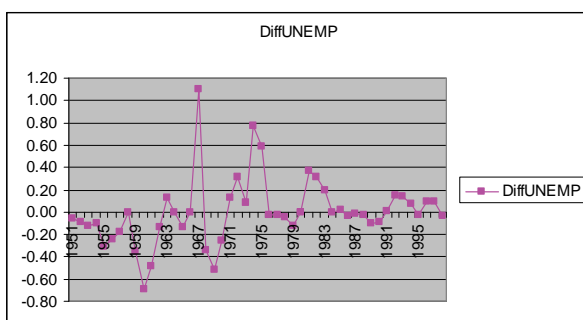
Graph 2.b



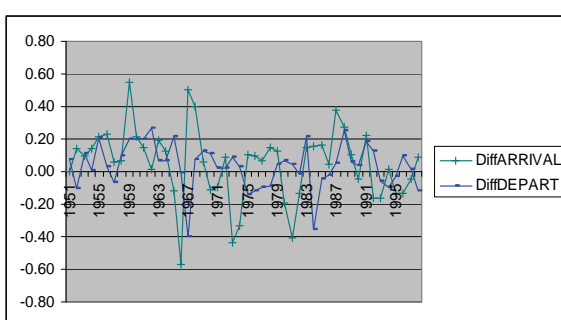
Graph 2.c



Graph 2.d



Graph 2.e



Graph 2.f

All the variables in first difference in logarithmic form are found to be stationary, autoregressive of degree one, AR(1) with white noise residuals. Summary statistics for the AR(1) process can be found on the appendix to the stationarity table. Consequently, the first degree difference model below has been used to test the coefficients of the variables.

Stationary Table 1

Variable	AR(1)	t-stat
DiffWAGES*	$a_1 + 2\sigma$ 0.721 + 0.102 < 1	7.06
DiffSALARY*	$a_1 + 2\sigma$ 0.834 + 0.099 < 1	8.42
DiffGDP*	$a_1 + 2\sigma$ 0.513 + 0.123 < 1	4.18
DiffIMPORTS	$a_1 + 2\sigma$ 0.181 + 0.142 < 1	1.28
DiffARRIVAL	$a_1 + 2\sigma$ 0.271 + 0.143 < 1	1.89
DiffDEPARTURE	$a_1 + 2\sigma$ 0.168 + 0.149 < 1	1.13

Table 2

	Model 1	Model 2	Model 3	Model 4
Dependent :	DiffWages			
DiffWages L1 :	-	0.6805535 ^a (0.104)	0.6750847 ^a (0.157)	0.6822558 ^a (0.107)
DiffGDP :	-0.1337953 (0.271)	-0.2684851 (0.206)	-0.2677132 (0.244)	-0.2666656 (0.218)
DiffIMP :	0.1630675 ^b (0.087)	0.1352261 ^b (0.059)	0.1356771 (0.096)	0.1375818 ^b (0.061)
DiffUNEMP :	-0.0256751 (0.026)	-0.0326038 ^c (0.018)	-0.0317256 ^c (0.018)	-0.0318252 ^c (0.018)
DiffARRIVAL: -	0.0055299 (0.028)	0.0154824 (0.019)	0.0161664 (0.019)	0.0164593 (0.019)
DiffDEPART :	0.0470221 (0.049)	0.0157336 (0.033)	0.0170989 (0.026)	0.0168138 (0.036)
TIME :	-	-0.0001168 (0.000)	-0.0001905 (0.000)	-0.000182 (0.000)
CONSTAT :	0.0229598 ^a (0.011)	0.2410061 (0.718)	0.385925 (1.109)	0.368852 (0.881)
Dum91 : -	-	-	0.004252 (0.013)	0.0042123 (0.014)
R ² :	0.2108	0.6611	0.6619	0.6725
F-test :	2.24	10.19	14.32	9.50
DW-Stat :	0.8650	2.0346	2.0315	1.820943

Table 3

	Model 5	Model 6	Model 7	Model 8
Dependent:	DiffSALARY			
DiffSALA L1:	-	0.7932203 ^a (0.125)	0.7937728 ^a (0.111)	0.7653458 ^a (0.123)
DiffGDP:	0.2660551 (0.217)	0.1593212 (0.099)	0.1269751 (0.088)	0.1354352 (0.099)
DiffIMP:	0.0832584 (0.061)	0.032887 (0.029)	0.0387337 (0.029)	0.0364547 (0.028)
DiffUNEMP:	0.0180297 (0.016)	-0.0171866 ^c (0.008)	-0.0189972 ^b (0.008)	-0.0178294 ^b (0.008)
DiffARRIVAL:	-0.0425867 ^b (0.017)	-0.0244494 ^b (0.009)	-0.0254337 ^c (0.013)	-0.0211897 ^b (0.009)
DiffDEPART :	0.0352719 (0.032)	0.0098449 (0.014)	0.0094511 (0.011)	0.0131499 (0.014)
TIME:	- -	-0.0002369 (0.000)	-0.0000648 (0.000)	-0.0002186 (0.000)
CONSTAT:	0.0490364 ^a (0.007)	0.4749458 (0.530)	0.1367457 (0.597)	0.4423984 (0.599)
Dum91 :	-	-	-0.0080646 (0.005)	-0.005624 (0.006)
R ² :	0.3057	0.8697	0.8766	0.8809
F-test:	3.08	30.50	38.47	27.73
DW-Stat:	0.4903	1.820	1.924	1.975

a,b,c denote 1%, 5% and 10% significance respectively.

Numbers in parenthesis are the standard errors

Table 4

Dependent	Model 9	Model 10	Model 11	Model 12
	DiffWAGE		SALARY	
	MALE	FEMALE	MALE	FEMALE
DiffSALA L1	0.6752009 ^a (0.171)	0.6838525 ^a (0.122)	0.6152057 ^a (0.158)	0.6728752 ^a (0.123)
DiffGDP	-0.3320598 (0.226)	-0.3827519 (0.264)	-0.0270969 (0.102)	-0.01528 (0.099)
DiffIMP	0.1436769 ^c (0.087)	0.130856 (0.081)	0.0127455 (0.037)	-0.0124047 (0.028)
DiffUNEMP	-0.033069 ^c (0.017)	-0.0351862 ^c (0.019)	-0.031751 ^b (0.012)	-0.0312081 ^b (0.008)
DiffARRIVAL:	0.0261044 (0.017)	0.0212299 (0.019)	0.0083316 (0.015)	0.0028523 (0.009)
DiffDEPART	0.0201816 (0.024)	0.0297677 (0.025)	-0.0042737 (0.017)	0.0016447 (0.014)
TIME	-0.0003112 (0.000)	-0.000461 (0.000)	-0.0008515 (0.000)	-0.0008159 (0.000)
CONSTAT	0.6243759 (1.189)	0.923417 (1.143)	1.691709 (1.121)	1.622694 (0.599)
Dum91	0.0107034 (0.011)	-0.0138541 (0.010)	0.0156421 ^c (0.009)	0.0160114 ^c (0.006)
R ²	0.6660	0.6978	0.7933	0.7873
F-test	13.41	14.55	14.70	14.03
DW-Stat	1.955	1.826	1.816	1.888

a, b, c denote 1%, 5% and 10% significance respectively.
Numbers in parenthesis are the standard errors

$$\begin{aligned} \Delta \ln wages &= \delta_0 + \delta_1 \Delta \ln GNP + \delta_2 \Delta \ln imports + \delta_3 \Delta \ln unemployment \\ &+ \delta_4 \Delta \ln arrivals + \delta_5 \Delta \ln departures + \varepsilon \\ \Delta \ln salary &= \gamma_0 + \gamma_1 \Delta \ln GNP + \gamma_2 \Delta \ln imports + \gamma_3 \Delta \ln unemployment + \\ &\gamma_4 \Delta \ln arrivals + \gamma_5 \Delta \ln departures + \varepsilon \end{aligned}$$

The expected signs of the coefficients are: $\gamma_1, \delta_1 > 0$; $\gamma_2, \delta_2 < 0$; $\gamma_3, \delta_3 < 0$; $\gamma_4, \delta_4 < 0$; $\gamma_5, \delta_5 > 0$. As GDP and migrations outside from Germany increase, wages and salary in the German labor market expected to increase, while imports, unemployment and immigrants increases, wages and salary are expected to decrease. GDP is the macroeconomic control variable, and directly affect the labor market with income effect. As GDP increases, the general wealth of the society also increases. Therefore, the wages are expected to rise with GDP. Imports have adverse affect on wages; an increase in imports decreases the production in the economy, and therefore, a decrease the demand for labor in the market. Assuming a perfectly inelastic market supply of labor; decrease in demand for labor pushes the equilibrium level of wages and salaries. Unemployment has also negative effect on wages and salaries of labor in the economy. As unemployment rate increases, labor available in the market rises; giving more power to the employers, and thus, decreasing the equilibrium wages. Finally, arrivals have negative effect on wages, increasing the labor available in the market while departures have positive effect, decreasing the number of labor available to be employed.

4. Empirical Results

Table 2 demonstrates four different regression results, one of which, Model 1, has been given below:

$$\begin{aligned} & \text{Model 1} \\ \Delta \ln wages &= \delta_0 + \delta_1 \Delta \ln GNP + \delta_2 \Delta \ln imports + \delta_3 \Delta \ln unemployment \\ & + \delta_4 \Delta \ln arrivals + \delta_5 \Delta \ln departures + \varepsilon \end{aligned}$$

Model 1 does not yield the expected sign of the coefficients, mostly due to the heteroscedasticity and serial correlation problems. Serial correlation problem can be inferred from Durbin-Watson Statistic, which is yielding rejection of null hypothesis of no first order serial correlation. White's procedure also indicate that there is heteroscedasticity problem, clearly indicating that the data has a structural break where the variances on subsets, before and after the break, are not the same. These problems gave mostly insignificant coefficient values, and also the signs of the coefficients were not as expected. The explanatory power of the model is low, $R^2 = 0.21$, and F-Test states that all the coefficients are zero with five percent confidence level.

Model 2 is testing the previous model plus a time variable and a lagged dependent variable. The purpose of these two additional variables is to solve the serial correlation problem in the Model 1. The new model looks like:

$$\begin{aligned} & \text{Model 2} \\ \Delta \ln wages &= \delta_0 + \delta_1 \Delta \ln wages_{t-1} + \delta_2 \Delta \ln GNP + \delta_3 \Delta \ln imports + \delta_4 \Delta \ln unemployment \\ & + \delta_5 \Delta \ln arrivals + \delta_6 \Delta \ln departures + \delta_7 Time + \varepsilon \end{aligned}$$

Model 2 has more significant variables with better coefficient estimates, for example, the lagged dependent variable has a positive significant coefficient, which is expected. In addition unemployment has negative sign with a significant t-value. Despite imports has a significant coefficient, the coefficient has the plus sign. The explanatory power of the model rose dramatically to $R^2 = 0.66$; the F-test indicate that at least one of the coefficients is non-zero. Finally, Durbin-Watson statistic shows that serial correlation problem has been solved.

Model 3 introduces a dummy variable and robustness to the model. Dum91 has been constructed such as Dum91 = 0 for t = 1951-1990 and Dum91 = 1 for t = 1991-1998, which accounts for the unification effects of the West-East Germany. Model 3 looks like:

Model 3 - 4

$$\Delta \ln wages = \delta_0 + \delta_1 \Delta \ln wages_{t-1} + \delta_2 \Delta \ln GNP + \delta_3 \Delta \ln imports + \delta_4 \Delta \ln unemployment + \delta_5 \Delta \ln arrivals + \delta_6 \Delta \ln departures + \delta_7 Time + \delta_8 Dum91 + \varepsilon$$

The results from Model 3 are disappointing. Only the lagged dependent variable and unemployment are significant and the rest of the variables are not sufficient enough explaining the change in wages, $R^2 = 0.66$. Using robustness and adding a dummy variable did not increase the quality of the estimation. It is still the case that at least one of the coefficients is different than zero, and there is no serial correlation problem in the model. It should be also noted that despite the insignificant coefficients, arrivals and departures has coefficients with the correct signs.

Model 4 is the same model as Model 3, with a single difference of the Cochran-Orcutt transformation procedure. The Cochran-Orcutt procedure is used to filter the serially correlated variables to get better estimates on coefficients. However, our estimation is far from yielding desired results. Only lagged dependent, GDP and unemployment are significant, despite the incorrect sign of GDP. Arrivals, as well as departures did not affect the wages in any models. Imports are significant with incorrect sign in three of four different models. On the other hand unemployment is significant in three of four models with correct sign. GDP, time, and the dummy variable have no impact on the model based on the four model results.

In the first four models, real wages are the dependent variable; now, salary becomes the new dependent variable in Model 5-8. (See Table 3) Model 5 is estimating the salary on GDP, imports, unemployment, arrivals to and departures from Germany.

Model 5

$$\Delta \ln salary = \gamma_0 + \gamma_1 \Delta \ln GNP + \gamma_2 \Delta \ln imports + \gamma_3 \Delta \ln unemployment + \gamma_4 \Delta \ln arrivals + \gamma_5 \Delta \ln departures + \varepsilon$$

Model 5 is more appealing than the first four models, because despite the fact that only two variables are significant, one of that variable is arrival (immigration) with a correct coefficient sign. The model still suffers from serial correlation and possible heteroscedasticity, but the initial results are encouraging. GDP, arrival and departure has all correct signs and the F-test confirms that at least one of the coefficients is non-zero. Serial correlation exists in the model, proven by the Durbin-Watson statistic.

Model 6 introduces the lagged dependent to the R.H.S. of the equation. Serial correlation problem is supposed to be solved by the new independent variable. In addition, a time variable is added to Model 6 in order to get more accurate coefficients. Model 6 can be depicted as:

Model 6

$$\Delta \ln salary = \gamma_0 + \gamma_1 \Delta \ln salary_{t-1} + \gamma_2 \Delta \ln GNP + \gamma_3 \Delta \ln imports + \gamma_4 \Delta \ln unemployment + \gamma_5 \Delta \ln arrivals + \gamma_6 \Delta \ln departures + \gamma_7 time + \varepsilon$$

Model 6 has better estimates than Model 5, in terms of explanatory power of the regression and the number of significant coefficients. In this model, lagged dependent, unemployment and arrivals (immigration) are all significant at 1%, 10%, and 5% significance level, respectively. Moreover signs of all the significant variables are correct. Explanatory power of the model rose, $R^2 = 0.87$, and the no serial correlation remained in the model, shown by the Durbin Watson statistic.

Similar to the methodology used in Model 3, where wage is the dependent variable, in Model 7 a dummy variable is added to account for the unification of Germany. The Dummy variable is not found to be significant but asserting a negative impact of unification on the labor market with a negative coefficient sign. Unemployment and immigration negatively affected the salary earners, supported with significant coefficients. As usual, the dependent lag variable is significant. In addition, the explanatory power of the regression increased slightly and the Durbin Watson statistic come closer to the significant value of two (2). The robust model tested is demonstrated below. Robustness decreases the standard error variability in the model.

Model 7 - 8

$$\Delta \ln \text{salary} = \gamma_0 + \gamma_1 \Delta \ln \text{salary}_{t-1} + \gamma_2 \Delta \ln \text{GNP} + \gamma_3 \Delta \ln \text{imports} + \gamma_4 \Delta \ln \text{unemployment} \\ + \gamma_5 \Delta \ln \text{arrivals} + \gamma_6 \Delta \ln \text{departures} + \gamma_7 \text{time} + \gamma_8 \text{Dum91} + \varepsilon$$

Finally, the last model we estimated, Model 8, includes the Cochran-Orcutt Transformation, expecting to get better estimates from the regression. The results are not different from Model 7's. Lag dependent, unemployment and immigration have correct signs for their correspondent coefficients and are significant at 1%, 5% and 5% confidence level, respectively. R² increased slightly to 0.881 (to be consistent with the other numbers) and the Durbin Watson Statistic increased to 1.97. However, standard errors increased for almost all variables.

The conclusions that can be inferred from the first four models, Models 1 - 4 are as follows (see Table 2): GDP is not found to be a significant factor determining the wages in German labor market. The coefficient sign of GDP is found to be negative in all the Models 1-4, which indicates the weak exogenous effect of GDP. On the other hand, Imports are found to be affecting the wages significantly at 10% confidence level in three of four models tested, with an incorrect sign of coefficient. The reason may be the fact that contrary to the previous literature, imports in Germany may be growth inducing, consisting mostly of intermediary goods that are used for production. However, all the earlier work on the effects of imports has assumed that imports deteriorate the production, thus, hurt the labor market conditions. Immigration is insignificant in all the models 1 - 4, with incorrect sign except the first model. Migration from Germany has the correct sign of the coefficient but is never significant. Time has no significant effect on wages with negative coefficient sign in all the models. Finally, the dummy variable, which intends to capture the effect of unification of West and East Germany on wages, has no significant effect in Models 3 - 4. The weak results for wages mostly stems on the fact that the labor unions has tremendous power on setting the wages in German labor market. Wages are unresponsive to the macroeconomics changes most of the time, and the democratic socialist government supports the power balance of employer and labor unions.

Model 5-8 where the salaries become the dependent variable, on the other hand, have much more anticipated results compared to first four models. (See Table 3) GDP has the correct coefficient sign, despite it is never significant. Likewise, imports are never significant with a positive coefficient sign. This result is consistent with the argument that imports in Germany are mostly intermediary goods based, therefore, inducing economic growth, contrary to the belief in the literature studying the import effect on wages. Unemployment is significant with anticipated sign of the coefficient in three of four models at 5% and 10% significance level. Based on Model 8, 1% increase in unemployment decreases the salaries by 0.018 %. Fortunately, immigration is also significant in all the models tested; Model 5-8 with the expected sign of coefficient. Model 8 asserts that 1% increase in immigration decreases the salary by 0.021%. Departures are never significant neither the time variable, in any model but the coefficients has the anticipated sign. In contrast, the dummy variable has the expected sign, although it is not significant. The Explanatory power of the second set of models, Models 5-8, is much higher than the first set, Models 1-4, ranging from 0.30-0.88.

Then, the vital question is why the salary is more responsive than wages. Why can one see an effect of immigration on salaries of employees but not on wages? The explanation needs more research on the issue, but it can be argued that the power of labor unions limit the responsibility of the wages where they are set by the negotiations between the labor unions and employees. Contrary to wages, salaries in the German labor market are more flexible and open to external shocks, allowing the adjustment process in the free market economy.

This paper also wishes to contribute to the field by extending the models, including the gender as a dependent variable, such that wages and salaries for male and female labor differ significantly, therefore, establishing an economic model based on gender. Inferring results from these results will definitely shed a light on the effect of immigration over male and female labor. Wages and salaries for different gender groups are also kindly provided by the German Statistics Office, including annual wage and salary data of 1951-1998. For the regression, a robust model that includes the dependent lag variable, time, and dummy variable, is used that as similar as Model 3 and Model 7, tested earlier. Model 9 includes the wage for a male in Germany as a dependent and lagged wage, GDP, imports, unemployment, arrivals, departures, time and dummy as independent variables. Model 9 looks like:

Model 9

$$\Delta \ln wages(male) = \delta_0 + \delta_1 \Delta \ln wages(male)_{t-1} + \delta_2 \Delta \ln GNP + \delta_3 \Delta \ln imports \\ + \delta_4 \Delta \ln unemployment + \delta_5 \Delta \ln arrivals + \delta_6 \Delta \ln departures + \delta_6 Time + \delta_7 Dum91 + \varepsilon$$

Model 10

$$\Delta \ln wages(female) = \delta_0 + \delta_1 \Delta \ln wages(female)_{t-1} + \delta_2 \Delta \ln GNP + \delta_3 \Delta \ln imports \\ + \delta_4 \Delta \ln unemployment + \delta_5 \Delta \ln arrivals + \delta_6 \Delta \ln departures + \delta_6 Time + \delta_7 Dum91 + \varepsilon$$

The model estimations for different genders yield some insightful results (See Table 4). First, wages for females are more dependent on last year's wages than wages for males. The coefficient for females is higher than for male workers. Second, none of the following variables, GDP, immigration, departure, time, are significant for neither male nor female workers. However, despite the fact that immigration is insignificant, the magnitude for male workers is higher meaning that immigration has greater effect on male workers than female workers. On the other hand, unemployment is significant at 10% confidence level for both male and female workers, and the effect of unemployment on female workers is higher than male workers. Finally, imports are significant for male at 10% confidence level with a positive coefficient, whereas it is insignificant for females with a negative coefficient. So, increase in imports is inducing male dominated jobs significantly but imports have insignificant negative impact on jobs dominated by female workers.

Model 11

$$\Delta \ln salary(male) = \delta_0 + \delta_1 \Delta \ln salary(male)_{t-1} + \delta_2 \Delta \ln GNP + \delta_3 \Delta \ln imports \\ + \delta_4 \Delta \ln unemployment + \delta_5 \Delta \ln arrivals + \delta_6 \Delta \ln departures + \delta_6 Time + \delta_7 Dum91 + \varepsilon$$

Model 12

$$\Delta \ln salary(female) = \delta_0 + \delta_1 \Delta \ln salary(female)_{t-1} + \delta_2 \Delta \ln GNP + \delta_3 \Delta \ln imports \\ + \delta_4 \Delta \ln unemployment + \delta_5 \Delta \ln arrivals + \delta_6 \Delta \ln departures + \delta_6 Time + \delta_7 Dum91 + \varepsilon$$

Model 11 – 12 are the regressions where the salary is a dependent variable and independent variables are the same that were used in all the other models for male and female workers respectively (See Table 4). Robustness is applied to the regressions and serial correlation and heteroscedasticity problems are intended to be solved. The comparative results of males and females are as follows: both male and female salaries are highly dependent on the previous year's salary; however, female salaries

are more dependent on previous year's salary than male salaries. Lag salary are both significant at 1% confidence level. GDP is not significant for both groups and has incorrect sign. Imports are insignificant, like GDP, for male and female salaries but the interesting outcome is that imports insignificantly affect both groups in different direction. More clearly, despite the fact that imports are not significant, they have a positive effect on male dominated industries while has negative effect on female dominated industries. On the other hand, unemployment negatively affects both groups and the coefficient for the variable is significant at 5% significance level. However, unemployment is negatively affecting males slightly higher than females. Thus, it can be inferred that the industries that employ males more than females are more responsive to market changes than other industries. Arrivals have no significant effect, and also the coefficient sign is not correct. Contrary to arrivals, departures have alternating signs for male and female salary groups. However, they are both insignificant. Departures negatively affect the salaries of the males while positively affect the females with insignificant coefficients. Finally, for the first time, the dummy variable that accounts for unification became significant with 10% significance level, though the coefficient is reported to be positive. The dummy variable confirms that the unification of Germany has a significant impact in salary earners market.

5. Conclusion

This paper examines the effect of several macroeconomic variables such as GDP, imports, unemployment, immigration and emigration on the real wages and salaries of German laborers. Annual data for 49 years has been used to estimate twelve different regressions, trying to capture the effect of these variables on the real wages and salaries in Germany while considering the unification of West-East Germany with a dummy variable. The results are intriguing, and contradicting with most of the earlier literature. The paper also contributes to the literature by investigating the effects of macroeconomic variables on the salary and wage changes of different gender groups.

Starting with GDP variable, it is found to be the insignificant factor determining the wages and salaries in German labor market for both male and female laborers. On the contrary, imports are found to be affecting the wages significantly at the 10% confidence level, and affecting salaries insignificantly with a positive coefficient, claiming that imports in Germany, contrary to the literature, may be growth inducing, which consist mostly intermediary goods that are used for production industries. For different wage and salary groups, increase in imports is inducing male dominated jobs and their wages significantly but imports have insignificant negative impact on job wages dominated by female workers. Moreover, despite it is not significant, imports have a positive effect on the salary of the male dominated industries, and have negative effect on female dominated industries.

Immigration is an insignificant factor determining the wages in German labor market; however, it is significant for the salary determination. Model 8 asserts that 1% increase in immigration decreases the salaries by 0.021%. Immigration has a greater negative effect, although insignificant, on male workers' wages and salaries than female workers'. Departures are never significant, neither is the time variable, in any model for wage and salary determination. Nonetheless, the time variable negatively affects the salaries of the males while positively affect the females with insignificant coefficients.

Unemployment negatively affects the wages as well as the salaries with 5% significance level. Based on Model 3 and 8, 1% increase in unemployment decreases the wages by 0.031% and the salaries by 0.018 %. In addition, unemployment is significant at 10% confidence level for the wages' of both male and female workers and the effect of unemployment on female workers' wage is higher than male workers' while it negatively affects males' salaries slightly higher than females'. That is, the industries that employ more males than females are more responsive to salary changes than other industries.

Finally, wages and salaries for females are more dependent on last year's salaries and wages. The dummy variable confirms that the unification of Germany has a significant impact in salary earners

market. The weak results for wages mostly stems on the fact that the labor unions have tremendous power on setting the wages in the German labor market. Wages are unresponsive to the macroeconomics changes most of the time, while salaries are more sensitive to macroeconomic changes.

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Cooperation, Strategy and Perspectives at the Northern Greek Borders: Perceptions, Practices and Policies

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Abstract

The border line in terms of its intellectual and geographic dimension contributes significantly in the formation of the “us” vis-à-vis “others” identity. This paper deals with a survey conducted at the Northern Greek borders. The empirical analysis is based on a research carried out in cross border areas at the EU’s external borders within the framework of the EXLINEA European Research Programme. What is attempted in this paper is to scrutinize the problems, policies, practices and the perceptions that seem to prevail across the Northern Greek borders. In addition, a strand of policy recommendations on “best practices” is provided.

Key Words: cross border cooperation, strategy, perceptions, policies, practices.

Introduction

The borders on a modern political map are drawn with a thin black line that in a uniform way determines the point where two countries intersect and the point which divides them both. This line however, does not provide us with any information on the level of communication or interaction between the countries. The degree of collaboration, exchange and integration between two countries are ignored *in terms of the* political, economic and social symbolism of borders.

Recently, new and interesting studies have appeared in bibliography dealing with borders and perceptions in Europe. Territorial lines that show dominance over the “others”, dividing lines between ideologies, cultures and nationalities, “wall”, “bridge”, “tunnel”, “opportunity”, “threat” are only few of the different interpretations that have been accredited for the role of borders within the European space. In the meantime, issues that are concerned with cross border cooperation have accented not only the aspect of security which was dominant up to then but also promoted the issue of “core-

periphery”, the role of geography and the role in which distance played on economic flows, the culture and the “*initial conditions*” as well.

The structure of the paper is organized as follows. In the next section a theoretical discussion concerning the perceptions of “*us*” and “*them*” is provided. In section three, empirical evidence based on a survey conducted across the Northern Greek Borders is presented. Section four refers to a strand of policy recommendations. The paper’s conclusions are presented in the last section.

The “*us*” and “*them*” map across the borders

It is generally acceptable that a border line affects significantly the extent and type of cross border interaction. The way that the people living near the border perceive the concept of borders however, is not simply a matter of lines drawn on a map or on the ground but something rather more complex and dynamic. Within this line of discussion an interesting question arises: Is there any association between geography and perceptions?

The structure of a “*mentality map*” between the borders of two countries that is able to interpret both attitudes and perceptions is a particular complex process which needs the analysis of a variety of parameters in relation to space (Maier, 1995; Hirtle and Heidron, 1993; Longuet-Higgins, 1987). The issue lends itself to further complexity when borders divide large geographic territories such as the EU-25 with neighbouring countries. In such cases, the grouping of characteristics that form integrated perceptions like religion, language, history and culture all lead to an intellectual hierarchy in space (Freundschuh, 1991). It is obvious that this “*intellectual*” hierarchy is not always associated with the “*geographic*” hierarchy. Hoogvelt (1997) divides the world into “*real*” world, which is a world perceivable in space and into a “*phenomenal*” world, in which people are in constant interaction with one another regardless their geographical location. He also claims that the majority of international economic transactions is concerned with the (free of spatial restrictions) movement of capital which is not directly associated with trade and production. Furthermore, there are important factors that operate for the de-association of space and perceptions. These factors involve technological advances in information and transport, global consumer norms as well as the action of multinational corporations (Ohmae, 1990; Amin, 1997; Giddens, 1999; O’Brien, 1992). Moreover, several scholars note that there is a trend for reform from the traditional role of the state and its correlation with the state-nation by highlighting the overlapping of national dominance from incumbent international organizations such as the EU, NATO and the UN (Stokke, 1997; Ohmae, 1995). This “*overlapping*” consequently affects not only the role of the geographic borders *per se* but also the way in which the particular borders are perceived.

The border line in terms of its intellectual and geographic dimension contributes significantly to the formation of the “*us*” vis-à-vis “*others*” identity. In fact, one could claim that the definition of “*others*” is based on the dividing border line or in other words the identity of “*us*” needs the existence of the “*others*”. For instance, for about half a century the East-West borders in Europe did not only form a dividing line between two different political and economic systems, but also a mechanism of defining the actual identity of “*those*” and the “*others*”. In this form of context, people from both sides of the borders were brought up with stereotypes, norms and perceptions based on the superiority of the system against the “*other*” mainly due to the lack of information from the opposite side. However, when borders become penetrable not only an increase in the movement of people and material goods takes place, but also an increase in non-material goods such as information, ideas, and norms. All these have an impact on the map of perceptions and images for the “*others*”. Maier and Rosemary (2000) through an empirical analysis they carried out in Austria and Slovakia examined the extent to which the restriction of trips and movement in Eastern Europe affects the formation of perceptions. The findings showed significant correlation between the variables.

Rupnik (2004), states that *"borders is time imprinted in space"*. This statement reflects the fact that the role of history in the formation of images at the borders is a decisive one. It is often that we encounter historical parallelisms with reference to the past in order to interpret the present. Europe for example in relation with the *"others"* has been associated with former Empires such as the Mesopotamian Empire (Waever, 1997), the Austro-Hungarian Empire (Farago, 1995) and the Roman Empire (Brague, 1993; Mourier, 1993).

A recent field study in the EU-25 countries on the attitudes and perceptions for the EU in relation to the *"others"*, comes to conclude that there is an association of the *"us"* at present in relation to the national structures in the past. More specifically, it is claimed that the countries which belonged in larger entities such as in the Roman or the Byzantine Empire, the Austrian empire or the Napoleon Empire have stronger European *"feelings"* (OPTEM S.A.R.L., 2001). Of course, perceptions regarding space and distance in the past were quite different compared to the present conditions, mainly due to technological advances. As a result, images concerning centrality, or geographical restriction, are today set out on a completely different context (Borocz and Kovaks, 2001; Kramsch, 2002; Hansen, 2002). The impact of perceptions however, in relation to history acquires a rather special interest when different historical events become daily personal practices on the people themselves. We should not for example neglect the fact that the present population of Eastern and Western Europe was brought up in Cold War conditions which resulted in the creation of contradictory perceptions and interpretations. Such perceptions become even stronger the more we approach the former border line between East-West. For instance, the obligatory evacuation of the German troops from the borders of the Czech Republic-Germany had been interpreted by the Czechs as a *"transfer"*, and from the East Germans as *"relocation"*, while for the West Germans this was seen as a *"deportation"* (Holly, 2002).

One other factor contributing to the formation of the *"us"* identity in the bibliography is that of religion. Within this context, there are those who see the EU's external borders as a break off between the Roman Catholic and Orthodox Church, by placing a greater emphasis on a *"Neo-Medieval"* interpretation rather than a *"Post-Westphalia"* approach (Zielonka, 2001). Studies in the EU's interior have shown that countries of Catholic or Orthodox origins are sited as more *"European"* in relation to Protestants, showing that religious beliefs affect the perceptions in relation to the *"others"* at the borders. (OPTEM S.A.R.L., 2001). Huntington (1997), in his eminent work of *"Clash of Cultures"*, lends great importance on the role that the religious factor plays in the formation of external borders. Also recent events, as is the case of the war in former Yugoslavia, the 9/11 terrorist attacks and also the discussion brought by the candidacy of Turkey in relation to its religious identity, have all highlighted the important but often contradictory role of religion on the formation of images and perceptions for the *"others"*.

An impact in relation to the attitudes toward the *"other"* behind the border is also applied by the parameter of the same or different language (Meinhof et. al (2003). Often, not only language per se, but even the accent of the same language plays a symbolic role in either dividing or uniting people.

The perceptions at a local level concerning the border area are not independent from the overall perceptions of the particular country for the opposite side. As a result, the images between two neighbouring cities located in different countries are associated with the perceptions that have been created between the two countries (Tversky, 1993; Galasinska et. al., 2002). This incident shows an interaction between macro-policy from the one hand and the identity of the local community on the other. Meinhof et. al (2003), in their empirical research found out that in the former East-West German borders perceptions had major differences. When however the discussion moved to a European level then everyone felt German.

The rapid changes in Europe's political and economic map after 1989, brought in the foreground many geographic units that only a while ago would not have been able to *"exist"* as independent entities. In the Cold War era, the area of Central Europe for example, in terms of its identity had not explicit characteristics as one could claim (Dittmer, 2003). Respective geographical units at present could be detected for countries in the Baltic, Caucasus, Western Balkans, etc. This division is often

associated with economic characteristics, that operate in a dividing manner not only in the sphere of economy but in the area of perceptions and practices as well (Meinhof et.al, 2003). For instance, the perceptions that seem to prevail at the EU's side are: "security", "filter" "control", "investment opportunity", "prevention of smuggling" while the perceptions prevailing in the opposite side involved: "wall", "fortress", "restriction" and so forth. (Houtum, 2002; Kratke, 1999).

In the above outline, even though the new external borders of the enlarged EU-25 are precisely defined in the geographic map it is not at all certain that they are associated with the "map of perceptions" in people's minds. Moreover, several studies have shown that citizens are distant from the EU in terms of "space" and give more emphasis on the organization of the community orbiting around a centre of values (OPTEM S.A.R.L., 2001; Laidi, 1998; Shore, 2000; Scott, 2002). Consequently, the mapping out of EU's external borders is accompanied with a majority of conflicting perceptions which are affected and created by contradictory factors.

Empirical Evidence

The empirical analysis is based on a research carried out in nine cross border areas at the EU's external borders within the framework of the EXLINEA¹ European Research Programme. What is attempted in this section is to scrutinize the problems, the policies, the practices and the perceptions that seem to prevail across the Northern Greek borders. A part of the empirical work was organized around in-depth interviews with open questions in order to obtain descriptive and analytical information from experts on border issues (see Appendix E1, E2, E3 and E4).

In the three cross-border zones, a total of fifty (50) in-depth interviews have been carried out. Eight potential groups of respondents were identified: 1) actors directly involved in managing the activities of cross-border organizations, 2) representatives of the major city governments within the respective regions, 3) representatives of regional and local industrial and commercial associations, 4) businesses and other economic actors, 5) representatives of non-governmental organizations, 6) representatives of state agencies involved in regional cross-border issues, 7) representatives of the EU and EU-affiliated agencies, 8) external experts and knowledgeable observers. Half of these interviews took place in the Greek border zone area and the rest in the opposite side. In more detail, (14) fourteen interviews took place in the zone of Greece-Albania, in the zone Greece-FYROM (16)sixteen, and in the zone Greece-Bulgaria (20)twenty.

The Local and National Environment: Problems & Prospects

In the first thematic field respondents were asked to determine the local and national problems, to formulate their opinion for the future of the region and to evaluate the foreign affairs of their country with regards to the Balkans. The conclusions derived are as follows: a) The local problems prevailing in the areas of Albania, FYROM, and, Bulgaria are: unemployment, poverty, economic recession, lack of investments, and, a tendency to escape by living abroad. The problem of obtaining visas is dominant in the border zones of Albania and FYROM that greatly view the future with retained optimism. On the contrary, in the Bulgarian border zone positive expectations prevail for the future as a result of the country's accession in the EU. In the Greek border zone, the problems in which the respondents focus in the interviews were: unemployment, low competitiveness and entrepreneurship

¹ EXLINEA (Lines of Exclusion as Arenas of Cooperation: Reconfiguring the External Boundaries of Europe — Policies, Practices, Perceptions) is funded by the European Commission under the 5th Framework Programme. This survey is a part of a wider effort to study the evolution, problems, policies, practices and perceptions prevailing in the old and new external borders of the European Union.

activity, low level of outward looking approach and low degree of innovation, unfavourable geographic conditions, and, weak product differentiation. The future becomes perceptible with retained optimism under the precondition of change in the growth model. Particularly favourable, however, are anticipated to be the future prospects in Thessaloniki. b) The national problems that generally prevail in Albania, FYROM, and, Bulgaria are: corruption, bad quality of governance, unemployment, and, bureaucracy. In Albania, the mentality problem influenced by a communistic past is emphatically stressed. Similarly, in FYROM, the problematic juridical system and the unknown future are emphasized, and, in Bulgaria, the issue of the ageing population is also pointed out. The national problems which prevail in Greece are: unemployment, the ineffective public sector, the development model, the relation of education with production, low competitiveness, and, the very large primary sector. c) Through interviews, and, as participants were evaluating the foreign affairs policies of their own country, a low degree of appreciation for such policies is generally indicated in terms of their effectiveness and clarity regarding the Balkan region. More specifically, Albanians consider that the foreign affairs policies of their country do not support the country's prestige abroad. It is also thought, that, the same policies do not have a clear vision for the future and are found to be vague and inflexible. In FYROM, opinions are not uniform. Some find the foreign affairs' policies of their country as good and constructive. Some others, however, claim that their country's prestige in the international community is low. In Bulgaria, there is also no uniformity in opinions. Opinions for greater orientation to the West exist without any reservations, while others, support the belief that within a western orientation there must be specific returns that serve Bulgarian interests. In Greece, opinions that prevail are those claiming that foreign affairs' policies do not formulate sufficient constitution and planning, they are fragmented and often contradictory. There is also the belief that Greece does play its "European" role properly, as Greece often becomes part of a particular problem, rather than the provider of its solution. Moreover, there is a dominant belief that foreign affairs policies are ineffective as more and more often sentiment prevails realism.

Cross-border Co-operation & the Regional context

The role of "border" in daily life, the major issues and also the motives for cross-border operation, the impacts of cross-border interaction in terms of the "core-periphery" relation and the development of international relations, were all examined in the second thematic field of interviews. The basic conclusions derived from the recording and analysis of interviews are: a) The border zones of Albania, FYROM and Bulgaria consider the role of the "border" as very important in everyday life, claiming that it constitutes a fundamental factor for their growth. On the contrary, in the Greek side the sense prevailing is that borders do not have an essential influence in everyday life, greatly reflecting a geo-political rather than a geo-economic reality. However, in the nearby area of the borders the effect of the "border" is more distinguishable. b) The subjects of cross-border collaboration which are selected as essential, are, either common, for instance the common environmental management, or, they are complementary as it is with the case of the know-how exchange. The institutions mainly involved in the collaboration are the local and regional authorities, the chambers of commerce, the national government, firms and citizen society. The fundamental motive for this collaboration is mutual benefits and human nature for communication and exchange of experiences. c) Examining the importance of cross-border interaction in specific social groups, it is found that in the Greek border zone there are meaningful impacts in: the community of enterprises, seeking new opportunities, the groups of labours who feel unsafe regarding relocations of firms in the opposite side, the consumer groups who have more alternative options of consumption and in the groups of farmers and cattle-breeders who have cheap labour readily available as a result of migration mainly from Albania. As a whole, however, it is believed that the cross-border cooperation is functioning positively towards the complete removal of suspiciousness and in enhancing social osmosis. d) There is a general belief that

the opening up of borders positively influences the periphery in relation to the centre and further initiates international collaborations mainly through European programmes. However Greeks seem to be retained regarding the prospect of alternating the fundamental relation "core-periphery" without adequate regional policies. There are also fears concerning the re-generation of the pre-existing problematic "core-periphery" relation.

Perceptions

In the third thematic field of interviews there has been an examination of the perceptions that exist in terminology such as "border", "us", "other", "cross-border regional identity", "resident of border area". Moreover, an attempt was made to record the degree in which the general public take any notice of the aspects regarding cross-border collaboration activities, opinions about visa-free travel, and, the, by any chance, negative opinions with regards to more open borders in local identity, safety, and, the environment. From the analysis of the results the following points are derived: a) In the Greek border zone the images of the borders change drastically after 1989 as they are gradually transformed from "walls" to "filters" of control but also keeping a dividing line on the map that functions more or less symbolically. On the contrary, from the northern neighbours of Greece it is evident that the borders function as a separating obstacle. b) Perceptions of "us" and the "other", in the border zone of Albania, FYROM and Bulgaria, the view that we are the same with those in the opposite side prevail because of the cultural proximity due to the common geographic coordinates of the Balkans. The Greek side, however, does not share this view as it considers that, despite the common foundations; the differences with the neighbours are significant due to distinct political and economic experiences. In other words, borders for the Greeks separate something that is different while for the northern neighbours borders separate something that is the same. c) For the Greeks the sense of regional identity of the cross-border zone is more tangible to the opposing of perceptions held in Albania and FYROM. Specifically, in the border zone of Greece-Bulgaria regional identity becomes more perceptible due to the accession of Bulgaria in the EU. d) For the Greeks, the idea of cross-border region goes hand in hand to the meanings of isolation and low opportunities due to the unfavourable geographic location. On the contrary, the northern neighbours of Greece perceive their location as advantageous and also view it as an opportunity to improve their life. e) Regarding the degree that the general public is informed concerning CBC activities the prevailing senses is that society knows very little because of scarcity of publication. Exception constitutes, to some extent, in the Albanian border zone due to the existence of publication of such activities through the media, meetings, etc. However, in the area close to the borders, in general, cross-border activities become more perceptible and tangible. f) With regards to visa-free travel, the perceptions that prevail are very positive. More specifically, from the Albanian and FYROM point of view, the suppression of Visas is absolutely desirable. However, from the Greek side there are reservations concerning issues of safety and crime. g) In the case of totally opened borders, Albania, FYROM, and, Bulgaria do not see any threat in terms of safety, alteration of identity, crime, etc. On the other hand however, in Greece opinions are not uniform. Some do not see any threat and they stress the need to get rid of any phobic syndromes that may exist, while some others see dangers of demographic alteration, increase of crime and loss of employment positions. However, almost everyone in Greece believes that careful steps should be adopted to complete the opening up of the borders.

Practices

The fourth thematic field of interviews included questions concerning the present and future CBC projects, partners that are involved or that should be involved more, the degree of sufficient use of

funding opportunities, the side that is more active or gains more, and, the barriers found in the cross-border interaction. The gathering of data and analysis allow us to conclude the following: a) with regards to actions in progress and future projects, there is a prevailing opinion that there is an absence of interventions of critical size. The projects in total mainly belong to INTERREG or to very small interventions. The participants also claim that the most important projects are focused on the hinterland and not on borderlands. However, the routing of the vertical axes of Egnatia Road is considered by all very important work if and when completed. b) The main actors involved today in the cross-border collaboration are: local authorities, chambers of commerce, the regional authorities and government ministries. However, it is considered that the even further activation of civil society, the local government through substantial twins, the enterprising and educational institutions and, the public sector is most essential. The cases of conflicting interests are dealt either with negotiations and mutual back-movements, or, by referencing the subject-matter to the centralised government level. c) The perception that funding opportunities are not used sufficiently is generally sovereign. However, there is also the opinion, mainly from the Greek side, that a lot of programs remain inactive either due to their complicated nature, or, because there is no corresponding demand. d) In the question as to which side gains more from the CBC there seems to be an heterogeneity in opinions. Some support that the party that comes out more powerful economically is the one that gains, while others support precisely the opposite. Finally, there are no few opinions considering that both parties gain equally from the collaboration in the borders. Typically, the same answers have also been provided to the question referring to which side is more active in terms of undertaking initiatives of CBC. e) The level of the existing economic interaction is not considered insignificant, however, most support that this is not sufficient enough, and that there are still many opportunities which can increase economic collaboration. f) In the border zone of Greece-Albania the barriers that prevail in CBC are: the unstable political relations, visa regime, bureaucracy, and the small historical time lag after 1989 in order for mentalities of the past to be overcome. In the border zone of Greece-FYROM the problem of State name is sovereign, accompanied with the arrangement for Visas, the hesitancy of undertaking enterprising initiatives, and, bureaucracy. In the border zone of Greece-Bulgaria the prevailing barriers are: corruption, bureaucracy, the historical past and language differences.

Cross-border Policies

In the last thematic field of the interviews the questions examined had to do with the levels that were more active in the borders, CBC institutions, motives for the ongoing cross-border collaboration, the sources of financing, and, the ineffective policies that must be subject to change. From the collated information conclusions are presented as follows: a) It is evident in the border zones of Albania, FYROM, and, Bulgaria that the local level is more active in CBC initiatives. In the Greek side, on the contrary, the perceptions are not uniform. b) The permanent institutions of cross-border collaboration are mainly in the Euro-regions or in other areas of similar function. However, there are institutions of different nature which function within the form of networks. In most cases, however, there are other Euro-regions in Europe which have functioned as models. c) Institutions that discourage CBC are: the complicated system of public works, the regulations that limit movement, custom duties, and, the centralised state. On the contrary, institutions that encourage collaboration are: the status of implementing European programs, the *aquis communitarie*, the new EU instrument of CBC, and, the EU environmental regulations. d) The most important motives for the ongoing of CBC for all the involved parties are the economic benefits and the available financial resources, while the European Union is the main source of financing CBC interventions. However, foreign donors also constitute an important source of economic support mainly for Albania and FYROM. e) Questioning if the available financing is sufficient for Albania, FYROM, and, Bulgaria the opinion that prevails is, that, financing is insufficient. In the Greek side there is no explicit picture on this matter. Some people claim that financing is sufficient; however, it is not absorbed due to lack of proper management. Some others

claim that for “soft”, intangible activities financing is sufficient while financing for infrastructure works is insufficient. There are also those who believe that support is sufficient for what we have, but insufficient for what we should have. f) With regards to policies that are considered ineffective and ones which should change in the Greek side of the Greek-Albanian border zone, there is a special desire for more flexible foreign affairs policies that will overcome all phobic syndromes. In the Albanian side emphasis is given in changing central political views that will enhance further transparency and reduce bureaucracy by encouraging CBC. In the Greek side of the Greek-FYROM border zone there is a will for foreign affairs policies to pay more attention towards regional areas and to place a greater emphasis on environmental issues. From the side of FYROM there is a will to limit high level policies which are not completed and also to eliminate nationalism and xenophobia. In the border zone of Greece-Bulgaria, the Greeks would appreciate the elimination of foreign affairs policies from being fabricated by providing arguments such as “*the balance of forces*”, “*Muslim arcs*”, etc., which are mainly addressed for popular consumption and serving as to justify psychological needs and not real interests.

Policy Recommendations

Results of the empirical research show evidently that the environment for the growth of CBC is pretty favourable, as none of the involved parties perceives this as a “*zero sum game*”. However, the results associated with obstacles, policies, practices, and, the perceptions that prevail in the cross-border zones of Greece-Albania-FYROM-Bulgaria show that there is room in planning for development of the border regions. It is in this direction that an important role must be played by the central governments but also by the local/regional actors and stakeholders as well as the European Union. Within this context, there are three (3) key suggested policies presented below.

Establishing an Environmental Trust

Confidence constitutes a necessary foundation for all kinds of collaboration between people or social groups and especially when this has to do with two regions that belong to two different countries. According to this, there is no doubt that the foreign affairs policies of the three countries of transition on one hand and of Greece on the other, reflect matters of the environment and the conditions of collaboration in the particular cross-border zone. It would be utopia at any case for one to consider that CBC is a process that functions autonomously and independently from central government policies of the country states. Within this framework, if the phobic syndromes, over-cautiousness, the sovereignty of sentiment as opposed to realism, and, nationalism constitute elements of the foreign affairs policies of individual countries, the climate of collaboration in the borders becomes heavy. The finding of low acceptance and appreciation of the foreign affairs policies regarding the border regions of all four countries reveals the need for revision of many of the aspects of the foreign affairs policies. This can help to eliminate such policies from useless pre-fabricated arguments and the establishment of thought strategies which focus on border zone regions. Moreover the fact that the three countries of transition emanated from a communistic past with a different historical, political, and, economic regime, reflects mentalities and behaviours which need to be understood in order to be accurately recorded and interpreted. This is a dynamic process which requires the necessary political time of adaptation. Regarding this point, Greece could further activate the “*European*” factor bringing the neighbouring regions nearer to the *aquis communautaire* and to the European institutions. Placing an emphasis of actions of low political dynamism in the beginning, with visible results can create a favourable climate of confidence. The focus, for example, on issues common to environmental management and protection from natural disasters provides an indicative

good practice. However, strengthening the climate of confidence, the role of the media becomes decisive as they often cultivate negative stereotypes concerning the borders. Within this framework a planned co-operation of the media, so much in a central as in a cross-border level could contribute to the elimination of xenophobia and in promoting cross-understanding.

Set up of “Clever” Actions

What is suggested in the second bundle of policies is the establishment of good practices focusing on the effectiveness of cross-border collaboration. These practices can include specific actions, or can suggest actions that should be avoided. For example, it is proved through experience that CBC on issues of history and culture in a region of a problematic past, often brings upon unpleasant memories. For this reason, it is thought “*clever*”, at least in an initial phase, to prioritise actions related to the future and not to the past. The finding that infrastructure does not constitute a decisive obstacle in cross-border interaction, leads to the conclusion that policies place emphasis on the institutional environment and “*good governance*”. However, in order for these actions to be effective, they need to have critical size and be focused on a particular area. More specifically, emphasis must be given to policies that fight corruption, reduce bureaucracy, and, policies that promote decentralisation, political stability, and stability of the rules and legislation of businesses and the improvement of human capital.

Another field of “*clever*” actions is the field of cross-border institutional collaboration. Within this framework local governments could advance in substantial twins without being hindered, but ones that could function in the logic of networks and activate local communities. Also, the co-operation of the educational and research institutions through common programs and exchanges, could contribute to the upgrade of the borders’ human capital and in the involvement of the scientific community in the cross-border actions. Moreover, the collaboration among enterprising organisations must be directed in the diffusion of “*know-how*” in the incorporation of innovation, in enhancing consulting services and in the obliteration of the logic of “*easy*” profit. The local migration agreements among the border zone regions which presuppose concession of proportional decentralised competencies is an example of good practices of cross-border institutional collaboration.

The fact that financing opportunities are often not seized is not always due to lack of briefings but mainly a result from the lack of managing skills and administrative capacities from local actors. Moreover, in terms of management and administrative expertise for cross-border programs there is no diffusion of any “*know-how*” in the local society and no sufficient publication to result in the making of a set of standards. More specifically, through INTERREG, actions were drawn up that did not correspond to demand and ones which also had an exceptionally complicated structure. Often, through INTERREG, common decisions were imposed at a cross-border level without having appropriate instruments of implementation, common funds, and, common objectives. It is obvious from the above that decentralised planning could constitute an example of good practice.

Joint Planning

The answer to the question of whether cross-border zones will benefit or not from the opening up of the borders, is to a large extent related to the ability of policy and planning. This presupposes effective co-ordination, explicit objectives and processed operational planning that will also ensure the active involvement of authorities and institutions from both sides of the borders. In this framework, the development of a wide partnership is thought to be necessary and inclusive of not only to institutional partners but to society at large. Thus, the co-operation between local management and

administrative institutions, local government and chambers of border zones, could activate local dynamics based on a *"bottom up"* approach.

More specifically, what is suggested is the establishment of a cross-border forum including local partners from Greece, Albania, FYROM, and Bulgaria. This forum can constitute a framework of a dialogue, co-ordination of actions, and, analysis and implementation of common policies. At a different level, the forum could function under the form of a lobby promoting common policies and objectives at a national and European level. The exchange of experiences and *"know-how"* practices, studies of common interest, the networking of cities and the training of the management and administrative staff are indicative fields of common action. In such case, the development of a total operational planning is viewed as essential and one which will include the whole of the cross-border area. From the above it is concluded that there is *"room"* in planning as well as in the level of policy making for the creation of favourable conditions of growth and development in the whole cross-border area.

Conclusions

CBC can be said to work in the case study regions as a *"complementary form of national foreign relations"*. Moreover, CBC contributes to the elimination of prejudices and phobic syndromes between the two sides of the borders. It is also considered that the prospect of mutual benefit due to CBC, constitutes a strong incentive to overcome conflicts. Besides, greater interaction due to CBC increase the *"opportunity cost"* of not dealing with the conflicts occurring in the case study area. Our findings also suggest that CBC enhances trust building, sets up new grounds for the resolution of conflicts and redefines to a certain extent perceptions of *"us"* and *"others"* in the broader arena of conflicts.

The actual case study border area constitutes a region of relatively low attractiveness. The low level of economic interaction and weak competitiveness and the outward looking approach accordingly, confirm the existence of a weak productive and export base of the border zone regions, which do not appear to constitute either the key sender or the key recipient of serious investments. The fact, however, that the problem of unemployment is sovereign in the cross-border zones is relevant to the statements mentioned above.

Hindrances to and motivators of CBC: The general motivation for CBC is to initiate joint activities in all aspects of daily life. Within this context, *"exchange of experience"* and *"transfer of know-how"* could consist the regional add value. Moreover, the high degree of *"geographic proximity"* between local actors and the availability of funding programs seem to be significant motivators towards CBC. On the other hand, the main hindrances to CBC in the respective area seem to be the following: a) Low involvement of the public, private and other civil society actors b) Lack of political will to remove existing constraints c) Public limitation on local/regional actors imposed by national legislation d) Differences in structures and powers of administrative levels e) Lack of coordination and compatibility between different EU-funding instruments supporting CBC f) mentalities of separation and g) a limited availability of funding programs.

CBC and a sense of regional *"Europeanness"*. The information derived from the research as well as the existing literature shows that CBC between EU border regions with external regions contributes to a new regional and Europeanness identity. More specifically, CBC on socio-economic matters influences regional identities while CBC in the context of EU-funding instruments influences European identity. In the area of our focus *"initial conditions"* affect CBC for the formation of a regional/European identity. Consequently, the different type of institutional affiliation of each country with the EU reflects on regional and *"Europeanness"* sense. Thus, for Greeks, borders separate something, which is *"different"*, while for their northern neighbours borders separate something, which is the *"same"*. In other words, the role of EU is decisive regarding the configuration of perceptions of *"us"* and *"the other"*.

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APPENDIX

E.1 PRESENTATION & INTERPRETATION OF IN DEPTH INTERVIEW RESULTS. CASE STUDY GREECE-ALBANIA

GREECE ALBANIA	Greek Border Zone	Albanian Border Zone	Conclusions: synthesis and important observations
1. Local problems and aspirations concerning the future	a) Low economic/business activity b) Lack of outward looking approach c) Sizeable primary sector d) Unemployment The future: positive, conditioned upon changing the growth model	a) Unemployment b) Poverty c) Economic Stagnation d) Problematic Infrastructure The future: highly retained optimism	The problems in the Greek side are focused in competitiveness while in Albania they focus in the efforts of overcoming a heavy and adverse past. Retained optimism from both sides. Low competitiveness and low outward looking approach confirm the feeble productive and export potential and increasing unemployment. Borders are made up of areas with generally low business interest and attractiveness
2. Place of CBI* in local life	It does not strongly influence everyday life. It constitutes however a factor that may be ignored. In the old days it functioned as "limit" while today as "opportunity"	Very important role in everyday life and occupation. Regarded as a very important factor for the economic growth of the area	Difference in perception. In Albania the role of borders is very important in daily life and occupation. This is not the same with the perception held in Greece. The important role of borders is not confirmed in every day life. Low commercial and investment flows. Immigration from Albania. Low cross-border activity. Social influences mainly from Albania. The role of the big city near the borders is important. Borders are neither senders nor receivers of important investments. Immigrants from Albania occupied mainly in the agricultural sector
3. Perceptions of the border: a) image b) us / them c) trans-border region? d) visa-free travel?	a) Until 1989 "wall", thereafter "opportunity" b) Common characteristics, different culture due to former regime system c) Regional identity d) Desirable under the condition of safety. The "centre" is unable to understand the issue.	a) Divide, disturb, delay progress b) We are same, equal partners, friends c) 50%, Yes, and, 50%, No d) Absolutely desirable	a) For Greece it is a "bridge, for Albania it "divides" and "disturbs" b) Positive images. Greeks are more reserved c) Regional identity, clear only for the Greeks d) Desirable, but Greeks are a little cautious. For Greece, borders separate something "different", suppression of Visa is desirable but with cautiousness. For Albania, borders separate something which is the "same", the suppression of Visa is desirable. The role of the EU is decisive in culture/perceptions (Albanians-Balkans, Greeks-Europeans) Cautiousness of the Greek side towards "others"
4. Practices: a) fields of CBC b) local actors of CBC c) foreign partners d) barriers to CBC	a) Entrepreneurship, environment, immigration, education, tourism b) Local Government, chambers, firms, regional Government, ministries c) Local Government, chambers, regional Government, ministries d) Bureaucracy, foreign affairs, Visa, dated/old mentality	a) Technical knowledge, immigration, education, employment, town planning b) Firms, Local Government, development companies, NGO's c) Local Government, chambers, development companies d) Unstable political affairs, Visa, immigrants, old mentality	a) Similar answers. Albanians emphasized technology b) Similar answers. NGO's more active in Albania c) Similar answers d) Similar answers Important fields of co-operation: Local Government, entrepreneurship, education Active Institutions: Development Companies, NGO's Obstacles: Corruption, Safety, Railway Institutions are more active in Albania. Infrastructure is the greatest obstacle for Greece and less so for Albania
5. Policies: a) activeness b) CBC institutions c) regulation of CBC	a) Inconsistent/Controversial opinions b) European area under constitution c) Discourage: different legal and administrative framework Encourage: INTERREG framework in practice	a) Local era b) European area under constitution c) Discourage: arrangement of attracting investments. Encourage: arrangement of NGO's	In Albania, the local level is very active. In Greece, there are inconsistent opinions. National policies are discouraging. Aquis Communautaire is encouraging. For Greeks the European level is more active. For the Albanians it as more local

E.2 PRESENTATION & INTERPRETATION OF IN DEPTH INTERVIEW RESULTS. CASE STUDY GREECE-FYROM

GREECE FYROM	Greek Border Zone	FYROM Border Zone	Conclusions: synthesis and important observations
1. Local problems and aspirations concerning the future	a) Low competitiveness b) Environmental problems c) Sizeable primary sector d) Unemployment The future: retained optimism	a) Unemployment b) Poverty c) Economic Stagnation d) Runner of youths abroad e) Visa regime The future: it is not optimistic	Problems in the Greek side are mainly in terms of competitiveness. Problems in FYROM have the characteristics of crises. Thus, future is perceived differently. Low competitiveness and low outward looking approach confirm the feeble productive and export potential and increasing unemployment. Borders are made up of areas with generally low business interest and attractiveness
2. Place of CBI* in local life	Active mainly psychologically, being an obstacle. Plays a role in everyday life but only at a very short level	Very important role in daily life and in occupation. Regarded a very important factor for the development of the area	Difference in perceptions. FYROM takes the role of the borders very important in daily life and occupation. The same is not acknowledged in Greece. The important role of borders is not confirmed in every day life. Low trade and investment flows. Low level of immigration. Low cross-border activity. Moderate social/cultural influence between the two parties The role of the largest city near the borders is important. Borders are neither senders nor receivers of important investments. Immigrants in the Greek side are coming from Albania
3. Perceptions of the border: a) image b) us / them c) trans-border region? d) visa-free travel?	a) Until 1989 borders were seen as "protection". Thereafter, borders are seen more like as a symbolical line b) Common characteristics. "Others" are placed firstly, but after co-operation it is "us" although there are differences in cultural habits c) There is a regional identity d) Visas do not build relationships of trust	a) Divide, disturb, limit b) Partners, equal parties, friends c) 50%, Yes, and, 50%, No d) Absolutely desirable	a) For FYROM borders divide. For Greece they are symbolical lines b) Positive images in general. Greeks are more reserved c) regional identity is clear only for Greeks d) Desirable, although Greeks are a little cautious Slightly more positive perceptions for "others" by FYROM. Generally there is a cautiousness by both parties. In terms of perceptions, the role of the EU is important. Borders separate something which is not that "different". In FYROM there are more positive perceptions for "others". Visa is a very significant obstacle for FYROM
4. Practices: a) fields of CBC b) local actors of CBC c) foreign partners d) barriers to CBC	a) Entrepreneurship, environment, education, tourism, culture b) Local Government, chambers, firms, individuals c) Local Government, chambers, regional authorities, ministries d) Lack of political operation due to the problem of country's name	a) Environment, entrepreneurship, culture, education, employment b) Firms, local Government, chambers, NGO's c) Local Government, chambers, development companies d) The problem of the country's name and the Visa regime	a) Similar answers b) Common perceptions. In FYROM, NGO's play a greater role c) Similar answers d) Similar answers Confirmed as important levels of co-operation: Environment, infrastructure, entrepreneurship. Active institutions: Firms, development agencies, Universities. Obstacles: Safety, corruption, change of rules and legislation. Equal level of activeness of institutions in both sides. The Visa problem is very important for FYROM
5. Policies: a) activeness b) CBC institutions c) regulation of CBC	a) Inconsistent/Controversial opinions b) European area under constitution c) Discourage: complex legislations and different administrative framework. Encourage: commonly achieved goals, the INTERREG Program framework	a) Local level b) European region under constitution c) Discourage: the system of attracting investments. Encourage: NGO's and Universities	The local level is more active in FYROM. In Greece there are controversial opinions. National policies are discouraging. <i>Aquis communautaire</i> is encouraging. Greeks believe that the European level is more active, whereas people from FYROM believe that local level is indeed more active

E.3 PRESENTATION & INTERPRETATION OF IN DEPTH INTERVIEW RESULTS. CASE STUDY GREECE-BULGARIA

GREECE BULGARIA	Greek Border Zone	Bulgarian Border Zone	Conclusions: synthesis and important observations
<p>1. Local problems and aspirations concerning the future</p>	<p>a) Low competitiveness b) Lack of innovation c) Level of entrepreneurship d) Unemployment The future: optimistic especially for Thessaloniki</p>	<p>a) Unemployment b) Economic stagnation c) Closure of enterprises d) Lack of investments The future: positive due to prospect of integration in the EU</p>	<p>The problems have common characteristics but they are more acute in the Bulgarian side The future is faced positively for different reasons. Borders constitute regions of low attractiveness. Focus in activities of low added value. Low competitiveness and outward looking approach confirm the feeble productive and export potential and increasing unemployment</p>
<p>2. Place of CBI* in local life</p>	<p>Reflect more of a geopolitical rather than a geo-economic reality. No direct influence in everyday life</p>	<p>Very important role in everyday life and occupation. Considered that there are many ways of co-operation which have not been developed</p>	<p>The role of borders in everyday life is regarded important only in the Bulgarian border zone. For the Greek side borders do not have essential influence in everyday life. The important role of borders is not confirmed in every day life. Low trade and investment flows. Low level of immigration. Low cross-border activity. Moderate social/cultural influence between the two parties. Borders are neither senders nor receivers of important investments. Immigration is important to Bulgaria</p>
<p>3. Perceptions of the border: a) image b) us / them c) trans-border region? d) visa-free travel?</p>	<p>a) Borders divide although they should promote a point of contact b) Many common elements with economic-level differences c) Regional identity after the integration with the EU d) Proved positive</p>	<p>a) They divide. They must be made obsolete after the integration with the EU b) Cultural relationship c) Yes, although there are differences d) Enhanced CBC</p>	<p>a) Borders divide b) Many common characteristics c) Agreement for regional identity d) Visa suppression is seen positively Borders separate in two something that has many things in common. Bulgarians have more positive perceptions about "others". Favourable climate of co-operation from both sides. Bulgarians have more positive perceptions about "others"</p>
<p>4. Practices: a) fields of CBC b) local actors of CBC c) foreign partners d) barriers to CBC</p>	<p>a) Entrepreneurship, environment, immigration, culture, tourism b) Local Government, chambers, firms, regional authorities, ministries c) Local Government, chambers, ministries d) Lack of experience, bureaucracy, insecurity, lack of information</p>	<p>a) Environment, entrepreneurship, education, political safety b) Businesses, local Government, National Government, chambers c) Local Government, chambers, development agencies d) Language, bureaucracy, heavy and adverse historical past, corruption</p>	<p>a) Similar answers from both sides b) Same institutions from both sides c) Similar answers d) Bulgarian emphasis in corruption and history. Same level of activeness of institutions in both sides. There are no un-overcoming obstacles for both Greece and Bulgaria. Important levels of co-operation: local Government, natural disasters , immigration. Active institutions: Local Government, regional authorities, chambers, NGO's. <u>Obstacles:</u> Corruption, railways, insufficient border stations</p>

E4. In-depth interview

I. Introductory and Background Questions

(Please note: these personal questions may also be asked at the end of the interview; according to the communicative situation!)

To find out about:

- *comparisons of mental differences and agendas across the border*
- *regional development contexts*

- 1) Please state your current position and projects you are actively involved in (if applicable)
- 2) What are the main problems in your local community (or region)? How do you see its future?
- 3) Please name the main (three/five) national problems?
- 4) How would you evaluate your country's foreign policy? (and/or ask about a few specific relevant topics in this field).
- 5) Please tell us about your work, what are some of the most challenging tasks you face?

II: CBC and the Regional Context

- *information about the respondent and his/her role in CBC*
- *major issues in the border region demanding CBC (reasons for CBC)*
- *major actors of CBC*

- 1) What is the role of 'border' and cross-border cooperation in your life/work?
- 2) What major issues in your border region demand CBC?
- 3) What are the most prominent actors in CBC?
- 4) Why do people engage in CBC on both sides of the border?
- 5) What follows are with several questions that relate to CBC and its significance for your region in general: How would you characterise CBC in terms of its importance for:
 - (5.1) 'internal relations' within a given community;
 - (5.2) domestic relations between communities on the same side of the border (or interregional relations);
 - (5.3) centre-periphery relations (e.g. border region versus central government)
 - (5.4) Developing international relations (of a non-cross-border nature) of the community bureaucracy

III. Perceptions

To find about:

- *regional identity*
- *images of the other*
- *public awareness and support of CBC*

- 1) What images and/or associations do you attach to the concept of 'border' and 'border region'? (e.g.: Does the border separate, provide security, act as a bridge?)
- 2) What is your perception of 'us' and 'the other'? Despite your family/friends, how would you describe the people on 'the other' side of the cultural/territorial border? (economy, politics, cultural character).
- 3) Would you regard the border area as a region of its own? Is there a sense of regional identity?

4) How do the citizens identify with the idea of a “cross-border” region?

5) Does the general public take any notice of your activities? What strategies do you employ to make your project/activities known?

6) What do you think is the economic condition on the other side of the border?

Are they more developed or backward? If they are doing better, what could be a reason for that? If they are doing worse, what could be an explanation?

7) What is your opinion about visa-free travel across the border? Is it desirable, important? If not, why?

8) Are there any negative aspects about more open borders? Do you see any danger to your identity, social security, environment, etc. if the border regime would be changed? If yes, then what exactly are the risks? What differences would open borders make?

IV. Practices

To find out about:

- *level of interaction (the level of contacts across the border between those in a position/remit to co-operate)*
- *level of cooperation (concrete areas and projects where interaction takes place in a goal-oriented manner)*
- *major projects*
- *major regional problems that require CBC*
- *major obstacles to CBC*

1) What are the major CBC projects in your border region that have been or are in the process of successful completion?

2) What future projects have you developed?

3) Who are your partners? How do you communicate with them? How do you deal with conflicting interests?

4) Do you think that actors make sufficient use of the funding opportunities?

5) Which groups should get more involved in CBC?

6) Which side of the border in your opinion profits more from CBC? Why?

7) Which side of the border initiates CBC projects more often?

8) Do you view the level of existing economic interaction as sufficient? Why?

9) What are the barriers to the cross-border interaction and cooperation?

V. CBC Policies

To find out about:

- *mechanism of CBC (initiative; decision-making process; evaluation of existing policies)*
- *legal institutions for CBC*
- *sources of funding for CBC*

1) What level is more active in the initiation of CBC: local, regional, state or EU?

2) What permanent CBC institutions exist in your border region (e.g., Euroregion)?

3) Were there any CBC institutions (e.g., Euregios in other countries) that served as models? Or were CBC institutions in your region created independently? If so, why?

4) Which existing institutions (official rules and regulations) do you see as hindrances to CBC? Which institutions in your opinion encourage CBC?

5) What do you think is the most significant motivating factor in the on-going CBC: economic gain from the cross-border activities, the need for cultural communication, available CBC funds (e.g., from the EU, national governments, etc), or other?

6) Do you receive assistance from local, regional, national authorities or the EU? Is it sufficient?

7) Where do you get most financial support from?

8) Which policies do you consider ineffective and would like to see changed?

The Image of Refugee Affairs in the Hungarian Press

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Abstract:

The article discusses the representation of refugee affairs in the Hungarian press. Articles appearing in 2005 in two leading national Hungarian dailies were examined. The method of quantitative content analysis was employed. The results show that the articles analysed often treat refugee affairs as an “official” political matter. Most of the articles published in both papers write about problems and conflicts in connection with refugee affairs. The question of refugee affairs was often presented together with a negative topic: it was linked in the articles to the topic of crime/illegal actions. Few articles write about persons who have successfully integrated into the host society, programmes assisting refugees or other positive developments. The “most directly” affected: the asylum-seekers, the refugees - the persons involved in refugee affairs -, are rarely given an opportunity in the articles to tell their life stories, the cause and circumstances of their flight. The images of refugee affairs in the two dailies show significant differences in a number of respects.

Key words: refugee, asylum seeker, refugee affairs, Hungary, press, media analysis, content analysis

1. Introduction

The aim of this article is to examine how refugee affairs are represented in the Hungarian press. The press e analysis was made as an element of an interdisciplinary research project¹.

¹ The research on “Independently-with equal opportunities” was conducted under the “N.E.E.D.S. Network, Education, Employment, (Anti)Discrimination, Socialisation” EQUAL Program in the implementation stage of the “Support for the social and labour market integration of asylum seekers” action. It was co-ordinated by the KROLIFY Opinion and Organisation Research Institute. The authors wish to express their gratitude to Judit Pál who selected the articles and Petra Arnold who helped in the elaboration of code commands and the final selection of articles and also made valuable observations on the analysis. Thanks are also due to Brigitta Font who participated in the elaboration of earlier versions of the analysis.

Within the broad topic of migration, this article focuses on the question of Hungarian refugee affairs. We stress two closely related characteristics of the role played by Hungary in international migration – from the viewpoint of our theme – which underline the justification for our analysis. One is the high level even by international comparison of xenophobia present in Hungarian society, a fact long known to sociologists (Czene 2002), and the other, a fact known to both demographers and experts dealing with refugee affairs, is that Hungary is a transit country for asylum seekers which partly explains why the number of asylum seekers and refugees in the country is low in comparison, for example, to countries of Western Europe. Because of the low proportion within the Hungarian population of persons involved in refugee affairs, the media are the main source of information for the general public on refugee affairs. In this way the existing high level of xenophobia and the low level of personal social interactions with refugees both confirm the importance of getting to know the image of refugee affairs in the Hungarian press.

In the course of the media analysis we examined two leading national Hungarian dailies (Népszabadság, Magyar Nemzet). Our analysis examined what image the articles appearing in the dailies convey of the question. Articles appearing in the course of 2005 formed the basis of our investigation. We used the method of quantitative content analysis to examine the articles².

In Hungary an imprecise use of concepts related to refugee affairs can be observed in common usage. In this article we use the legal meaning of the concepts; in the course of the investigation we defined the main concepts used in the investigation on the basis of the Hungarian legislation (Act No. CXXXIX of 1997 on Asylum, Government Decree No. 172/2001. (IX. 26.), Kalmár 2001)³.

2. Significance of the media image, impact of the media

In this section we examine the significance of the image of refugee affairs conveyed by the media.

The media have become an integral part of people's everyday lives: radio and television are found in practically every household in the developed countries. Many people also like to spend time reading the newspapers. As a result, we "obtain" a considerable part of our information from the media. However, there is no agreement in the literature on the impact of the media. Early theories assumed that the public is a passive and undifferentiated mass on which the media has a strong and direct influence. People all interpret media messages in the same way and the connection between the public and the media is one-way, flowing from the media towards the public (Columbo 2004, McQuail 2003). In recent decades many studies have produced findings questioning the earlier models (Petts et al 2001). Many theories and ideas have been put forward concerning the operation of the media influence and its reception and the extent of its impact. Empirical investigations have not yet confirmed the primacy of any one of the many different theories (Bajomi-Lázár 2006). Some of the theories are contradictory, others can be regarded as approaching different aspects of the question. One thing that can be concluded from the results so far is that the early models assuming a one-way, direct, strong influence and a passive public are untenable (Petts et al 2001). The impact of the media is a more complex question.

Nowadays approaches assuming a minimal influence of the media are popular. It seems to us that some of these greatly underestimate the significance of the media influence and attribute too much power to the recipients in the process of interpreting media information. Although we accept the position that the interpretation of media information is an active process, for us this does not necessarily mean that the media have no influence or that their influence is only negligible. In the following we use examples taken from everyday life and present the ideas and scientific findings of

² The present article contains part of the results of our quantitative content analysis. We also performed qualitative text analysis, but the results of that analysis are not presented in this article.

³ For the process of the refugee affairs procedure, see, http://www.bmbah.hu/ugyintezes_eljarasrend.php?id=30, accessed on March 16. 2007.

different social scientists to support our argument that the media influence is a relevant phenomenon, especially in the case of such a topic as refugee affairs.

As we have shown, the influence of mass media is disputed by many social scientists, but it is a fact that in certain cases this influence can be enormous. The media are capable of setting off mass hysteria or even ethnic conflict, as happened in Los Angeles in the early 1990s. Another consideration is that the role of the media as a source of information may differ according to the topic. In the case of refugee affairs the media can be a more important source of information for many people than personal contacts, especially if there are relatively few persons involved in refugee affairs in the given country (Hartmann and Husband 1974 – cited in Finney - Peach 2004). The media also play an exceptional role as an information source in connection with refugee affairs because people receive negative information about members of minorities differently from news not about minorities (Csepeli et al, 1993). The importance of the media's role is also confirmed by the research which found that there is a connection between reports and attacks on refugees and asylum seekers. The investigation found that there was an increase in the number of such attacks when articles appeared in the press reporting on harassments but not condemning them (Esser and Brosius, 1996 – cited in Tait et al, 2004). The media play an especially big role in arousing 'moral panic' in such issues as crime or asylum (Coe et al, 2004). According to Cohen (1987), one of the objects of moral panic today are refugees and asylum seekers. He explains this by the fact that reports on them speak about hostility and rejection; or they treat refugee affairs as a political issue: the successive British governments not only take the lead in the general hatred – thereby legitimising hostility – but they also speak about it in the sensation-seeking style of the tabloid papers (Cohen 2002 – cited in Finney - Peach 2004). A number of other authors also reached the conclusion that the media have a substantial impact in racial and ethnic issues (Miller – Philo 1999, Van Dijk 1991).

3. Refugee affairs in the media

A great deal of research has been carried out on the media and on its representation of minorities. For the most part the various Hungarian and foreign studies have reached similar conclusions: the media almost always report in a negative tone on racial topics, they usually present minorities in a stereotyped and negative way (Vicsek 1997, Terestyéni 2004, Hargreaves 1995, van Dijk 1991, Finney – Robinson 2007). Moreover, the coverage of minorities can be linked mainly to a few topics, such as immigration, crime, cultural differences and ethnic/race relations (Finney – Robinson 2007).

Less research has been done specifically in connection with the topic of migration and refugee affairs, and most of what has been done is the work of British and American researchers. Foreign investigations have found that in most cases the media present immigration and the existence of asylum as a problem or something threatening the host country. As a result the key themes are restricting the rights of immigrants, the burden on the welfare state and the dishonesty of the migrants. Bach found that the media focus more on conflicts than on ethnic harmony; and they rarely obtain information from members of the ethnic minorities. The British media often use certain words and expressions – generally having a negative connotation – in connection with asylum seekers, such as flood, wave, bogus, cheat (Finney – Robinson 2007, Tait et al. 2004). Typically British reports on asylum seekers do not mention why the asylum seekers go to the United Kingdom or the circumstances in which they travel and live, and rarely allow persons involved in refugee affairs to speak for themselves (Philo - Beattie 1999, Finney – Robinson 2007).

At the same time some researchers have shown that there are papers which paint a more positive picture of persons involved in refugee affairs, writing about them in the first person plural and regarding them as part of the local community. Finney and Robinson (2007) compared the refugee image in two British local papers and found that one presents a more positive picture of refugees, interviews them more often and treats them as part of the community. Other research projects also found that a more balanced

treatment is more likely to be found among the local papers with more precise reports about refugees, while the national dailies tend to use more hostile language. Nevertheless many local papers also paint a largely negative picture of refugees and asylum seekers (Speers 2001).

One of the modes of treatment found in the dailies is to present the topic of refugee affairs as an official matter. An analysis examining Welsh media in 2000, for example, found that the Welsh media used a less hostile tone than the British national press in articles on refugees and asylum seekers, but approached topics related to them as “official” matters. Refugees and asylum seekers are treated as figures: financial costs, statistics. There are very few articles about why people seek asylum. As a result asylum seekers are given little opportunity to express their opinions or tell their own stories (Speers 2001).

Another factor potentially influencing the representation of refugee affairs in the press is whether an article appears in a political paper or a tabloid, in what region of the given country, in a liberal or conservative paper (Van Gorp 2005).

A research project prepared and conducted by the Kurt Lewin Foundation and three foreign research institutes examined the representation in the media of minorities, immigrants and refugees in four countries. The print and visual media in Austria, the Czech Republic, Slovakia and Hungary over a period of one month in 2006 were examined, largely using the methods of qualitative content analysis. Although articles on immigrants and refugees made up only a tiny proportion of the research material because the media dealt mainly with the topic of minorities, we nevertheless consider it relevant to present here a few of their findings. The investigation of the print press revealed a striking difference between the press organs of Hungary and of the three other countries. In the latter three countries the dividing line was between the tabloid press and the quality papers, while in Hungary it lies between the left-wing and the right-wing press. They found that the Hungarian right-wing daily *Magyar Nemzet* prints articles reflecting a strong preconception, mainly regarding Gypsies but also on other minorities. A good example of this is that it declared the lack of civilisation among the Gypsies to be the cause of the incident in Olaszliszka, referred to the Slovaks by the derogatory term “tót” and to the Germans in Hungary as “sváb”, as though to evoke nostalgia for the Hungary of the pre-war years.

4. The research

4.1. Methodology

We analysed all articles from the print versions of *Népszabadság* and *Magyar Nemzet* between January 1, 2005 and December 31, 2005⁴, that met the following three criteria:

1. The article included one of the expressions from refugee affairs or migration affairs from the list compiled by us⁵;
2. Its content is connected to the question of refugee affairs⁶.

⁴ The selection was made on the basis of search words – in the online database of *Magyar Nemzet*, and in the *Népszabadság* (not online) database that can only be used on the spot. We then selected articles that appeared in the print versions of the two papers.

⁵ The population of articles analysed comprised on one hand the articles that included in their title or text one or more of the following refugee affairs expressions: asylum seeker, seeks asylum, seeks protection, applicant for refugee status, applicant for asylum, flee, refugee, won refugee status, accepted, refugee affairs, or any declined forms of these expressions. On the other hand we also analysed articles that included in their title or text one or more of the following migration affairs or other expressions: immigrant, immigration, immigrated, migrant, migration, illegal worker, illegal work, guest worker, guest work, domiciled foreign national, stateless person, or any declined forms of these expressions, and that touched on refugee affairs in their content. The migration affairs expressions were included among the search words because it happened in many cases that the author used a migration affairs expression when, in fact, he/she actually meant a person involved in refugee affairs, for example, calling asylum seekers illegal immigrants. This same inappropriate or imprecise use of expressions also characterises everyday speech. If terms from migration affairs had not been included among the search words, articles concerning the theme of refugee affairs but referring to persons in refugee affairs with migration affairs or other expressions would not have been included in the population studied and so the validity of the research would have been reduced.

3. It discusses refugee affairs in more than one sentence.

Applying these criteria, we found 89 articles; these formed the object of the analysis.

The data were analysed by quantitative content analysis (Krippendorf 1995).

In analysing the results we consider the similarities and differences between the two dailies. In some cases we present combined tables – containing the data of the two papers – and refer to the differences only in the textual analysis. In several cases we also present the data in separate tables for the two papers.

The papers analysed are two major national Hungarian dailies. *Népszabadság* is generally more left wing in its political orientation, while *Magyar Nemzet* is a right-wing, conservative paper.

4.2. Results

4.2.1. Basic characteristics of the articles

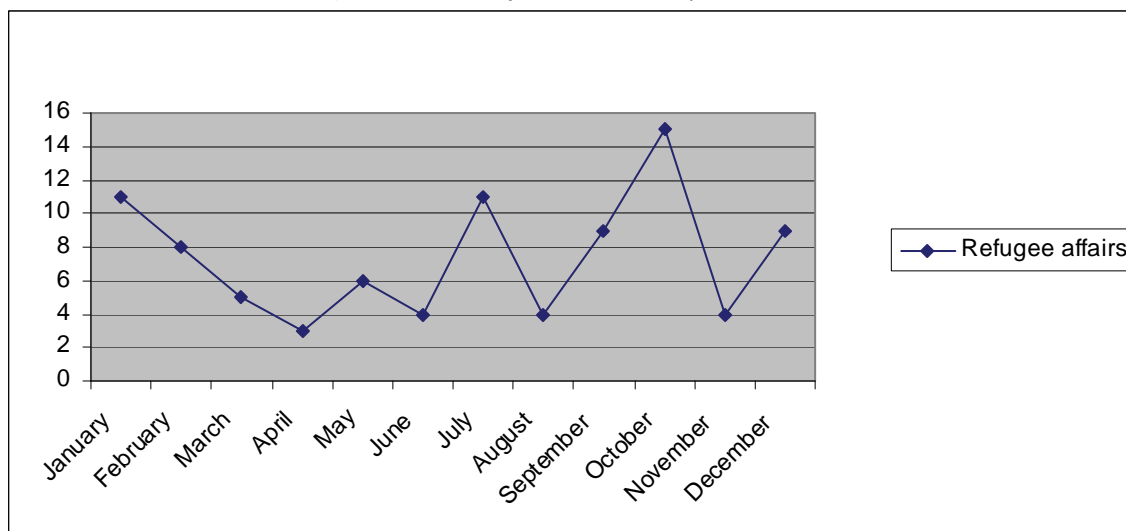
A total of 89 articles touched on the topic of refugee affairs. At the same time, according to our estimates a total of 64,000 articles appeared in the period examined in the daily papers analysed. It can be seen that only a very small proportion of the articles touch on the question of refugee affairs. If we compare this to the findings of other foreign research projects, we see that in other countries too it is generally only a tiny proportion of the articles that deal with the topic (Tait et al 2004, Speers 2001). Of the two dailies examined, *Népszabadság* carried more articles on the topic than *Magyar Nemzet*.

Table 1: Number of articles dealing with refugee affairs in the two dailies

	Refugee affairs	
	Number of articles	Percentage of the sample (N=89)
Magyar Nemzet	38	42.7
<i>Népszabadság</i>	51	57.3
Total:	89	100.0

As the following diagram shows, the monthly distribution of articles is related to various world political events covered in the press. The greatest number of articles on refugee affairs appeared in October when the struggles against the two Spanish cities in Africa, Melilla and Ceuta, were the strongest. At that time asylum seekers “rushed” the high walls around the two cities in order to submit their applications for asylum in territory under European jurisdiction. A smaller proportion of articles appeared in January and July. In July revolution broke out in Uzbekistan. When the Uzbek asylum-seekers “filled” the refugee camps in neighbouring Kyrgyzstan, they were transferred to Romania. It was also in July that many Romas in Slovakia travelled to the Czech Republic to seek asylum. In January a centre receiving minor age foreign nationals was opened in Nagykanizsa, and as the curtain-raiser to the elections in Great Britain restriction of the migration legislation was proposed.

⁶ Articles with a content that placed them in the focus of the research formed the object of the analysis. Articles not touching on the theme but containing one of the above refugee affairs or migrant affairs expressions as an adjective or phrase, such as “People practically fled from Pest at the weekend”, “The shopping centre is a real refuge”, etc. were not included in the population examined. Nor did we include articles about persons who fled from the given country because of a natural catastrophe (or stayed in the country in camps set up for them).

Figure 1: Monthly distribution of the articles

4.2.2. General characteristics of the content of articles

The third table shows the countries figuring in articles on refugee affairs in the two papers. It can be seen that a substantial proportion of the articles in both dailies write about Hungary and the EU member countries. In both papers roughly a quarter of the articles mention Hungary as the country of destination. It is not surprising that Hungary, the EU member countries and other countries appear for the most part as countries of destination and the developing countries as countries of origin. EU countries other than Hungary occur most frequently in the newspaper articles as country of destination: they are mentioned more than twice as frequently as Hungary. Six articles on refugee affairs in Magyar Nemzet and 13 in Népszabadság deal with a developing country. Four articles in the latter paper mention a developing country as country of destination.

Table 3: Countries mentioned in the articles

	Newspaper				
	Magyar Nemzet		Népszabadság		
	Number of articles	%(N=38) ⁷	Number of articles	%(N=51)	
Article writes (also) in general, not (only) specifically about the situation of one or more countries	0	0%	5	9.8%	
Writes about EU situation (also) in general, not (only) about the situation of specifically named countries	6	15.8%	6	11.8%	
Hungary as...	country of origin	1	2.6%	1	2.0%
	transit country	1	2.6%	3	5.9%
	country of destination	10	26.3%	13	25.5%

⁷ Because several countries could appear in several ways in the individual articles, the sum of the figures in the percentage column is more than 100%.

EU member country(ies)- (except Hungary)- as...	country of origin	1	2.6%	1	2.0%
	transit country	0	0.0%	4	7.8%
	country of destination	22	57,9%	29	56.9%
Non-EU developed country as...	country of origin	0	0%	0	0%
	transit country	0	0%	0	0%
	country of destination	2	5.3%	6	11.8%
Non-EU developing country as...	country of origin	6	15.8%	9	17.6%
	transit country	0	0%	0	0%
	country of destination	0	0%	4	7.8%

We examined the topics that appear in the writings.

Regarding the dimension of economic integration we found that the topic of labour market rarely appears in connection with refugee affairs. The extent of financial supports and aid as a theme – that is, what costs refugees and asylum seekers represent for the host country and its citizens – occurred in slightly more articles. On the topic of economic integration the articles generally cite demographic data or note in which other EU member countries asylum seekers in the refugee affairs procedure or refugees appear. It can be seen that Népszabadság places special stress on demography compared to Magyar Nemzet. Fourteen articles in the former deal with demographic factors compared to five in the latter.

Table 4: Topics occurring in the articles – economic integration

Economic integration	Newspaper				Total	
	Magyar Nemzet		Népszabadság			
	Number of articles	% (N=38)	Number of articles	% (N=51)	Number of articles	% (N=89) ⁸
Labour market situation, economic activity, unemployment, structure of employment	4	10.5%	3	5.9%	7	7.9%
Financial situation, support, aids	5	13.2%	4	7.8%	9	10.1%
Demography	6	15.8%	14	27.5%	20	22.5%

In addition to economic integration we also examined the articles appearing in the two papers from the viewpoint of social integration. Regarding social integration the results showed a high incidence – close to one third – of the theme of crime/illegal acts. Almost half of the press articles mentioning crime deal with the asylum seekers who rushed the two Spanish cities in Africa, Melilla and Ceuta, the police who attacked them with rubber bullets and their deportation by bus. One third of the articles report on deportation. Three articles discuss a case of crime committed against asylum

⁸ Individual articles could contain more than one theme; this explains why the sum of the percentage figures column in the three tables dealing with topics amounts to more than 100%.

seekers. Very few writings deal with the topic of relations formed with the host society. The rare occurrence of housing or education affairs indicates that the articles do not place emphasis on social integration. Refugees and asylum seekers generally come from countries where the health services are on a low standard and consequently they are often in need of health examinations and treatment provided in the host country; despite this fact, this topic rarely appears in the writings. Deviant behaviour is present more emphatically in the articles of both dailies than the topics of housing, education, relations with the host society and the health status. The findings presented here are in harmony with the British research conducted by Tait et al, where they often found in articles on refugee affairs such expressions as “horde”, “rabble”, clearly referring to deviant behaviour (Tait et al, 2004). A comparison of Magyar Nemzet and Népszabadság shows that the question of deviant behaviour is raised in connection with the subject of refugee affairs in a considerably higher proportion of articles in Magyar Nemzet.

Table 5: Topics occurring in the articles – social integration

Social, psychological, identification integration	Newspaper				Total	
	Magyar Nemzet		Népszabadság			
	Number of articles	% (N=38)	Number of articles	% (N=51)	Number of articles	% (N=89)
Housing, homeless affairs	1	2.6%	1	2.0%	2	2.2%
School, education, courses	1	2.6%	1	2.0%	2	2.2%
Relations formed with host society, integration	2	5.3%	4	7.8%	6	6.7%
Deviant behaviour (e.g. crime, drug trade)	15	39.5%	13	25.5%	28	31.5%
Health status (physical, mental illnesses)	2	5.3%	0	0%	2	2.2%

Apart from economic and social integration, the articles also dealt with other topics in connection with refugee affairs. Table 6 shows the frequency of occurrence of other topics in articles in the two newspapers. Laws, regulations and political positions on asylum occur as a related theme in around half of the articles. In other words, to a considerable extent the journalists regard questions touching on refugees and asylum seekers as legal, political, “official” matters. This finding is in line with the results of the research examining the content of Welsh newspapers mentioned earlier. That investigation also reached the conclusion that the media treat questions related to refugees and asylum seekers as “official” matters (Speers, 2001). Slightly more than one tenth of the articles can be classified in the category of individual cases and life histories. We placed in this category articles including passages where the author wrote not only about refugees and asylum seekers in general but about an individual refugee/asylum seeker, sometimes even naming the person in the story. One third of the articles classified here relate life histories, presenting the cause and circumstances of the flight in more detail; the remainder of the writings outline the situation of an asylum seeker in one or two sentences. It can be seen that the percentage of articles also presenting life histories is very low (although this proportion is somewhat higher in Népszabadság than in Magyar Nemzet). Our finding that individual cases and life histories represent a low proportion of the total is also in line with the results of earlier foreign investigations (Speers, 2001). We classified eight articles in the category of catastrophe and action. These reported on shipwreck, occupation of a church, or hunger strike.

Table 6: Other topics occurring in articles in the two newspapers

	Newspaper				Total	
	Magyar Nemzet		Népszabadság			
	Number of articles	% (N=38)	Number of articles	% (N=51)	Number of articles	% (N=89)
Laws, politics	18	47.4%	23	45.1%	41	46.1%
Situation of reception centre, group accommodation, refugee camp	7	18.4%	8	15.7%	15	16.9%
Individual case, life history	4	10.5%	8	15.7%	12	13.5%
Art, culture, book	0	0%	1	2.0%	1	1.1%
Catastrophe, scandal-type events	6	15.8%	3	5.9%	9	10.1%
Other	0	0%	2	3.9%	2	2.2%

Taking all topics into account, it can be seen that the topic of laws and politics occurs most frequently in articles on refugee affairs, followed by crime and demographic factors.

4.2.3. Proposed solutions

We examined what proposals can be found in the articles for the handling of problems related to refugee affairs⁹. Close to 30 percent of the articles mention the need for stricter legislation on refugee affairs and one tenth contained proposals for the deportation of persons involved in refugee affairs. Only four of the articles mention that increasing the number of programmes to assist integration could be a solution to the problems of refugee affairs. The following table shows that in both papers only a few articles offer solutions for the problem of refugee affairs. In the case of both papers there are more articles proposing deportation and stricter legislation as a solution than writings containing solutions reflecting a positive attitude to refugees (a bigger role for the state and an increase in integration programmes). However, there is a higher proportion of solutions reflecting the latter positive attitude in Népszabadság than in Magyar Nemzet.

Table 7: Proposed solutions appearing in the articles

	Newspaper				Total	
	Magyar Nemzet		Népszabadság			
	Number of articles	% (N=38)	Number of articles	% (N=51)	Number of articles	% (N=89)
Mentions proposed solution¹⁰	12	31.6%	13	25.5%	25	28.1%
Stricter legislation	8	21.1%	8	15.7%	16	18.0%
Deportation	4	10.5%	5	9.8%	9	10.1%

⁹ We examined only what proposed solutions appeared in the article – not whether the author agreed with the proposal or not.

¹⁰ It is important to take into account for the interpretation of the table that an article may mention several proposed solutions.

Greater role for the state	0	0%	2	3.9%	2	2.2%
More programmes assisting integration	1	2.6%	3	5.9%	4	4.4%

4.2.4. General characteristics of persons involved in refugee affairs in the articles

Most of the persons involved in refugee affairs who appear in the articles are from Africa or Asia. Among the European persons in refugee affairs the articles deal mainly with those of Hungarian and Serb nationality. They write about persons of Hungarian nationality mainly in connection with 1956 or in the case of persons who are ethnic Hungarians but not Hungarian citizens (who came from Transylvania or Vojvodina to seek asylum). Only two articles mention refugees or asylum seekers from the American continent. As regards the differences between the two papers in connection with the origin of persons in refugee affairs, it was found that there were more than twice as many articles in *Népszabadság* about persons arriving from Asia. In contrast, *Magyar Nemzet* placed greater emphasis than *Népszabadság* on refugees and asylum seekers from Europe. The proportion of articles about ethnic Hungarians is twice as high in *Magyar Nemzet* (16%), compared to *Népszabadság* (8%). Both papers devoted much attention to persons arriving from Africa and showed only minor interest in American refugees and asylum seekers.

Table 8: Origin of persons involved in refugee affairs¹¹

	Refugee affairs	
	Number	% (N=89)
	of	
	articles	
Asia	25	28.1%
Chinese	2	2.2%
Korean	3	3.4%
Iraqi	3	3.4%
Iranian	2	2.2%
Turkish	2	2.2%
Afghan	5	5.6%
other Asian	12	13.5%
Europe	21	23.6%
Slovak	3	3.4%
Hungarian	10	11.2%
Romanian	5	5.6%
Serb	7	7.9%
Serb-Montenegrin	2	2.2%
Ukrainian	2	2.2%
other European	7	7.9%
America	2	2.2%
Mexican	1	1.1%
Africa	32	36.0%

¹¹ It is important to take into account for the interpretation of the table that an article may mention several nationalities/citizenships and that there were articles mentioning only the continent of origin.

The articles often give no information on the personal characteristics of the refugees or asylum seekers. The most frequently mentioned among the characteristics we examined was what status the asylum seekers were given: this appeared in one third of the articles. Where the articles write about the status given to persons in refugee affairs, in the majority of cases they write about refusal or deportation. Only one third as many articles mention that the applicant was given refugee status.

One quarter of the articles touch on the question of whether the persons involved in refugee affairs arrived in the given country legally or illegally. In the articles discussing the manner of entrance, reports on illegal entry dominate. There are a few articles in which legal border crossing also appears, but at the same time in all of these articles greater emphasis is placed on illegal entrance.

Among the personal characteristics, only one fifth of the articles on refugee affairs mention the reason for flight. According to the newspaper articles, in the majority of cases people become persecuted in their own country because of their political convictions, but many people also flee from conflicts and civil wars¹².

The gender and age of persons in refugee affairs is generally mentioned in around a fifth of the articles. There are more articles featuring men than women. And about twice as many articles mention adults as children or minors.

If the article gives any information on the financial situation of persons in refugee affairs, it can be classified in the “rather bad” category. Only two articles mentioned the educational qualifications of persons in refugee affairs, but in these the emphasis was on higher qualifications. The reason for this could be that the author considers it important to mention educational qualifications precisely when the person in refugee affairs has higher qualifications.

Table 9: General characteristics of persons in refugee affairs

General characteristics of persons in refugee affairs		Refugee affairs	
		Number of articles ¹³	% (N=89)
Gender	Indicated in article	19	21.3%
	Female	11	12.4%
	Male	16	18,0%
Age	Indicated in article	20	22.5%
	Child, minor	10	11.2%
	Adult	18	20.2%
Educational qualifications	Indicated in article	2	2.2%
	Primary	1	1.1%
	Secondary	0	0.0%
	Higher	2	2.2%
Financial situation	Indicated in article	4	4.5%
	Bad	3	3.4%
	Good	2	2.2%

¹² Armed conflict does not figure in the Geneva Convention; we have included it among the causes listed because of the definition of asylum seeker.

¹³ For each article we coded whether the given characteristic – e.g. age – appeared at all in the article. Then we examined whether the article mentions, for example, child, minor and/or adult. Since several age groups could appear in the same article, the sum of the number of articles mentioning children and the number mentioning adults is greater than the total number of articles indicating the age of the persons concerned.

Reason for leaving own country	Indicated in article	16	18.0%
	Religious reason	1	1.1%
	Ethnic identity	1	1.1%
	Political convictions	8	9.0%
	Armed conflict	6	6.7%
Manner of entering country	Indicated in article	23	25.8%
	Legally	4	4.5%
	Illegally	23	25.8%
Status given to asylum seeker	Indicated in article	29	32.6%
	Allowed to stay	1	1.1%
	Refugee status	7	7.9%
	Being processed	3	3.4%
	Rejected and/or deported	24	27.0%
How was refugee status terminated?	Indicated in article	3	3.3%
	Renounced	1	1.1%
	Expired/withdrawn	2	2.2%

The statuses received by persons involved in refugee affairs may be terminated in a number of ways: by renunciation, withdrawal or expiry. One of the articles reported on voluntary repatriation and two articles mentioned the expiry of status/permit.

A comparison of what is written about the characteristics of persons in refugee affairs in the two papers showed that children and women occur in a higher proportion in *Népszabadság*. The manner of crossing the border is mentioned in a much higher proportion of articles in *Magyar Nemzet* than in *Népszabadság*. At the same time, in articles discussing the manner of entry, less emphasis is placed on legal border crossing in the case of *Magyar Nemzet*.

One of the considerations taken into account in our analysis was whether the articles cite persons involved in refugee affairs. We found only three articles in which this occurred. As we showed in the survey of the literature, a number of other investigations have also found that the persons involved are rarely given a say in articles on refugee affairs (Speers 2001).

Table 10: Number of articles in which a person involved in refugee affairs is cited

	Newspaper				Total	
	Magyar Nemzet		Népszabadság		Number of articles	% (N=89)
	Number of articles	% (N=38)	Number of articles	% (N=51)		
Person involved in refugee affairs is cited	1	2.6%	2	3.9%	3	3.4%

5. Conclusions

On the whole it can be said that our results are similar to those of press image analyses made in a number of countries. One element of the similarity is that the articles analysed often treat refugee affairs as an “official” political matter. The topic of laws and politics occurred most frequently among all the topics in articles on refugee affairs, followed by the topics of crime and demographic questions. The high proportion of legislation and political positions conveys the image that refugee affairs are a state or intergovernmental matter, an “official”, legal, political issue rather than a humanitarian question. If humanitarian aspects were to be stressed, the articles could have written, for example, about the reasons why persons involved in refugee affairs left their own countries. However this mode of presentation appeared only rarely in the papers. The profile of the newspapers examined only partly explains the high representation of the topic of politics and law.

Most of the articles published in both papers write about problems and conflicts in connection with refugee affairs. The question of refugee affairs was often presented together with a negative topic: it was linked in the articles to the topic of crime/illegal actions. Few articles write about persons who have successfully integrated into the host society, programmes assisting refugees or other positive developments. Foreign research projects examining the media image of minorities, refugees and asylum seekers also found that these groups are often presented in a negative way. As a result of the entertainment function of the media, negative news dominate other topics too because they have greater news value than positive news items. The high proportion of negative articles presenting problems in connection with the theme of refugee affairs is therefore not surprising. At the same time, the negative media image has different significance for different topics. We consider that the question of refugee affairs is a topic where the image shown by the media is of great relevance: the media can be a more important source of information on this subject than personal contacts, especially if the number of persons in refugee affairs is small within the given society. The negative representation in the media of persons involved in refugee affairs is a serious problem because people treat negative information concerning minorities differently from similar reports not about minorities. People are far less likely at such times to find an excuse for the negative behaviour than in the case of persons not belonging to a minority and they also tend to generalise to the whole of the given minority (see, for example, Csepeli 1993).

The “most directly” affected, persons involved in refugee affairs, are rarely given an opportunity in the articles to tell their life stories, the cause and circumstances of their flight.

The images of refugee affairs in *Magyar Nemzet* and *Népszabadság* show significant differences in a number of respects. *Magyar Nemzet* devotes considerably more attention to the topic of crime/illegal actions and *Népszabadság* to demographic questions. *Népszabadság* carries more proposed solutions related to refugee affairs reflecting a positive attitude to persons involved in refugee affairs. Regarding the origin of persons in refugee affairs, *Népszabadság* contains a higher proportion of articles about persons coming from Asia. In contrast, in *Magyar Nemzet* there is greater emphasis on persons in refugee affairs from Europe and in particular ethnic Hungarians.

The number of articles analysed is relatively small. This can be explained in part by the narrow definition of the theme: we included in the analysis only those articles that touched on the theme in more than one sentence and we took the legal concept of refugee affairs as our basis (the number of publications examined would have been greater if we had included among the articles analysed, for example those dealing with persons fleeing from natural catastrophes). Partly it is also obviously due to the fact that the number of articles, which appeared on the topic of refugee affairs, is very small in both papers: in the whole of 2005 only a few articles touched on the theme of refugee affairs. Our plans for the future include expanding the research material: we wish to give a broader definition to the theme in order to take into account the full scope of migration, extend the analysis to a wider range of newspapers and include also the years 2006 and 2007. With this latter research aim we wish to create the possibility for a long-term, longitudinal research project that would examine this special

segment of migration, a social phenomenon of growing importance at the European level, studying its representation in the media of Hungary, a country regarded as a transit country in refugee affairs.

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Immigration during the Wild Years: Chinese Pioneers in Bucharest¹

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Abstract

Since 1990, a small number of migrants from the People's Republic of China (PRC) have constituted a publicly little known immigrant population in Romania. This migration flow arose from political and economic changes in the post-Mao era in the PRC and increased after the 1989 Tiananmen massacre in Beijing. Concurrently, a transition was taking place in Eastern Europe, and with the downfall of the dictatorial Ceausescu regime, Romania became a new option for immigrant entrepreneurs. They were now able to enter the country easily, and to start up businesses.

In this article based on a case study on the Chinese Community in Bucharest, I will focus on the historical development of the new Chinese migration wave to Eastern Europe, the immigration-process during the early 'wild' years of transition in the 1990s and finally the political and economical embeddedness of Chinese immigrants into the transition society. In particular, the article intends to highlight the complexity of the immigrants' network-building during this process. This implicates both, the transnational link to the homeland on the one hand, and the immigrants' incorporation into a rapidly changing host society on the other.

Introduction

Since 1990, the Chinese community in Bucharest has remained a relatively inconspicuous immigrant group, and its social reality has also received little attention from research on migration. The community is almost entirely composed of business people and textile traders coming from several provinces of the People's Republic of China (PRC). In the wake of overall post-1989 Chinese migration to Europe, and assisted by the burgeoning transnational networks that appeared between China and Eastern European cities, Bucharest became a main destination for Chinese migrants. On the basis of a Case study on Chinese immigration in Romania I shall examine the new Chinese migration to Eastern Europe and the development of the Chinese immigrant community in Bucharest. This article will focus on the rise and development of Chinese markets during the early years of economic transition, the migrants' lives ('Lebenswelt') in the context of Romanian migration policy, and their localised incorporation into the urban environment of Bucharest.

¹ The article is part of my doctoral thesis, which will be published in 2008: *Die chinesische Community in Bukarest. Eine fallrekonstruktive Studie zur chinesischen Migration nach Rumänien seit 1989*. Potsdamer geographische Forschungen. Potsdam: Universitätsverlag.

First, I shall explore the thematic associations that set the tone in public and political discourse on immigration in Romania since 1989. This then leads into a glimpse of some relevant data on immigrant groups.

Second, I shall describe the post-1989 Chinese migration flows to Eastern Europe, as well as touch upon some specific political events that catalysed this new trans-national migration to Bucharest.

In the third chapter, the traces of the Chinese migrants to Romania after 1989 and their challenge of discovering new ‘docking points’ in local structures of transition will be reconstructed.

I will conclude by explaining the embeddedness of the Chinese immigrant community in Bucharest in the context of political, economic and social structures during the period of transition.

1. Discourses and general data relating to immigration in Romania since 1989

The post-1989 transition process in Romania simultaneously led to new migration flows to the country. During the first period of transition and up until today, both academic and political elements in Romania have focused their attention on the Romanian German minority’s emigration to the West and the economically-induced circular labour migration of Romanians working abroad.²

In international migration circles, Romania became known as ‘a transit point’ for refugees/asylum-seekers,) and Bucharest was dubbed ‘a hub of international organised crime and global human trafficking.’ Romania’s entry to the North Atlantic Treaty Organization (NATO) in 2004 and its high ambitions in achieving accession to the European Union (which happened in 2007) provoked a substantial and profound change in migration policy, in terms of internationally contested issues such as asylum or border controls (Baldwin-Edwards 2005, Lazaroiu and Alexandru 2005, Constantin et al. 2004). Alongside the popular discourses on emigration and transit migration, an unnoticed settlement of immigrant communities in Romania was on the rise. This immigration “occurred underground, silent, without any notice from public and authorities” (Lazaroiu 2004, 10).

Following the line of official discourse and talking with experts in the field of migration policy and research, however, has not assisted my quest for further information on immigrant groups settled in Romania. Officials carefully avoid talking about the existence of immigrants, and even if the latter are mentioned, clear responses are avoided; for example, “For the moment, Romania is not an immigration country. That is the basic statement from my side.”³ Few studies have been published on new immigration flows in Romania; statistics and other official data are hard to come by. Immigrants who have been issued visas for residency in order to work or start a business in Romania⁴ were not part of the political discourse – I observed that speaking about them with state officials was actually ‘taboo’.

Thus, I decided to locate the ‘unknown’ population groups of Bucharest myself. I began by asking locals about the whereabouts of the ‘straini’.⁵ They referred me to markets on the north-eastern outskirts of Bucharest, and described these markets as “dangerous” areas, places where “bad things” happened as only “Chinezi, arab si țigani”⁶ and “thieves and stray dogs” were present, and where “no Romanians” were to be found. I was also warned that these markets were “overcrowded and cramped”, where only “dirt-cheap stuff” was sold and that “I should take care of my handbag.”⁷

² The effects of ‘human capital export’ have been seen in its gains (e.g. money remittances) as well as in its losses (e.g. national brain-drain) (Constantin et al. 2004).

³ Translated interview citation

⁴ A small number of Chinese nationals have annually applied for asylum in Romania. However, when it comes to legal residence status, most Chinese tend to fall in the ‘foreign investor category’, and thus fall outside the remit of migrant organizations/NGOs.

⁵ Romanian: foreigner, stranger

⁶ Romanian: Chinese, Arabs and Gypsies

⁷ Quotes from interviewees

In addition to exploring the daily discourse in Bucharest on immigrants in general,⁸ I also analysed public opinion regarding immigrants on the basis of media coverage.⁹ When Romanian media outlets referred to Chinese people, they wrote about “*sindicatelor criminale*” (Radu 2003 III: 3) from China, mostly in connection with “criminal networks of multiple ethnic origin”¹⁰. It was suggested that these immigrants either colluded and/or fought each other by using Romanian territory as their ‘trans-shipment centre’. Nationals of countries in the Near East, China and Russia were seen as being involved in smuggling and trafficking. Otherwise, immigration was simply described as a “danger from outside” and a “threat to Romanian society”, as illustrated by headlines like “*Invazia galbena*”¹¹ (Radu 2003). In this manner, we can see how on one hand the political realm suppressed immigration issues and denied their existence, while on the other hand, a sense of menace – one relying on an ‘ethnicization of crime’ (Püttner 1998) – insidiously became part of public discourse.

This discourse should be seen within the context of a flourishing shadow economy (Mungiu-Pippidi 2000, Stanculescu and Ilie 2001, Ciupagea 2002, Neef and Adair 2004). It is also important to note that the Romanian society also suffers from corruption within state agencies. Both of these factors encourage a medium for informal networks and the establishment of the so-called ‘organized crime’ phenomenon (Mateescu 2002).¹² The common use of the term ‘Mafia’ (and related terms) in post-Communist Romania is a reflection of those complex and largely inscrutable/intransparent phenomena (Mateescu 2002). Terms related to mafia are fluently used by politicians, media and the public to speak about the common social, political and economic problems in transition without specifying them, in order to avert from their own suspicion and to shift responsibility on ‘others’.

The collective view by officials and the media also significantly impact the manner in which Chinese immigrants settle down, work and are regarded by locals in Bucharest. The public perception of new immigrants in Romania during the transition process can be explained in further specific aspects: Firstly, the state of the political discourse, focused as it is on international border security, leads to a national attitude of defence against and protection from ‘foreigners’. Secondly, Romanians associate ‘foreigners’ with their own image abroad. Experiences as labour migrants in Western Europe are oftentimes connected with unpleasant feelings due to their relative poverty with the ‘rich West’ and their image in Western Europe as ‘economic parasites’. Both phenomena could likely effect Romanian attitudes of intolerance and prejudices regarding immigrants.

This discourse leads to a lack of information for both the public as well as within academic circles. Official statistics on immigrants in Romania are either completely non-existent or sadly inadequate, thus making it difficult to precisely state the number of immigrants in the country today. As it is of interest to know how many immigrants have been living in Romania for longer periods of time (including those who may receive permanent residency status), I used statistics on visa authorisations; between 1989 and 2003, permits for either six months, one or five years. These unpublished tables, located at the Romanian Interior Ministry, show that by far the most visa authorizations were given to Chinese people (8750), followed by citizens from Turkey, Iraq, and Syria.¹³

⁸ A similar picture is reflected in public discourse about the city Timisoara, in the western region of Romania (Banat): a long street in the town’s old district (called Josefin), which is filled with little bazaars selling Chinese and Arab goods, is nicknamed the ‘Gaza Strip’ in local slang.

⁹ These labels are composite paraphrases extracted from the discourse analysis undertaken in this research. This effort encompassed interpretations of interviews with experts as well as analyses of the following Romanian newspapers: *Adevărul*, *Gardianul*, *Ziua*, *Cotidianul*, *Allgemeine Deutsche Zeitung für Rumänien*, *România Liberă*, *Evenimentul Zilei*, *Cronica Română*, *Libertatea*, *Jurnalul Național*, *Capital*, *Curierul Național*, *Actualitatea Românească* - ziarul românilor de pretutindeni, *Jurnalul de dimineață*, *Dilema*.

¹⁰ This is a citation of the interview with the above quoted journalist Paul Radu.

¹¹ Romanian: “The Yellow Invasion”

¹² The common use of the term ‘mafia’ in post-Communist Romania is “a reflection of the process of state representation at the local level, underlining the strong connections between organized crime and political corruption.” (Mateescu 2002)

¹³ A numerically important group of immigrants get here/enter from the Republic of Moldova. Dual citizenship, illegal migration, and/or forged passports are specific phenomena related to this immigration group. Inaccurate statistics are also caused in the fact that some autochthon minorities have their numerical representatives labeled as “non Romanian ethnics” as

In addition to the 2003 Census and statistics on working permits and border crossings, one can find statistical information in economic data conducted on businesses in Romania, since it is a well-established fact that immigrant communities are predominantly entrepreneurs. However, these tables differ from case to case (depending on the specific issue and object of registration), and also reflect data inconsistencies in published reports (Laczko et al. 2002, Constantin et al. 2004, Nyiri 2003). To conclude, it can be stated that similar to other Eastern European countries such as Poland, Ukraine and Hungary, the Romanian labour market is linked with “an ethnicization process, particularly in respect of certain types of activities and certain countries of origin” (Iglicka 2005, 103). On the one hand, countries like the Netherlands, Austria and Germany lead in terms of direct investment,¹⁴ but this does not mean that they are local residents. On the other hand, the numbers of people from the Republic of Moldova, Ukraine and Bulgaria are significant in terms of work permits (Laczko et al. 2002). But what is of high significance within this context, however, are the figures “in between” – some countries denote a high number of new companies as well as a large figure of foreign capital (or shared capital), combined with many authorizations of residency. By contrasting different statistics, my analysis concludes that Turkey, China, Syria, Lebanon, Iraq and Italy are the most active immigrant entrepreneurs in Romania. Last but not least, the high rate of so-called irregular migration (calculated by contrasting international surveys and national police data) verifies the presence of these immigrants (Migration News 2004, Lăzăroiu 2004, Laczko 2003, Mateescu 2000).¹⁵ The results of my studies show the following facts about the Chinese community in Romania:

Between 1997 and 1998– considered to be the boom years of Chinese immigration to Romania – it can be estimated that some 20,000 Chinese people resided in Bucharest. Currently, this number has decreased to somewhere between 6,000 and 12,000.¹⁶ Almost all of the immigrants live in the capital city of Romania. They are entrepreneurs in its entirety – 96 per cent of them are in the business sector (Laczko et al. 2002, Constantin et al. 2004) and that’s why they are labelled as ‘immigrant entrepreneurs’ in official statistics.

However, during the fieldwork undertaken for this study, it became clear that this group was anything but homogenous. Rather, it is a microcosm of diversity emanating from the differing origins, motives, and social strata of the migrants. Not all of them have been businessmen in China, but students, intellectuals, journalists, professionals, labourers etc. Some of them came from Shanghai and Beijing, others from traditional emigration-regions like Zhejiang and Fujian provinces.¹⁷

I shall now examine the historical background and characteristics of the new wave of Chinese migration to Eastern Europe after 1989 which give explanations for the community’s social diversity.

2. Causes, Catalysts and Characteristics of the new Chinese Migration to Eastern Europe

The new Chinese migration flow (Pieke and Benton 2000, Nyiri and Savaliev 2002, Laczko 2003) into Eastern Europe can be seen as an integral part of a longer process that began in the 1980s, during which the People’s Republic of China openly began to display its aspirations to be a global economic power. Two internal developments in the PRC assisted in bringing about the necessary economic and political pre-conditions for the new emigration: the staggered privatisation of state enterprises and the

the Turkish, Ukrainian and Italian minority in Romania. Migrants from Turkey, Ukraine, and Italy have been added to their ‘ethnic counterpart in Romania’ in statistics. (cf. INSSE - Institutul National de Statistica Romania 2003).

¹⁴ According to statistics obtained from the National Trade Registry (2005).

¹⁵ Many statistical sources on international irregular migration have been included, as have newspaper articles on this topic. However, these are based on estimations and are not worth mentioning here in full.

¹⁶ These estimates are the result of questionnaires, distributed at the markets, interviews with experts, calculations based on the circulation of Chinese newspapers in Bucharest, secondary analyses of published data of the National Institute of Statistics and Chamber of Commerce as well as of unpublished statistics from the Romanian Interior Ministry on visa authorisations between 1989 and 2003.

¹⁷ These are results from my questionnaires. See also IOM 2000.

introduction of capitalist instruments into economic policy (Giese 2000), and the shift of focus to the export market, thus encouraging gradual integration into the global economy.

The entry of China as a strong player in the global economy has been assisted by the activities of Chinese migrants in Hong Kong, Taiwan and Singapore but also in Japan, the USA and Europe. For the PRC's political agenda, the new Chinese emigrants have an important function, because they were – and continue to be – for economic growth targets absolutely crucial. The decisive aspect of the relationship between Chinese migrants and their homeland is that “China's modernisation and opening” were a “conscious strategy” that was planned and controlled by the leadership of the Communist Party (Castells 2003, 323). This resulted in stronger links by migrants to their homeland, which in turn exercises a high degree of control over them (through transnational connection in varied forms).

In the late 1980s and early 1990s, many Chinese – as recounted below by a businessman – especially those engaged in trading textiles were actively encouraged to focus on the export market:

China was in debt and wanted to solve this by trading with foreign countries. Remember, everything was state-owned and so the government came along and asked people: 'Do you have any relations abroad?' Ok, don't let me keep you. And since you're already producing textiles, just ship them overseas.¹⁸

Emigration out of China was also facilitated by the fact that industrial cities in the Eastern Chinese coastal provinces had, by the mid-1980s, become destinations in a country-wide labour migration process. This had the added effect of making large parts of the population extremely mobile.¹⁹ Eventually, the post-1998 economic crisis and subsequent mass lay-offs transformed these provinces into sites of emigration (Giese 2000, Laczko 2003).

Along with the long-term economic changes, two specific (and unrelated) political events acted as catalysts for the new migration flow to Eastern Europe. Firstly, in 1988 Hungary decided to abolish visa requirements for Chinese nationals. Secondly, the 1989 Tiananmen Square massacre, where the Chinese government used violent means to crack down on student protesters, propelled many intellectuals and business people to emigrate abroad (Nyiri and Savaliev 2002). These two events led to the arrival of nearly 40,000 Chinese in Budapest within a two-year span and as such can be considered ‘unintended push factors’. The Hungarian capital became one of the most important destinations for the new Chinese migrants. Belgrade, Warsaw and Moscow were other hubs from which migrating business people began to spread across Eastern Europe (Portiakov 1999).

Moscow was also transformed into one of the more popular destinations for migration flows from China. Migration between China and Russia, however, had a much older history, as was also the case with Poland (Roe 2002); post-1991, Chinese-Russian migration became disproportionately larger vis-à-vis migration to other Eastern European countries (Gelbras 2002).²⁰ Due to massive ‘illegal’ migration only vague estimates of Chinese-Russian migration are available. Gelbras (2000) offers an estimate of some 600,000 Chinese migrating to Russia between 1992 and 2000. A growing number of Chinese people, who primarily migrated from Wenzhou and Qingtian in south-eastern Zhejiang provinces to Russia, came to the CSSR, to Hungary and often went on towards Germany, France, Italy and Spain (Giese 2000).

The zenith of the Chinese migration flow to Eastern Europe was between 1998 and 2001. Simultaneously, the flow of ‘illegals’ reached its peak all over Europe. According to the Romanian Border Police and unpublished statistics, Romania was also included. An Austrian Interior Ministry

¹⁸ Translated interview citation.

¹⁹ In this context, new occupations dealing with various organisational aspects of migration arose. These came to be part of the useful infrastructural framework for the later migration flows (Giese 2000).

²⁰ Due to massive ‘illegal’ migration only vague estimates of Chinese-Russian migration are available. Gelbras offers an estimate of some 600,000 Chinese migrating to Russia between 1992 and 2000 (Gelbras 2002).

reporting on 'illegal migration' from Asia stated: the police estimates that in 2001, some 200,000 Chinese without proper documentation were waiting in the Balkans while in transit to the West.

The city of Belgrade became of particular strategic importance during the NATO bombardment of Serbia in 1999. Back then, the PRC was one of the few countries that sided with Yugoslav President Slobodan Milosevic's regime, and Chinese citizens were at the time allowed to travel there without restriction. After the Chinese Embassy in Belgrade was hit by a missile during the bombing campaign, the Chinese-Serbian ties were strengthened (Nyiri 2003). During this short period, several daily flights from Chinese cities to Belgrade took place.

The first pioneers came mostly autonomously and had to set up their own networks, whereas migrants who followed were more organized by 'migration-networks' in which all sorts of actors or interests have been involved. A Chinese businessman who came via Thailand to Hungary and who finally landed in Romania where he still lives today, told me about his first experiences and activities in Eastern Europe. He first arrived in the capital city of Hungary, in Budapest.

On my arrival in Europe, I had only USD 2500 in my pocket. At that time, they (Hungarians) charged USD 120 daily from strangers looking for board. An agent brought me to his house. He himself had just arrived in Budapest three months earlier, but managed to rent a flat in Budapest. This man went everyday to the main train station in Budapest and waited for Chinese migrants arriving in the city, offering them accommodation. He charged a lot of money for it. I stayed at his house the first few days and bought all documents I needed, including a passport. This man was a trafficker/facilitator. The price varied for migrants who got a bed and for those who slept on the floor. In the refrigerator, he had small dishes of food for which he also charged very high prices.²¹

Shortly after, in 1992, lots of the newcomers left Budapest because of intensified operations by the authorities to restrict immigration and the reintroduction of visa permits. They were looking for other places to live and trade in the neighbouring countries like Poland, Czech Republic, Slovakia and Romania (e.g. Nyiri 1999). Immigration to Budapest did not stop but new forms of ('illegal') organisation and networks (e.g. document forgery) were established. Generally, the new Chinese migration flow to Europe has the same procedures as other global 'irregular' migration phenomena (see Nyiri 2003, Benton and Pieke 2000). It is also "effected by way of professional migration agents or smugglers, known as 'shetou' (Chinese: snake heads), who operated commercially within international networks run by compatriots, and sometimes even relatives." (Giese 2000, 294).

In the following section, I will retrace the steps of the highly mobile Chinese migrants to Romania after 1989, and examine their challenges in discovering new 'docking points' in local structures of transition.

3. Docking to Bucharest in the early 'wild' years of transition

The first Chinese arrivals in Bucharest were mainly young male (and sometimes female) pioneers probably well-aware of economic and social "risk" in their quest for better lives in Europe. What they knew about the Eastern European countries was what they read in newspapers or what they heard from friends – that was as far as their knowledge went. A young married couple from Zhengzhou²² chose to go to Europe aspiring for good commerce and trade. During an interview in 2004, one man, while thinking about that time, said to me: "The way we saw it? Well, we had nothing to lose".²³

Indeed, after the fall of the Ceausescu regime, it was not particularly hard to find market niches in Romania (or in fact, in any post-Communist state) as most goods were in scarce supply. Hence, many

²¹ Translated interview citation.

²² City in the northern Henan province of China

²³ Translated interview citation.

Chinese arrived with luggage filled with 'China goods', which consisted mostly of textiles and small utensils usable in daily life. These were sold "straight out of the suitcase"²⁴ at the numerous public markets in the centre of Bucharest. Although the Chinese migrants worked and traded hard in these markets, they did so in an atmosphere of profound economic and legal insecurity.

Right at the arrival at the airport there was personal control/check/search. They always took bribes – said, go into the cabin and take off your clothes! You had to take off everything. They checked you, counted your money and kept two notes. You couldn't resist.²⁵

Regardless, the fees and bribes which had to be paid by foreigners at the Romanian border did little to impede business. After a few years, trading became more organised. The goods reached Romania in small containers via shipping. Soon thereafter traders formed co-ops and began organising freight-size sea-cargo shipments. Eventually Chinese immigrants no longer needed to use the land route or come via transit points in Budapest and Moscow as these were replaced by transnational networks leading straight to Romania by plane or ship. A large number of migrant workers followed the pioneers. Commerce from the PRC to Romania was soon almost exclusively via maritime routes. Constanta, the biggest (and most important EU-) port on the Black Sea, located about 230 kilometres east of Bucharest, was the natural point of entry. Assuredly, this strategic commercial junction was a deciding factor in helping Bucharest become the site of one of the most important Chinese community migrations to Eastern Europe in the following decade.

At the beginning of the 1990s, a hypermarket system similar to the ones found in other Eastern European cities such as Budapest or Prague, emerged in Bucharest. Perched on the outskirts of Bucharest and conveniently situated by road and rail crossroads leading to Constanta, bazaars with booths and storage containers were set up to cover a large market area. The name 'Piata Europa'²⁶ is eponymous not only with the oldest of the smaller bazaars, but also as the term usually employed by Bucharest residents when referring to this market in general: 'Let's go to Europe!' The bazaar and stall proprietors specialized in bulk sales, acting as magnets for merchants from all over Romania as well as from neighbouring countries. Retail sales of various items at bargain prices (mainly textiles and shoes 'Made in China') also make the markets popular for locals, and the tram running to 'Europe' is usually teeming with city dwellers.

Despite the big shopping crowds that regularly show up on Saturdays, the market has had a bad reputation in town due to the media's embellishment of supposed 'links' between some trade protagonists and individuals from Romania's 'underground' (Radu 2004). Connections between 'Chinese triads' (*ibid.*) and local Romanian underground clans were assumed to be very strong. There have been newspaper reports of the genesis of these markets. The then-Director of the Romanian Interior Ministry's Foreigner and Passport section, named General A., bought a share of the market area where many of the Chinese sellers worked (Candea and Radu 2001). Many Chinese immigrants received their visas around this same,²⁷ and media reports insinuate that this is hardly a coincidence, that corruption was rife here as well.²⁸ Furthermore, journalists pointed out that the civil servant in

²⁴ Translated interview citation.

²⁵ Translated Interview citation.

²⁶ 'Europe Market'

²⁷ 783 Chinese, 505 Turks, 474 Syrians and 366 Iraqis received visas in 1992.

²⁸ Debates on the phenomena of corruption and 'state capture' are problematic because of non-existent legislation in the early 1990s (Mateescu. 2002). However, corruption along these lines is not a new phenomenon. The online newsletter *Migration News* wrote: "Government corruption in transit countries is reportedly rife. In Belize, the Minister for Immigration was fired after he accepted bribes from Chinese smugglers. In July, the regional chief of the Mexican immigration service in Tijuana and two of his deputies were dismissed and charged with corruption. In May, a Hispanic civil rights leader and three Taiwanese were charged with providing false documentation to illegal Asian immigrants (see MN, May 1994)." (Online Migration News (2004), 'Chinese alien smuggling', *Migration News* 1(4) 1994, online: http://migration.ucdavis.edu/mn/more.php?id=469_0_2_0)

question, General A., died in an unclarified car accident in 1995, whilst his body-guard went on to make his career at the markets.

Today, the property scenario and property conditions of the market are still vague and obscure. Presently, the market area is divided into several parts, each run (or even ruled) by different entrepreneurs or companies. This often leads to conflicts between businessmen and local authorities. Current conditions are conducive to territorial attitudes. When walking up a bridge which lies close to the market area structures belonging to main owners are easy to distinguish. One section is full of broken-down, damaged stalls where fires have left their mark, giving the whole area a slum-like air. This, the oldest part of the market, built in 1992 and named 'Europe Market', is now managed by a well-known but disreputable Romanian entrepreneur. The other part of the market, built in 1994/1995, is well-regulated, with nicely painted stalls, cleaning equipment and a guard-system. The management of the latter is shared by three business partners: a Chinese, a Turk and a Romanian.

Another facet of its dubious history, namely multiple murders and the 'mafia-like' conditions for buying and selling at the Europe Market, appear in the concentration of media reports, from 1992 and 1995. The Chinese networks themselves were characterised by a strong hierarchical structure, dominated and enforced by 'Clans'. Journalists describe one of the most famous Chinese underworld-leaders:

Ye Feng, also called 'Fun', is feared among the Chinese in Bucharest, and has built his image on the stereotypical modern mobster: short and chunky, wearing a black suit, black sunglasses, long hair tied back in a ponytail, and driving a black, shiny Jaguar.

According to newspaper accounts in 1994, a 'Chinese triad' (of which one clan 'Randunica' was well known by Romanians²⁹) were suspected of murdering several Chinese (Candea and Radu 2001). Many Chinese bodies "discovered in suitcases ... which were thrown into a lake in Bucharest... or boiled until the flesh left the bones, have the signature of this group" (Candea and Radu 2001, 2). On the basis of such stories, there is a common expression used by the market sellers amongst themselves: 'Take care or you could end up in a suitcase!' In such a way, 'internal agents' were the ones who maintained 'order' within the Chinese community in the first half of the 1990s. On a near monthly basis, the Bucharest police force found itself dealing with murder cases where the victims were Chinese immigrants.

Due to the involvement of many actors interested in making a quick profit, the Chinese markets during this period soon turned into an arena for acting out political and economic power struggles at the local level. The authorities failed to react to crimes in an effective manner and simply applied their 'usual' police procedures). In addition, the Romanian government still had not developed an official and transparent immigration policy. On the contrary: corruption within state agencies, particularly amongst immigration officials and the police force, exacerbated by the involvement of organised crime networks within the Romanian population, (Mateescu 2002) accounts for the absence of an official immigration policy during the early years of transition in Romania.

Notwithstanding the dangerous environment for traders during this period, the new immigrants placed a great deal of hope in Bucharest as a potential new commercial destination. Indeed, as the statistics amply demonstrate, most migrants could easily enter and be issued six-month or one-year permits.³⁰ In addition, "the law regarding starting a business in Romania for foreign investors was very generous at the beginning of the 1990s. A small amount of money was enough to be considered a foreign investor (USD100)" (Lazaroiu 2004, 14).

Even Chinese business people from Western Europe made their way to Bucharest in order to take advantage (at least for a season) of the era's unique economic opportunities. One merchant told me

²⁹ The name is given after the (female) leader of the clan, known as 'Swallow'.

³⁰ Source: Unpublished Interior Ministry statistics on visa authorisations in Romania between 1990 and 2002 (2003).

that “the daily turnover at that time was so big that one had to carry the cash back home in bags”.³¹ While facilities at local financial institutions were not really available to foreign entrepreneurs, this was of little importance as migrants had greater confidence in their own networks than in the Romanian bank sector. The merchants deemed it far too risky during this transitional period to engage in non-cash transactions with customers from all over Eastern Europe:

It was cash only. This may be dangerous, but it’s better for business. If the customers were to, for example, write me a cheque, there was no way I could have known that it wouldn’t bounce. No, then I’d rather offer a 10% discount and get paid in cash. Cash - that was all that mattered. And with buyers from other countries, speaking another languages, there was simple no (other) way to be sure.³²

Due to the considerable daily profit made by the merchants in the market (a consequence of the transitory hyperinflation in Romania after the fall of Communism) businessmen were soon confronted with an inflation of banknotes.

Then we had a garage, a car repair shop close to the market. Do you know what we did with the money? There was a pit in the floor for car repair. You could go down there to repair the car. There, we hid the money and parked the car there/above.³³

As it was very risky to hold a lot of banknotes, it was essential to quickly convert cash into a stable currency. Many exchange booths at the time were run by immigrant entrepreneurs, mainly from Turkey, Syria, Lebanon, Israel, Iran and Iraq. They were clever enough to recognise the Chinese newcomers as important and financially strong customers. However, at the time it was illegal to exchange large sums at these booths. Conveniently, there were casinos around that weren’t subject to such restrictions on money conversion³⁴. These were predominantly run by Arab³⁵ business people.

Do you know what the Chinese did in their free time? There are so many casinos in Bucharest, and they sure know why. It’s where you exchange your Lei³⁶ for dollars. So the Chinese come with the daily turnover in cash – say 3,000 US dollars – and try their luck. As soon as they’re done with work, they hit the casinos. There are some ten to fifteen casinos here in Bucharest where only Chinese gamble. They are all run by Arabs.³⁷

This reflects the economic flexibility as well as the social mobility of these groups. The rapid economic advancement of the Chinese community as a whole, and particularly of entrepreneurs (leading lights within this community), is characteristic of the immigrants’ pathway of insertion into their new environment. Throughout the fieldwork undertaken for this study, it became increasingly clear to me that networking between Chinese and other immigrant groups (as well as with other cultural groups/minorities) was a key component of the entire transition period. The close interaction of Chinese, Arab and Roma immigrants is an integral factor in the continuing success of brisk commercial activity at these markets. Some former shopkeepers (mostly Arab and Turkish people)

³¹ Translated interview citation.

³² Translated Interview citation.

³³ Translated Interview citation.

³⁴ To investigate to what extent these casinos also served as money-laundering facilities – a widespread habit – was not part of my research. Since not all relevant regulations for financial transactions had been implemented right at the beginning of the transition process, it is quite difficult, and in a way pointless, to distinguish between legal and illegal, and formal and informal trading.

³⁵ A high number of the casino-operators in Bucharest are Arabs from Israel.

³⁶ Currency of Romania (singular: leu; plural: lei), referring here to the Romanian leu (used prior to 1 July 2005 [ROL], not the new currency started after this date [RON], USD 1 = ROL 23,825 and now USD 1 = RON 2.38)

³⁷ Translated interview citation.

have experienced a rise to a 'higher position in society' and are now less present as market sellers, focusing instead on casinos, exchange booths and jewellery stores. Frequently, they switch straightaway to the so-called 'upper' or 'nouveau riche' class of Bucharest, preferring now to do business in construction, the entertainment industry, etc. The existence of a widespread variety of casinos in Bucharest not only reveals the significance of a shadow economy³⁸ but also the specific relationship between economic structures, immigrants' cultural capital, and individual pathways of incorporation (including economic survival and/or social climbing) in a society of transition.

These 'opportunity-structures' (Rath and Kloostermann 2001) for new immigrants from Turkey, the Near East and China, in a society undergoing political and social transition, proved to be decisive for the immigrant communities' economic success on the one hand, and for their social exclusion on the other. The settlement of newcomers stood for high social risk as well as for opportunities to profit during Romania's period of transition. The immigrant community is not only characterized by its social disparity, but also by its position in a society where a huge gap exists between rich and poor (often times newly rich or newly poor as a consequence of transition).

In the next section, I will explain the embeddedness of the Chinese immigrant community in Bucharest as it manifested itself in the mid- to late 1990s. Eventually, I will broach the development of this community up to 2007.

4. Going underground or upper class? Immigrants' embeddedness in a rapidly evolving host society

Immigrants' embeddedness in Romania can be explained in the context of a society in transition, where a shadow economy flourished (Mungiu-Pippidi 2000, Stanculescu and Ilie 2001, Ciupagea 2002, Neef and Adair 2004), where corruption thrived within state agencies, and where dominant local bosses (called 'Barons' in Romanian) were emerging as real contenders for power. During the period of Communism, Romania developed a specific configuration of informal economies to compensate for the chronic malfunctioning of the planned (official) economy (Neef and Adair 2004). In the transition from a Communist system to that of a 'free market', highly informal structures (including the phenomena of shadow economies and political corruption) seemed to perpetuate patterns of the former Communist system. The embeddedness of immigrant entrepreneurs in the shadow economies observable in Eastern Europe, however, also seems to be similar to the description of their counterparts in southern Europe (e.g. Italy and Spain) (Baldwin-Edwards and Arango 1999).

Illegal immigration and work have become structural features in all the southern economies the real problem – the apparently insatiable underground economy – is still healthy and still attracting migrants from across the globe. Essentially, the onerous bureaucratic and fiscal demands of the state ... have pushed the private sector into taking matters into its own hands. In the underground economy, free markets reign (Ibid, 13).

Following the idea of a 'new capitalistic direction' (both in the PRC as well as in Eastern Europe), highly mobile businessmen established communities at various strategic locations across Eastern Europe and around the world. They then recruited the required labour force from the coastal provinces in China which were plagued by unemployment³⁹ at that time (Giese 2000, Nyiri and Savaliev 2002). Consequently, nearly half the workers at the market have neither a visa nor a work/residence permit for Romania. Studies on the new Chinese migration which have a more global

³⁸ Until now, the casinos in Romania were connected via an informal economy, fake businesses, money-laundering, etc. (Ozon and Candea 2004). At present, a few operators are also in the midst of an anti-corruption campaign in Romania (Bossenz 2005).

³⁹ Questionnaires, distributed at the markets in Bucharest, gave the following results (listed by numeric significance): Zhejiang, Hunan, Henan, Jiangsu, Fujian, Hebei, Shandong, Liaoning, Helongjiang.

outlook validate this thesis (Online Migration News 2004). Such illicit workers are usually subject, not only to years of financial dependence and debt vis-à-vis the agents who brought them into the country, but also become dependent on their 'leading lights' since they are new members of the local immigrant network. The debt incurred by the individual migrant is often so high that it cannot be cancelled out either by cash payment or even by years of servitude.

The overall economic success of the Chinese market – where only a relatively small number of actors profit – stands in strong contrast to the legal and social disadvantages and uncertainties still faced by many of its merchants. In an interview, the publisher of a newspaper aimed at Chinese in Romania, summarises the community's situation:

(...) a high price is often paid for the much-publicised success of Chinese entrepreneurs. Many other Chinese, locked into marginal employment or businesses, remain socially and culturally segregated from the majority society in European countries.⁴⁰

Nevertheless, it should be mentioned here that the post-Communist transition affected society as a whole, and demanded social and economic flexibility not only of immigrants but also of the majority of Bucharest's population living in poverty.

To understand the character of the immigrant's embeddedness in Bucharest, it is important firstly to understand the high levels of social disparity that presently permeate Bucharest's social fabric, described as the "illusion of the middle class" (Ogrezeanu 2004, 74). Secondly, this structure of inequity is related to the emergence of the so-called 'new-rich'. A societal milieu, which is well-known not only in Bucharest, where they are called 'the ones who get rich over night', but in all Eastern European countries which have been in transition. Thirdly, the very significance of the informal economy in Bucharest is of relevance: in 1998, the proportion of revenue from the underground economy (including informal work and businesses) in relation to that of the official economy is estimated to be between 30% and 50% of Romania's GDP⁴¹ (Mungiu-Pippidi 2000, Stanculescu and Ilie 2001, Ciupagea 2002).

The informality in small-scale production and the mushrooming of individual micro-enterprises have constituted, in a sense, the notion of "start-ups of transition" (Duchen 2004, 187). Small-scale production, as well as markets and bazaars⁴² (and traditionally related to the Turkish caravanserais),⁴³ are widespread over Bucharest. Responding to the everyday demands of Bucharest's society, is a tightly meshed network dealing in the commerce of products for daily need (food, textiles and cosmetics). Retail-sellers of small bazaars located in the city centre get their merchandise from commercial centres on the outskirts of the city (also known as 'Complex Comercial Angros'). One of these peripherally-located 'angros markets' has become the new working space for Chinese immigrants. These wholesale markets are organized through small-scale enterprises and are predominantly run by immigrant groups (like the Roma). On a more general note, the markets involve lots of Bucharest's inhabitants, who are unemployed or for whom working there is a "must" in "buffering the social costs of transformation" and "enables them to survive" (Stanculescu 2004: 117). In Romanian society, 'ethnic economies' (Hillmann 2001) are either synonymous with poverty or with entrepreneurial success.

The above-described bazaars and markets are, in general, characteristic of transition in Eastern Europe. Over the past 15 years, numerous market areas have appeared across the cities of Eastern Europe only to quickly disappear or, as is presently happening in Bucharest, to be transformed into more 'stable' shopping centres. Despite the above-mentioned deteriorating conditions (or perhaps also

⁴⁰ Interview citation in: Beuran 2004: 1

⁴¹ Gross Domestic Product

⁴² In 1994, in Bucharest 22.871 commercial units (Gramă 2000) were in existence.

⁴³ Caravansary: originally a Persian word, it refers to an inn built around a large court that accommodated caravans along trade routes in central and western Asia.

fostered by this), 8000 Chinese companies were registered in Romania between 1990 and 2005. Chinese investment made 47% of total foreign investment in Romania in 2005 (Iancu 2005).

At the same time, and within this context, local opinion regarding Chinese immigrant involvement in the areas of politics, science and media has changed during the transition period. While immigrants were definitely seen as a threat to society at the beginning of transition, this discourse became gradually connoted with more positive statements and attitudes, thus highlighting the economic activity of immigrants as having an important economic impact for the country. These public views, discourses, and social structures significantly influence the manner in which Chinese immigrants settle down, work, and are regarded by the locals in Bucharest.

Presently, the bulk of Bucharest's Chinese population lives in Colentina, a district on the north-east border of the city (where the above-mentioned markets are located). The immigrants are largely only integrated into the neighborhoods surrounding the market area. This can be attributed to their reticence in Bucharest's every-day life. Consequently, and despite the numerous reports of attacks on local Chinese residents, the Chinese community is described as a very 'quiet' one.⁴⁴ Locals who live in the same houses and work or trade at the same market places are very tolerant towards them. This attitude is apparent in the interviews I conducted, and is backed up by the 2003 study on 'Intolerance, Discrimination and Authoritarianism in Public Opinion in Romania' (IPP 2003). Some Chinese families send their children to elementary school in Bucharest. According to interviews with Chinese immigrants, they enjoy respect in the context of school and neighbourhood. Their 'integration' seems to be in close connection to the surrounding urban and societal environment.

At the same time, the Chinese immigrant community is characterised by self-organisation. A kindergarten was built by a Chinese businesswoman who also leads an association of Chinese businesswomen in Bucharest. Simultaneously, Chinese people are strongly connected to their homeland and to relatives there (in many cases, immigrant children are sent back to China to live with their grandparents). During the spring festival (Chinese New Year), it is hard to find Chinese people in Bucharest as they have all returned to visit their homeland. Trans-national ties are also strong amongst Chinese migrants living and working in different countries. Nowadays, many of them work in African cities (e.g. Dakar, Senegal) where they undergo experiences similar to those faced by the first Chinese pioneers to Eastern Europe in the 1990s. Via phone, email, and rare visits, these migrants compare their living standards; their chances for profit, and share their common 'migrant destiny'.

Until the mid-1990s, the state adopted a 'laissez-faire' policy for immigration. This also suggested that the existing political system encouraged these new waves of immigration through unofficial networks and informal economic transactions. The situation changed somewhat between 2000 and 2002 after parliamentary and presidential elections in Romania where the Socialist Party's nominee, Ion Iliescu, was elected President. Several regulations which entailed difficulties for small businesses of the kind run by the Chinese were enacted. Significantly, these were not transparent decisions in the field of migratory legislation, but rather regulations at the economic level which affect immigrant entrepreneurs (e.g. regulations in foreign investment, regulation of companies' residence-registration and regulations of business-profit taxation).

In addition (up and until 2004), laws relating to residency and foreign investment became increasingly restrictive.⁴⁵ If a company, for example, was unable to produce evidence of high, regular revenue or a minimum number of employees, Romanian authorities would refuse to extend migrants' visa permits. By 2003, the number of visa authorisations had practically reverted to zero. At the same

⁴⁴ The Chinese community is not only prone to robberies due to their reputation as cash-carrying merchants. Due to language barriers and their lack of faith in the Romanian authorities, they are also seldom able to report the attacks to the police. Interviews with several victims confirmed this tendency.

⁴⁵ Although the *Acquis Communautaire* does also contain moderately strong recent legislation on the rights of long-term legal residents, the European Commission did not give concrete policy prescriptions for handling immigration – deliberately so, as there are different national approaches in immigration policy in the countries of the European Union (Baldwin-Edwards 2005). This is likely to be the reason why Romania has been "rather reactive in envisage to ensure the adjustment to the European requirements, than to design and follow a national migration policy with clear objectives" (Constantin et al. 2004, 6).

time, the constant flux in other regulations and trailing misinformation caused confusion among the merchants. Police raids and identity checks, in and around the markets, had, by then, become commonplace. Daily routines of extortion and corruption were broached by all interviewees:

There were often break-ins at the camp. It happened every day. Or the police would confiscate things. So, we had to settle that with cash, with bribes. This charade was the reason businesspeople left town. In Bucharest anybody could just show up and claim to be from the finance bureau since the bureaucrats had the right to check up on anything at anytime. Then you just push 200 dollars their way and they scam. They come from either the finance or trade bureau.⁴⁶

In 2004, a Liberal Coalition displaced the Socialist Party at the same time as a massive anti-corruption campaign was underway in Romania. According to newspaper accounts, the former president was also under suspicion in an anti-corruption process (for possessing Chinese products equalling a total amount of USD 100,000) (Vintilescu 2006, Iancu 2005). The link between political administrative decisions and the scope of opportunities for immigrants is evident. It is however, due to the absence of concrete facts and the strong impact of the media in presenting such scenarios, difficult to prove.

In 2006, the media reported on the building of a Chinatown in Bucharest; close to the Europe Market but separated by different access roads. Ultimately, a 100 million-dollar project was expected to be realized within an area of 80 hectares. According to such reports, Romanian and Chinese entrepreneurs would continue their business cooperation. One of the Romanian managers of an existing Chinese shopping mall (established in Chinese-Romanian-Turkish cooperation in 2003) would be in charge of the (bank-financed⁴⁷) construction of the offices, apartments, shops, restaurants, and service centres in the new Chinatown.

This new town “in which members concentrate functions of ethnic community within a relatively confined area that combines residence, work and services” (Christiansen 2003, 78. See also Benton and Gomez 2001) could lead to different future scenarios, either helping the migrants incorporate into Romanian society and/or result in further social exclusion. Through my interviews, I discovered that this planned and so-called China town is more of a business strategy by a few leading businessmen; the goal being to centralize import businesses, shops, and workers, and not to satisfy the wishes of the Chinese people living and working in Bucharest. So far, eight malls have been constructed (2007), whereas construction work for the apartments was abandoned in 2006.

5. Conclusion

Although the new migration flow from East Asia to Eastern Europe has been one of Europe’s largest such influxes, Chinese immigration to these ‘societies in transition’ (since 1989) has hitherto been the subject of very few studies (Benton and Pieke 2000, Nyiri and Savaliev 2002). Similarly, the pioneer work of the Chinese population in the rapidly evolving host society of Bucharest has neither been investigated in Romania nor considered an important political matter. To the contrary, the subject of immigration is consciously ignored by the public and was considered a ‘taboo’ topic for state agencies during the first half of the 1990s.

My analysis has shown that the Chinese population which constitutes one of Bucharest’s main immigrant communities is embedded in a society in transition and nonetheless manage (similar to some immigrants from Turkey and Arab countries) to become successful business entrepreneurs. Concrete, specific political events were the catalysts (and as such, unintentional ‘push-factors’) for the

⁴⁶ Translated Interview citation.

⁴⁷ The Romanian banks are themselves privatized and bought by Italian, Austrian and German investors.

post-1989 emigration flows from China. Among the most significant of these factors were Hungary's cessation of visa requirements for the Chinese in 1988, and the brutal suppression of the Chinese student movement in Beijing in 1989. Preceding this, were the beginnings of economic and political processes which propelled China towards a market economy. Namely the introduction of capitalistic instruments and labour market policies which resulted in pronounced migration flows (first domestic and later to foreign destinations). The new Chinese migration to Eastern Europe can be differentiated from traditional emigrations, not only in its timing, but also by way of several distinct features. This emigrant population is marked by internal diversity, is highly mobile and includes a few businessmen who are extremely financially successful.

The current manifestations of trade and lifestyle are typified by trans-national networking and the building-up of local ethnic economies. As such, they are key characteristics of both the global economy of Chinese migration, and the process of local incorporation of immigrant businesses into the system of transition in Romania.

Up to the mid-1990s, a *laissez-faire* policy on immigration matters characterized the actions of the institutional setting. The political system was overstrained with other current and serious migration problems such as human trafficking and the so called 'international organized crime, but at the same time, it also seemed that the political system leveraged the immigration wave through informal networks and informal economy.

The story of Chinese migration to Bucharest since 1989 began with a boom. With rules of law and democracy still 'under construction', Romania's evolving society, economy and policy were fertile ground for the Chinese pioneers to establish successful businesses. The tendency towards corruption within the police department and immigration authorities, as well as the influence of and involvement in the so-called shadow economy, accompanied this emergence of the Chinese markets and brought both social uncertainty as well as opportunities for profit. The Chinese, as a trans-national migrant group which is well-integrated but also strongly connected to the homeland, has experienced highs and lows throughout its process of incorporation into Bucharest's society. These highs and lows can be explained as the results of internal and external power struggles, coupled together with various legal restrictions.

Since 2001, the community continues to be dominated by the few, whose businesses flourish (a condition that current policies, or a lack thereof, seem to perpetuate). This adaptation and incorporation into Bucharest society is riddled with contradictions. Mechanisms of discrimination similar to those affecting any national minority, result in the community's stigmatisation by the Romanian population (or even the very denial of their existence). This general attitude bears little relation to the Romanians' high degree of acceptance of Chinese immigrants in both daily life and in the business/ work environment. Over the years, the Chinese in Bucharest have come to be viewed as very respectable business people. Their legal status, however, remains extremely precarious since a good percentage of them worry about residency permits and the materialisation of political integration programs (as yet to be initiated). Police raids, exploitation and marginalisation are routine for many migrants. In the wake of Romania's accession to the EU, it will become increasingly a country of destination and will experience both greater and more complex migration flows. Consequently, a deeper understanding of this phenomenon will be decisive in the shaping of a workable migration policy in Romania.

The Chinese and the Romanians share the aspiration of a life-style compatible with the concept of a modern, free-market economy. Both are confronted with a system of political uncertainty and high social disparity. While immigrants generally have less scope in their economic and social mobility (as compared to non-immigrants), this is not necessarily the case in the turbulent society of transition in Bucharest. The wide gap between the rich and the poor touches not only immigrants but large parts of Romanian society in general. New societal milieus emerge and either perpetuate the former structures of social disparity present until the end of the dictatorship in 1990, or displace old social patterns. One example of Bucharest's 'opportunity structure' for immigrants, especially for those who worked their

way up to 'upper-class' standing, is the vast landscape of the casino sector in Bucharest. An example for those representing the poorer strata is the small-scale market sector stretching over the city. Both phenomena are consequences of, or bequeathed from, the specific economic and social structure of the former dictatorial system.

In the long run, the Chinese community has found their way within this social reality of high risk and complexity, and succeeded in incorporating themselves into the new Romanian society. The process of the Chinese community's incorporation is, however, not yet a closed chapter. This continuity was evident by 2003 as the Chinese immigrant community began to build modern shopping malls instead of the old open-air markets with which they had originally started their new lives.

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Migration and Social Mobility. A New Perspective on Status Inconsistency¹

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Abstract

This study aims at contributing to the understanding of circulatory migration in post-communist Romania by resorting to status inconsistency as the main explanatory factor for the international mobility phenomenon. The analysis of status inconsistency at the individual level evaluates the correlation between income, education and occupation, as well as the subjective representation of one's position on the socio-economic scale. Status inconsistency at the community level refers to the relative deprivation theory while appraising the economic differential between migrant households and households with no migration experience.

In post-communist societies, rapid structural changes specific for transition periods affect the old distributive patterns. Migration becomes an alternative to the frustrating degradation of the social rank caused by the successive dismisses during the privatization phenomenon and to the loss of prestige of several occupations. This paper shows that the propensity to migrate is higher for status inconsistent persons. Also, status inconsistency influences self-management. Migrants' assimilation in the secondary labor market and the economic discrepancies between origin and destination countries favor status inconsistency. Downward social mobility in the country of destination is associated to ascendant social mobility in the origin country as a result of remittances' impact. The individual will emphasize the favorable status characteristics and hide or selectively disclose the negative ones in specific social spaces and particular interaction situations.

Keywords: individual status inconsistency, community status inconsistency, secondary labor market, management of self

¹ This paper was firstly presented during the bachelor' degree examination in 2004 at the National School for Political and Administrative Studies

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Introduction

After the fall of the communist regime in 1989, Central and Eastern Europe have become important actors in the migration system. Due to the short history of migration in Romania, migration literature is still at its dawn. This paper contributes to the understanding of circulatory migration in post-communist Romania while extending the classical migration theories to include status inconsistency as explanatory factor for international mobility. I will explore the relation between international migration and social mobility and the impact of the migration event on impression management from a dramaturgical perspective.

The economic and political transition of Romania has affected the socio-economic environment, changing the old distributive patterns and forcing individuals to resort to life strategies that would reduce the costs of the structural changes. Has migration been an acceptable alternative to the hostile economic environment?

Debates about migration often refer to the dual labor market. The negative selection of human capital draws migrants into an inferior economic sector. What is the relation between these characteristics of the migratory system and status inconsistency? What are the effects of migration on the socio-economic status of the migrant?

The positioning of a migrant on the status axes differs in destination countries as compared to origin countries. Are migrants affected by status inconsistency selectively disclosing their status identity in response to different publics in the migratory system and to the nature of the relation they have with these publics?

Framework of Analysis

A first reference to status inconsistency can be found in Weber's paper, *Economy and Society* (1956) Although Weber has not conceptualized status inconsistency, he talked about inequalities between party, class and status positions. The incongruence of these social identities obstructs individuals' access to a higher status position. The "parvenu" will find it hard to gain prestige and the social acceptance of the peer status groups he has acceded to in spite of the efforts to adopt specific life styles.

The idea of status inconsistency as a multidimensional perspective of status stirred a vast debate in the second half of the 20th century. Definition, significant status dimensions and study methodology³ were often at the core of these discussions. According to this perspective an individual does not only act in conformity with a status position on a vertical axis but also in conformity with a horizontal correlation between the different positions on the vertical status axes. Generally, the presence of status inconsistency was associated with political behavior (e.g. Lenski, 1954, 1967; Segal, 1970, 1969, Smith 1969) and frustration (Crosbie, 1979; Jackson 1962, Jackson and Burke 1965). In Romania, Sandu (2004) associated status inconsistency with different patterns of civic participation.

This study will explore status inconsistency in relation with migration. The dual structure of the labor market in destination countries and the negative selection of human capital will play a key role in the structuring of status inconsistency in the case of circulatory migration of Romanians. We will look at status inconsistency as a push factor for migration and as a significant factor influencing management of impression.

³ For statistical methods of analysing status inconsistency and the concept's significance see for example Blalock, Hubert, M. Jr studies *The Identification Problem and Theory Building. The Case of Status Inconsistency.* (1966). *American Sociological Review.* 1, 31, 52-61 and *Status Consistency and Interaction: Some Alternative Models.* (1967). *The American Review of Sociology.* 3, 73, 305-315.

Definitions and Hypothesis

Status inconsistency. Reiterating the inferences of the status multidimensionality hypothesis, this study will target status inconsistency as a horizontal dimension of status⁴. An individual's social position is defined by multiple status positions whose associated ranks are rarely similar on the vertical hierarchies. Inconsistent individuals have a high position on the status hierarchy x and a modest one the y status scale. The following chapters represent an appraisal of migrant workers' status considering three dimensions: income, education, and occupation. The numerical and ordinal characteristics of the first two dimensions favor an analysis of the horizontal correlation between the different vertical scales. For the occupational status, having no hierarchy that would combine prestige and income, we will look at the criteria that respondents consider important in defining a good job⁵. Although, this classification is no hierarchy like image, it can be considered a subjective appraisal of the occupational opportunities. The dual labor market hypothesis emphasizing the contrast between intellectual and manufacturing occupations will also be helpful in delimiting status inconsistency especially when related to downward occupational mobility and unequal transfer of human capital.

In this study, status inconsistency is not bordered by the origin country; we will assess status inconsistency while taking into consideration an individual's position throughout different periods of time and in two different spaces. Generally, working in the secondary labor market⁶ entails performing repetitive tasks. In such situations, individuals with medium or high capabilities might be affected by negative status inconsistency respectively a lack of correlation between the educational status and a low occupation⁷.

We will also target status inconsistency at the moment succeeding the migration strategy. In this context, the occupation abroad, often negatively labeled, favors the accumulation of significant financial resources that will be spent at return. Thus, the occupational status abroad will be incongruent with the income status back in the home country and might also be inconsistent with the prestige status associated to a successful migration strategy.

A modest income in the destination country is significantly higher as compared with the medium salary in Romania. Savings and remittances have a visible impact on the quality of life in households with migration experience, favoring the emergence of status inconsistency at the community level. This inconsistency level is an indicator of the differences between households with migration experience and those whose members have never migrated. It is in this context that relative deprivation, defined as a subjective dimension of status emphasizing self-perception of status as compared with the social position of other representative members of the community, is associated with a higher incidence of migration.

Management of impression. According to Goffman, an individual reveals selectively personal characteristics in a manner aimed at influencing others' impression of self. During an interaction, an

⁴ „Instead of being a single position in a uni-dimensional hierarchy, it becomes a series of positions in a series of related vertical hierarchies. [...] Theoretically it becomes possible to conceive of a non-vertical dimension to individual or family status- that is a consistency dimension. In this dimension, units may be compared with respect to the degree of consistency of their positions in the several vertical hierarchies. In other words, certain units may be consistently high or consistently low, while others may combine high status with respect to certain status variables with low standing with respect to others (Lenski, 1954: 405).

⁵In survey conducted by CURS in 2003 a question favoring a classification of the occupations has been included. The respondents were asked to choose one of the following criteria defining an occupation: a good occupation means „helping the others”, „finding out new things”, „deciding what your responsibilities are”, „making a lot of money”, „ be respected by others”, „performing new tasks”, „ be sure that it is a long term job”, „ deciding the tasks of other employees” (CURS, June 2003)

⁶ We will not consider here the consequences of brain drain or brain circulation. In such situation, status inconsistency may be the result of an inferior remuneration of immigrants as compared to that of the native population for the same occupational responsibilities

⁷ Negative status inconsistency generates frustration as compared to positive status inconsistency that generates mobilization (Sandu, 2004).

individual will thus emphasize certain characteristics while enclosing totally or partially others (Goffman, 1959). In one of the chapters of this article, we will describe the effects of status inconsistency on the management of impression and the way self-disclosure varies when confronting different publics⁸.

Box 1: Hypothesis

Central hypothesis: Status inconsistency has a dual effect on migration flows.

1 *it is a significant push factor in the gravitational model of migration*

2 *influences impression management during interactions*

- Rapid structural changes specific for the post-communist period favor the emergence of status inconsistency
 - Neoclassic hypothesis, new economics of migration: status inconsistency as a result the economic transition contributes to the emergence of innovative life strategies sometimes resulting in international migration. Changes affecting one's professional status and the migration intention are positively associated.
 - Dual labor market: one of the factors favoring migration is the demand of labor force in developed societies. Negative selection of human capital and the dual labor market are preconditions to the emergence of status inconsistency. The demand for labor force in the secondary labor sector draws migrants into occupational niches that are rejected by the native population, labeled as inferior and degrading (Massey et al. 1993: 443).
 - Cumulative causality: a migration event increases the probability of international mobility in the origin community. As migration cycles develop, migration networks become more extensive and, as a consequence, the risks and costs of migration decrease. Remittances have a visible effect on the financial status of households with migration experience. Monetary transfers accentuate the gaps between households with migration experience and the immobile households thus favoring the emergence of relative deprivation. In time, migration becomes a life strategy widely accepted and valued as a model of success. (Massey et al., 1993: 451). It is in this context that we will analyze status inconsistency at the community level.
 - While analyzing status inconsistency as associated to migrants' social position different time frames and spaces should be taken into consideration. A migrant status is fragmented between two countries and can be differently assessed in the destination country as compared to the origin country. **Upward social mobility in the origin country** as a consequence of the social and financial remittances can be interpreted as **downward social mobility in the destination country** where the migrant's position is oftentimes marginal. Different types and degrees of status inconsistency influence management of impression. When facing certain "audiences" a status inconsistent individual is likely to reveal the highest status rank and hide the lowest rank.

Data and Methodology

Quantitative research. Although quantitative data targeting migration are still scarce, an analysis of existing statistics could reveal rationales for migration as well as characteristics of individuals' social position. Some of the hypothesis of this study have been explored based on secondary data analysis of CURS⁹ nation wide representative survey that included 36 436 respondents. I have thus delimited the social categories that are more vulnerable to capital depreciation and status inconsistent positions in the country of destination. Some open-ended questions in a research conducted in 2002 with on IOM project are important for this status dimension.

⁸ Goffman looks at the management of impression and the interaction order from the perspective of a theatrical performance (Goffman, 1959:9). This approach reveals individuals as drama actors that selectively disclose their personality and socio-economic statuses considering the various audiences

⁹ CURS-Center for Urban and Regional Sociology

Qualitative research: A qualitative research that has been conducted in Italy 2004 will constitute the background of this research. Romanian migrants working in the secondary labor market have been interviewed. Duration of stay in Italy varied from several months to 10 years. Migrants had different provisional backgrounds. We have selected interview quotations evocative for both subjective and objective dimension of status. Self-appraisal of status positions is important for understanding coping strategies associated with the inconsistency situation.

Migrants as Social Innovators¹⁰ in a Disruptive Economic Environment

Economic environment in communist and post-communist Romania. The occupational structure in Romania was significantly affected by the economic transition. During the '90s, after a period when the free market mechanism had been hampered by the center's supervision, the economic environment went through a restructuring process. During the paternalistic communist regime, the occupational structure and professional aspirations were closely planned and organized. Similarly, occupational mobility was restricted (Abraham, 2000: 22). The communist leader's obsession to control life strategies as well as the utility of school as a means of disseminating communist values and supervising individuals was associated to a longer duration of studies and the assimilation of professional abilities that summed up in labor force supply that was oftentimes much higher than the demand in a decrepit economy.

After the fall of the totalitarian system, the over inclusion of workers in certain occupations categories was an infringement to productivity. Therefore, the reorganization and the privatization processes affected harshly some categories, such as the manufacturing industry. Other occupations have lost the prestige capital (teachers, clerks, engineers). The loss of prestige was mostly associated to state-run economic areas where remunerations were very low as compared to those associated to recently emerged occupations (e.g. IT specialist, marketing industry or economist). Adopting the occidental model, the government reduced the extent of the secondary labor market while trying to extend the service area. 38.2% of the population has been discharged, or added to the number of unemployed or prematurely pensioned individuals vulnerable to social marginalization (Abraham, 2000, 21). It was these categories that, while living in an unstable and precarious financial environment, had to seek risk diversification solutions. Freedom of movement has favored the emergence of an alternative life strategy for the losers of the transition process.

Occupational instability and migration. Rapid structural changes affect the old distributive patterns favoring the emergence of status inconsistency. The transition process has re-shaped the socio-economic pyramid and changed the equalitarian distributive patterns. Before the fall of the communist regime, political capital and submissive behavior in relation with the communist elite were important prerequisites for access to resources or upward occupational mobility. During the transition period, in an attempt to support the development of a competitive economic environment education and capabilities became important criteria for the selection of professional employees. The privatization process meant the discharge of the personnel that was underemployed during the communist regime and the gradual diminishing of the non-competitive economic sectors and of the state-controlled industries. One of the costs of these changes has been the increase of the unemployment rate. Social capital and professional experience became prerequisites for finding a job. As a consequence, it became more and more difficult for youths to find an employment. Less employment opportunities and repeated reorganizations were, at that time, strong push factors for

¹⁰ According to Lăzăroiu (2000) „social innovators build life strategies choosing new solutions often involving risks and, during periods of instability, they resort to illegitimate means to reach legitimate objectives. [...] Actually, most individuals that are part of circulatory migration flows have this characteristic. Generally, circulatory migration is determined by economic factors (a combination of push and pull factors), individuals come from hostile socio-economic environments and resort to distinct solutions specific for persons with a high risk tolerance, willing to accept unfamiliar risks” (Lăzăroiu, 2000: 62).

migration (Sandu and de Jong, 1998). The following passage is evocative for the incapacity of the economic system to incorporate the thousands of discharged workers.

„— *Why have you left? What was your job in Romania before you left abroad?*

— *I have worked in... I lived in Olt where mining was important... Then, there were these government ordinances and the mines closed down. I had to quit work... I was an accountant. I was an accountant and I worked a lot with computers. I used to compute salaries for 400 employees. It was difficult. I had to work until late in the evening because in the morning all the papers needed to be ready. I had to give up because things were getting harder and harder with the restructuration process” (immigrant Italy).*

Source: SNSPA, 2004

Table 1 below indicates the impact of the structural changes on the migration intention. Variations of the occupational status, whether involving horizontal mobility or more radical changes such unemployment or discharge during the reorganization process, influence positively migration intentions. The percentage of potential migrants affected by the consequences of the structural changes is significantly higher than the percentage of potential migrants in the total population.

Table 1. Occupational instability and migration intention

	Migration intention %
Changed occupation after '89	17.2
Changed job after '89	18.7
Discharged after '89	18.9
Unemployed after '89	20.9
Went to retraining professional sessions after '89	23.3
Total	12.7

Source: CURS, June 2003 (N= 36 436)

Note: migrants with direct or mediated migration experience have been excluded

High expectancies of a better life after the '89 Revolutions were not confirmed on the short term and disappointment contributed to the structuring of migration decisions. To cope with an unstable social and economic environment, individuals chose different strategies. Migration was an innovative life strategy at the beginning of the '90s when migration policies were still restrictive, favoring the emergence of informal mobility networks. Migrants came from unstable environments and tried to avoid the negative impact of the transition process by resorting to atypical, risky solutions (Lăzăroiu, 2000). Decisions to migrate were generally reached at gradually after several failed attempts to make a living in the home country, such as job or occupation changes or internal migration. The fragment below is illustrative for the gradual structuring of the migration intention:

„*I participated twice at the examination organized by the Romanian Conservatoire but I failed. Then I embraced other occupations. I was a driver, a house painter, and a sales man. I tried everything just to make some money. [...] I have a family, but in Romania, at present, it is impossible to make a living. Actually it has been like this for a long time, and hard as I tried to make a living I could not. Maybe I was not good enough, or I could not manage as others did. That's why I chose Italy. [...] After the Revolution, everybody promised so many things. We all hoped for the best but nothing happened. [...] Youths have no future here if they do not have helpful connections (28 years, migrant Italy, constructions).*

Source: SNSPA, 2004

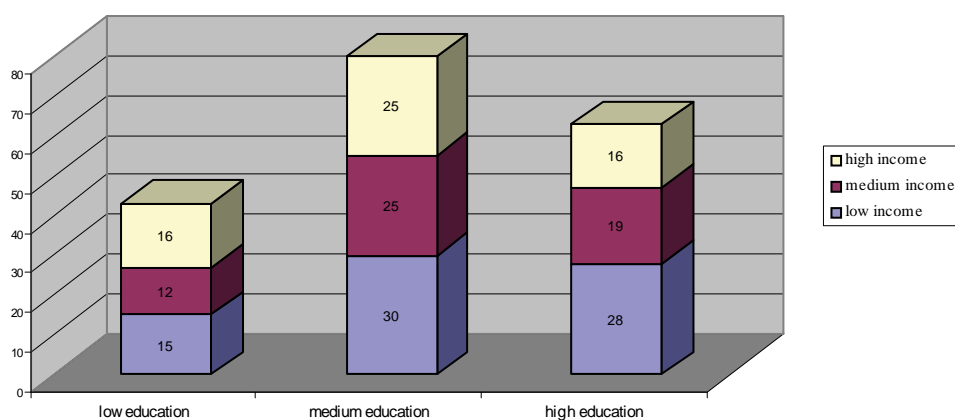
Status inconsistency and migration. One of our earlier inferences was that stratification patterns changed in the post-communist period. The communist economic policy was founded on an equalitarian ideology. Thus, there were approximately no income differentials and prestige was

mostly dependent upon education inequalities¹¹. The stratification order reversed after the fall of the communist regime, when income became highly valued. High education categories with no significant financial possibilities were therefore downgraded on the prestige scale. As we stated before, one of the strategies to cope with this was international migration. The graph below indicates that status inconsistent individuals are more likely to leave abroad in search of a job. To study the association between migration intention and status inconsistency we have recoded education and income in three categories to indicate high, low and medium inconsistency. Results indicate that 28% of the category with a highly inconsistent status -high education-low income- intends to leave abroad (Figure 1). In this case, the profile of the occupation abroad, most likely in the secondary labor market, will be associated to a change in the inconsistency pattern from the education-income pair to education-occupation. Although the stressful situation associated to status inconsistency could not be over passed by the migration strategy, in the destination country the situation is easier to cope with due to the two different social spaces that would allow an individual to selectively disclose his/her experience abroad. As a consequence, a migrant's status identity and interaction order defined by this position might be different in the destination country as compared to that in the home country. We will later describe coping strategies that help status inconsistent individuals diminish any potential distress caused by status incongruence.

Figure 1 indicates that individuals with a higher propensity towards migration have the following status background: low education- high income, medium education-low income, and superior education-low income. The migration strategy could be the path to regaining a status consistent position since migrants have access to financial resources that were inaccessible before leaving abroad.

Figure 1. Influence of education and income on the intention to leave abroad

* to be read: 16% of the category with low education and high income intends to work abroad, 25% of the category with medium education and high income intends to work abroad



Source: CURS, June 2003 (N=36 436)

Negative Selection of Human Capital Who are the Migrants Affected by Status Inconsistency?

In a survey conducted in 2002, respondents were asked to order professions in a manner that would reveal what they appreciated most when choosing a certain occupation. „Make a lot of money” was the most valued characteristic of an occupation in the opinion of potential migrants, summing up

¹¹ In a penury economy, prestige also depended upon a social capital network including persons working in the administrative or management area. Individuals with such connections had a higher life quality, since the network could facilitate access to scarce resources whose consumptions was limited by highly restrictive quotas.

41 % of their preferences. The stability of a job and the possibility to help others ranked second and third in this hierarchy with only 15.1% in the first case, and 12.1% in the latter¹².

If the migration event is successful, it will, in most cases, allow migrants reach these goals. This could mean that occupations abroad would not cause any kind of distress as long as they meet the criteria above. But will every social category be happy to accept any responsibility under these conditions? Highly educated individuals would probably value prestige at least as much as money when assessing an occupation. Results included in Table 2 actually indicate that inconsistent individuals with high education and low income are more likely to value the possibility to help the others, deciding what your responsibilities are respectable jobs and the possibility of managing other employees activity as compared with the total population. Thus, migration of these status inconsistent individuals would be psychologically costly if they were incorporated in the secondary labor market.

Table 2: Migration intention, status inconsistency and occupational hierarchy

Valued characteristics	E1V3	E2V1	E3V1	Total sample
Be able to help others	9.9	14.5	18.1	12.1
Finding out new things	2.5	4.5	3.2	3.2
Deciding what your daily responsibilities are	5.9	8.8	11.2	8.7
Making a lot of money	45.6	37.1	30.3	41.0
Be looked up to	4.6	5.1	8.0	5.2
Assume new tasks	3.8	4.0	0.5	3.5
Be sure you are going to keep the job	17.0	13.0	9.6	15.1
Managing other employees' tasks	0.5	3.1	3.7	1.6
Something else	0.4	0.3	0.4	0.6

Source: CURS, June 2003 (N=36 436)

Legend: E1V3-low education, high income, E2V1- medium education, low income, E3V1-high education, low income

Not all highly educated migrants accepting a job in the secondary labor market will find themselves in a distressful situation. For this to happen, migrants arriving in the destination country should also be affected by a deterioration of the social status. Table 3 indicates that the inconsistency categories most likely to migrate (low education- high income, medium education-low income and high education- low income) are associated to occupations involving low educational background. High and medium education inconsistent categories are usually inactive, unemployed or work in agriculture and the manufacturing industry. Migration might mean upward social mobility for the last two categories. On the contrary assuming that the first two categories (inactive and unemployed) have never had responsibilities in the secondary labor market they might find it difficult to cope with the situation abroad. In following chapters we will target status categories that encountered difficulties in coping with the newly assumed migrant status and strategies they resorted to reduce stress.

Table 3: Status inconsistency and occupation

	No job	Inactive	Farmer	Manufacturing industry	Intellectual professions, managers, employers	Total
E1V3	16.0	16.3	15.0	26.1	34.1	18.7
E2V1	47.5	17.7	45.5	19.4	14.1	23.1
E3V1	31.1	10.5	17.6	13.8	5.3	9.4

Source: CURS, June 2003 (N=36 436)

Legend: E1V3: low education, high income¹³, E2V1: medium education, low income,, E3V1 high education, low income

¹² Persons with migration experience have been excluded

Migration Front Stage¹⁴.

"When I Come Back Home I Want to Be a King"¹⁵

Talking about the management of impression in particular co-presence situations Goffman stated that hiding the negative or disagreeable aspects and revealing an idealized image of self is a commonly met aspect of self-presentation in every-day life (Goffman, 1959: 44). When a social agent aspires to a higher social position, he/she will also seek the prestige associated to such a position. Individuals have a wide repertoire of Self-images that are disclosed selectively in specific interactions orders (Goffman, 1959:57).

One of the most interesting aspects of international migration when looked from the perspective of social dramaturgy is the management of impression as influenced by the two different spaces within which a migrant's life strategy expands. In this chapter we will look at the status image that migrants usually disclose in the home community.

Remittances' impact on households with migration experience has favored representations of migrants as success models. The migration experience and contact with the otherness change life styles most visible in consumption patterns. Migrants' stories about the „other world“, about significantly higher salaries have laid many times at the basis of the migration decision. Gradually, international migration has become a rite of passage for youths whose future financial prosperity is rather seen as dependent upon the success of the migration strategy rather than on their integration on the labor market in Romania.

In the rural area, the house is one of the most visible status indicators. Investments in house modernization constitute a priority for returning migrants. A newly built house, reflecting the occidental architectural styles is the symbol of success for the migration strategy. It also lays the basis for relative deprivation as subjective characteristic of status structured as a result of the assessment of self-situation as compared to that of the representative community members. This is also an important push factor of migration in communities with international mobility experience.

Box II: Migration financial impact on the community

„I have a better financial situation as compared to those that have not left abroad“ (migrant, Deutschland, Bolintin Vale).

„I have a better situation than the poor people here but worse than those who left abroad before I did “ (migrant Italy, Bucharest).

„There is not a significant financial difference between people in this community because most people here have been abroad. There are some exceptions however that reflect better living skills or luck“ (migrant Belgium, Bosanci).

„The situation of those who left abroad is better. Those who have not left the community have no income or benefit from low pensions. They have no chance to find a job (migrant Austria, Bosanci).

„In my village everybody has been abroad. In each household there is at least one person working abroad. [...] Everybody has a house or is building one“ (migrant Israel, Tămășeni).

„My financial situation is better than that of the non-migrants but is rather similar with that of the people who worked abroad“ (migrant Grecia, Bosanci).

Source: IOM, 2002

¹³ The category low education-high income is generally associated to occupations in the primary labor market. This association might be the result of the inclusion of employers in the same category as managers and other intellectual professions. This category is however insignificant for explaining human capital deterioration in the destination country and the modifications in status inconsistency patterns as a result of migration.

¹⁴ Goffman uses the analogy between backstage and front stage to suggest the idea that an individual acts in different spaces and his/her roles within these spaces might differ. Limits and differences between these roles are marked by the fall of the curtain as a symbol of the different social spaces defining his life strategy. The curtain also allows an individual to disclose selectively his biographical characteristics in different spaces of co-presence.

¹⁵ Interview quotation in Potot, 2000: "When I come back home, I want to be a king. I want everybody to see that I have been to France. That's all that matters, that's most important.... I want this even if it would cost 15 000 Francs a week (interview, migrant Spain).

The attraction of a considerable remuneration, inaccessible in the home country has become one of the reasons for which the migrant status is accepted more and more often by different social categories. It is the financial possibilities that a migrant will talk about at return, rather than any costs or disadvantageous situations. Therefore, descriptions about the situation abroad and about labor opportunities may prove to be fragmentary for new comers. Sometimes, potential migrants are warned about the difficulties they might encounter abroad. However, any arguments against their leaving are found rather modest as compared to an envisaged higher financial status at return. Ignoring negative stories about labor opportunities abroad might contribute to the structuring of inconsistency between migrants' expectations and the real situation abroad. Unfulfilled expectations often result in disappointment.

„I had enough of the so called wonderful Italy. It is not the same country they talk about back at home. My brother came here. I took him with me at work. The employer gave him something to do. He started complaining that he hurt his hand. He returned home after one week only.” I asked him: “Why have you come”? He said: “What do you want from me, can't you see these guys are pushing us too hard” (migrant, Italy)!

Source: SNSPA, 2004

Backstage Migration Stories. Migration without Mask

There are three patterns that may contribute to successful migration strategies or to the emergence of status inconsistency (Flug and Kasir-Kaliner in Markovic și Manderson, 2000: 130): the adaptation of the economic environment to the labor supply, the occupational structure and the professional abilities specific for migrant populations; immigrants' adaptation to the labor demand in the destination country by changing their occupation; a combination of the two previous possibilities.

Generally the second pattern is specific for flows following the south-north, east-west axes. What does adaptation to the labor demand requirements mean for immigrant workers performing jobs in the secondary labor market? If in the primary sector, investments are often times directed to enhancing the personnel's capabilities or in incentives that would enhance the duration of their stay in the company, in the secondary labor market, labor force is replaceable and investments in the development of human capital is not a priority (Massey et al., 1993). The characteristics of the jobs in this sector have contributed to labeling them as “3D jobs”, dirty, demanding and dangerous. Although these attributes are present at the collective representation level, immigrant jobs are more fit to be characterized as poorly paid, unstable and boring (Bohning 1995 in Skeldon, 1997: 75).

Accepting a certain position, an individual will actually comply to perform some pre-established responsibilities. Each of these positions has a specific degree of social value and will offer the occupant either prestige or contamination. (Goffman, 1974, 87).

If a job is contaminating and not prestigious, the management of impression depends on the migrants' personality and their resources of coping with the inconsistency situation. It also depends on their perception of the inconsistency situation (not all migrants are stressed by an inferior occupation). An extreme case is when a migrant feels ashamed of the job performed abroad and will try to hide every detail about it back at home. Unfortunately, no qualitative research has been conducted up to this moment that would allow us to assess the validity of this hypothesis. Previous researches however, do include a question that might constitute a proxy indicator helpful in identifying status inconsistency and its effects. *„If you would be offered the same job in Romania, in exchange of a similar payment would you prefer to work in the country?* Other questions related to the specificity of the job abroad or residence conditions in Italy also revealed information useful for this study.

Generally, interviewees in Italy stated that they would accept the job in Romania, thus invalidating our expectations that they would find it stressful to accept an inferior occupation in a familiar social space, especially if it involved deterioration of human capital. Still, previous studies indicated that

there are also migrants that would find such a situation unacceptable¹⁶. The primary motivation for accepting the same job in the home country is the possibility to be closer to family and relatives. An inferior occupation in the home country, even if highly remunerated, might cause distress since the migrant would now lack any possibility of hiding the downward occupational mobility experience that would have only been possible if his/her life strategy expanded across two different spaces and involved different moments.

The deficiencies of the economic environment in Romania could represent the primary push factor for migration. The lack of occupational opportunities in the country of origin lay at the basis for the acceptance of inferior occupations abroad. High remuneration helps inconsistent individuals diminish the psychological costs. Identification with other Romanian migrants having a similar social status in the destination country and little possibilities of upward social mobility may reduce stress. The quotation below reveals one of the coping strategies of a young woman with high education affected by status inconsistency. After graduating, she tried to find a job that would correspond to her educational abilities. She failed, and decided to leave abroad where she accepted a job as a scrubwoman. She justified her migration strategy comparing herself with other migrants who, just as she did, accepted to perform most inferior jobs. These jobs were part of the everyday life in Italy, and as long as everybody did it, there was no reason to feel ashamed.

“After I graduated, I waited. The only job that I could find was that of a secretary with 2 500 000 Lei a month. I would not work under these conditions.

Here in Italy, everybody performs inferior jobs. Many people work without papers. I work in a pizza restaurant. I do the cleaning... Everybody does this here... I am not sure what I will do in the future. I do not have papers, so maybe I will try to get a working permit. I will not go back home for the moment. Maybe after 10 years... There is nothing for me there and I do not want to sacrifice myself there (migrant Italy, high education)

Source: SNSPA, 2004

Sometimes, frustration caused by the inconsistency between the educational status of migrants and the occupation abroad is more explicit. Often migrants refer at „inferior jobs” to describe their responsibilities abroad emphasizing that the jobs they take are rejected by the Italian population.

I: „What do you dislike about Italy?

R: *The inferior jobs. The job that I have to do and that they reject. Often times do I feel frustrated because of this but what else could I do? I have to accept it and go on!*

I: *Is there anything else? Would you perform a different job in Italy?*

R: *Another job? What other job? They have their unemployed persons! These unemployed persons would never take the jobs that we accept (migrant, Italy).*

Source: SNSPA, 2004

Absence of social capital, language deficiency, the undocumented status or the permanence of distrust in Romanian migrants hinders access to better occupations in the country of destination. Working in the informal sector contributes to migrants’ marginalization, social exclusion and vulnerability¹⁷.

„It is more difficult to find a good job as long as I do not have a working permit. When we accepted this inferior job, we had to do everything we were told and to work two or three hours more after the closing of the official program. An Italian would never do that. I have no other possibility because I do not have documents (migrant Italy). Source: SNSPA, 2004

¹⁶ In a study conducted in Dobrotesti, a community in Teleorman county, a migrant was asked a similar question. He firmly rejected the possibility to perform the same job in the home country. He had been salaried in constructions, and accepting a similar job in the home community would have been degrading since people there knew that his education was a lot superior to this job (Șerban in Grigoraș, 2000).

¹⁷ Vulnerability is the median term in a typology describing social inclusion: integration, vulnerability, extreme marginalization (Castel in Valtonen, 2001:425). The term indicates job instability, and precarious or inexistent social capital.

The association of Romanian migrants with delinquency contributes to the deterioration of their social status in the destination country. Migrants often talk about them being labeled as “gipsy”, criminals and thieves.

„There are Italians whose belongings were stolen by Romanians. They look at you, ask you where you come from, and when they find out you are Romanian they consider you are just one thief more” (migrant Italy). Source: SNSPA, 2004

Final Reflections

This study aims at contributing to the understanding of circulatory migration in post-communist Romania by resorting to status inconsistency as the main explanatory factor for the international mobility phenomenon. We argued that status inconsistency as a multidimensional characteristic of status influences migration behavior. In a highly disruptive transition environment, individuals affected by structural changes sought means of coping with downward social mobility and frustration. Circulatory labor migration turned out to be one of the most attractive life strategies. While analyzing education-income pairs we concluded that individuals with low education- high income, medium education-low income, and superior education-low income are more likely to value migration as life strategy. However, the method chosen to test this hypothesis has little statistical value and further analysis to test this association is necessary. Also, we stated that those individuals who have never had the experience of an inferior job will find it harder to cope with the distress caused by repetitive job responsibilities abroad. High unfulfilled expectations related to the job abroad will also be stressful. Considering the negative selection of human capital and job characteristics in the secondary labor market we also looked at strategies of coping with status inconsistency. Returning migrants would generally disclose positive experiences related to the migration experience. The front stage of migration will reveal high incomes, imposing houses and success stories and hide or fragmentary disclose negative experiences abroad.

The present study was based on secondary data analysis. Although the available qualitative and quantitative information allowed us to explore some implications of status inconsistency, the study lacks the coherence of a research designed purposely for this subject. This paper is a first initiative to reveal the association between status inconsistency and migrants’ behavior. Looking at migration from a social dramaturgy perspective might bring a significant contribution to the understanding of the structuring of the migration intention. Further analysis of the association between structural changes, status inconsistency and migration might lay the premises for a new perspective on circulatory migration or Romanian labor migrants.

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International Mobility of Romanian Students in Europe: From Statistical Evidence to Policy Measures

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Abstract: International mobility of any kind is quite young in Romania, and it was possible only after falling of the communist regime in 1989. Consequently, the paper reflects firstly some conceptual issues on international student mobility; than, in the second part, a statistical portrait of student mobility in Romania is presented, in connection with the European context. We notices that the Romanian student mobility is lower that European one, so in the third part we focus on barriers to international student mobility, and also on policy measures that should be taken in Romania.

Key words: higher education, international student mobility, Romania, policy measures

JEL code: I23

1. Introduction

After the fall of the totalitarian regime, Romania entered a complex transition to market economy and democracy, a process which affected every domain from society to economy, culture and politics.

Reform in the field of higher education began right after 1989 and aimed initially at eliminating courses that had become obsolete in view of the new option and, during a second more extensive phase, building a coherent legal frame that could ensure a more effective higher education. The reform of Romanian higher education, awaited by Romanian young people, represents at this moment the construction of a higher education system as compatible as possible with the European educational

space. In addition, Romanian higher education institutions need to respond to the demands of the knowledge-based society and European Higher Education Area.

In addition, one of the main progresses registered towards the Bologna Process in Romania, focusing mostly on the last development from Bergen to London is *Cooperation and partnerships among higher education institutions across the European Higher Education Area* [8].

Today mobility involves in Romania larger numbers of people and is supported by education programmes at national and international levels and in particular within the framework of EU funded programmes. Hundreds of students and teaching staff participate in exchange programmes each year, and political, social and technological changes have made (academic) mobility in general a lot easier. Despite its growing trend and its increasing importance, the phenomenon is not well represented in the literature. One possible explanation is that international mobility of any kind is quite young in Romania, and it was possible only after falling of the communist regime in 1989. Beside this, Romania, as other European countries, is confronted from various reasons, with a lack of statistical data on migration, mobility and student mobility. Consequently, the paper reflects firstly some conceptual issues on international student mobility; than, in the second part, a statistical portrait of student mobility in Romania is presented, in connection with the European context. We notice that the Romanian student mobility is lower than European one, so in the third part we focus on barriers to international student mobility, and also on policy measures that should be taken in Romania.

2. Conceptual issues on international student mobility

Mobility goes in many cases together with migration and for each of them there is not a widely spread and accepted definition.

Mobility is the child of academic freedom and of the irreplaceable exchange of ideas in research, as well as in teaching and study. The literature on mobility classifies the phenomenon into different types, some of which are opposition pairs [5]. First of all, there is the differentiation into “forced” and “voluntary mobility”. *Voluntary mobility* is referred to young students, mainly in their first career to degree, who seek diversity in their study curriculum and eventually return to their home country, either with a degree earned abroad, or ready to take one at home. *Forced mobility* is motivated by poor study condition, political repression, by bleak labour market. The forced or involuntary mobility is also associated with refugee status, gender related, ethnic, religious, language base rain-drain. From this list, it is clear that the interface between mobility and migration is blurred. What is certain is the fact that in the higher education, they are both part of a large system of brain circulation.

International student mobility involves students leaving their country of residence for a period of higher education abroad, or to pursue a related activity such as a foreign work placement or study tour.

International student mobility is defined¹ as *any form of international mobility that takes place within a student’s programme of study in higher education*. The length of absence ranges from a short trip to a full-duration programme of study such as a degree. In addition to study at a foreign higher education institution, mobility can also involve a period in a workplace or other non-higher education environments. Ideally the period of mobility should be long enough to have an impact on the student’s appreciation of a foreign culture, and it should have some defined role within a student’s learning experience. For many students, this includes the opportunity to apply skills in a foreign work context. However, definitional boundaries are not easy to draw, particularly with regard to short trips

¹ International student mobility, Report by the Sussex Centre for Migration Research, University of Sussex, and the Centre for Applied Population Research, University of Dundee, Commissioned by HEFCE, SHEFC, HEFCW, DEL, DfES, UK Socrates Erasmus Council, HEURO, BUTEX and the British Council

abroad, and especially when these do not have an explicitly educational purpose. In Erasmus programme the period of mobility is between 3 month and 12 month.

In many countries definition of mobility is associated with *foreign nationality* of the students. By applying the nationality criterion, it is as if permanent residents of foreign nationality are regarded as mobile students and thus included in the data concerned, although their presence is not directly related to their student status. Romania, as a few other European countries report foreign/mobile students according to country of residence or country of domicile and not according to country of citizenship. Such approaches lead to a limitation in degree of comparison of international data on mobility. This was one of the most important findings of the study realized by ACA². Available “mobility statistics” do not, in most cases, report on mobility at all. Only 10 out of the 32 countries included in the ACA study collect data on genuine mobility i.e. on students moving across country borders for the purpose of study.

It is important to mention the recommendation to institutional, national and international organizations involved in higher education around the world that definition and data should be more compatible. Eurostat’s work on statistics should be supported by common definitions and criteria and more up-to-date input by different countries.

3. Dimension of international student mobility in Romania. A statistical portrait

The beginning of century XXI marked a spectacular ascent in the number of international students at world-wide level. In 2004, at least 2.5 million students of tertiary level studied outside their country of origin, compared with 1.75 million that did it in 1999, which represents an increase of 41%.

In 2004, 132 million students were registered anywhere in the world in superior education; value that is very over 68 million that did it in 1991. More than half of the students of tertiary education of the world one is in two regions, Eastern Asia and the Pacific and North America and Western Europe; and each one of these regions represents more of a quarter of the world-wide total of students in this level.

Between 1991 and 2004, in Central and Eastern Europe the matriculations of tertiary level increased, in average, to annual 5%. After a slow beginning, from end of the 90 years, the growth level has stayed constant. Although the number of students of superior education in the Russian Federation lowered more than annual 3% between 1991 and 1996; in Poland, Romania and Turkey the matriculations increased.

In the last 17 years, emigration has started to be a more serious problem, as people counteract the lack of opportunities in Romania by migration prospects. Moreover, it is rather the skilled and young who are the most likely to move abroad and, unfortunately, they usually choose permanent migration [9]. It is not a surprise that the number of Romanian students that migrate towards the Western educational systems, without ever coming back home, is constantly increasing. The reasons for such a brain drain can be easily noticed. On the one hand, it is the academic environment that provides the youngsters with the guarantee of a qualitative educational process and international certification. On the other hand, it is the perspective of superior material stimuli and the promotion of the best students in the educational and research institutes, or even in the most competitive multinational companies.

Romanian universities are trying to adapt and they have chosen some forms of international co-operation such as [11]:

² Maria Kelo, Ulrich Teichler, Bernd Wächter (eds.), EURODATA – Student mobility in European higher education, Bonn: Lemmens 2006 (ISBN 3-932306-72-4)

- ▶ *Trans-frontier student exchanges* between various higher education institutions, for short-term study visits or practical activities, on the basis of bilateral agreements;
- ▶ *International student mobility* based upon institutional agreements or the affiliation to various university networks, with the recognition of the study periods by use of compatible transferable credit systems;
- ▶ Involvement of Romanian university departments or teachers in the *offering of trans-national higher education* including *joint training programs, programs typical to virtual universities*, to other types of institutions involved in *e-learning* etc.
- ▶ *Teaching staff exchange* in the field of education and research, in order to cover an existing need in the field at the host university or to offer aid in the development of new syllabi, new support for learning, new technologies of teaching and learning etc;
- ▶ The creation of programs for *granting joint degrees* on the basis of an agreement between a Romanian university and a foreign university, with the observance of the rules existing in each one of the participating countries.

Student and teaching staff exchange programs were set beginning with 1991 within the TEMPUS program between Romanian universities and universities in EU countries.

Higher education institutions in Romania have been involved in SOCRATES and LEONARDO da VINCI programs starting 1997. Starting with 1998 Romanian universities have taken part in projects developed within the CEEPUS Programme (Central European Exchange for University Students Programme) that promote student mobility for full academic studies, master's and doctorate programmes, as well as exchanges between teaching staff and researchers.

The National Office for Student Grants Abroad was created in January 1998. It manages grants through which the Government of Romania supports Romanian students, in order to study abroad for relatively short periods of time.

After 1998, over 9,000 students have participated to ERASMUS mobilities. During the academic year 2002/2003 45 universities participated in ERASMUS activities, involving approximately 2,400 students.

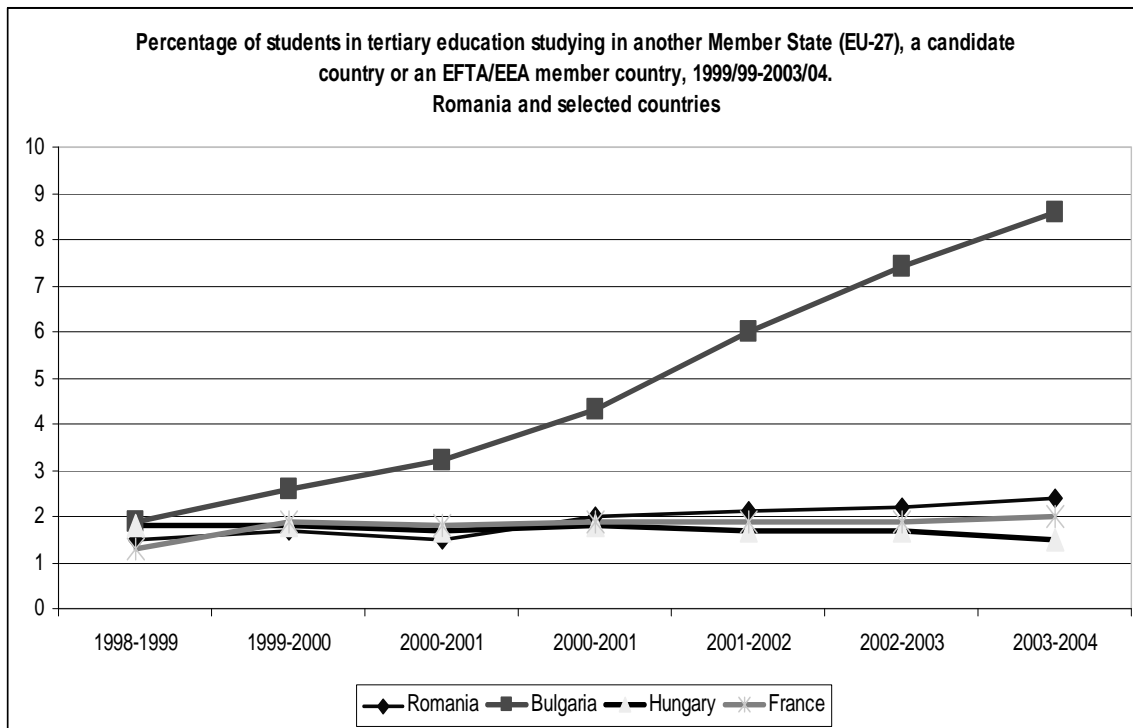
Table 1. Dynamics of participants in the Erasmus Program

Year	Number of institutions	Number of students
1998-1999	30	1250
1999-2000	32	1497
2000-2001	40	2000
2001-2002	45	2110
2002-2003	45	2400

Source: Ministry of Education and Research, 2006

Less than 3 % of students from the great majority of other European countries were studying abroad in 2004. The least mobile were Spanish, Polish and UK students, 1.2 % of whom or less went abroad. On the other hand, Bulgarian, Greek, Irish, Maltese and Slovak students were more mobile, with between 7-10 % of them studying in another European country.

**Figure 1. Percentage of students studying in Europe (1998/99-2003/04).
Romania and selected countries**



Source: adapted from EUROSTAT 2007

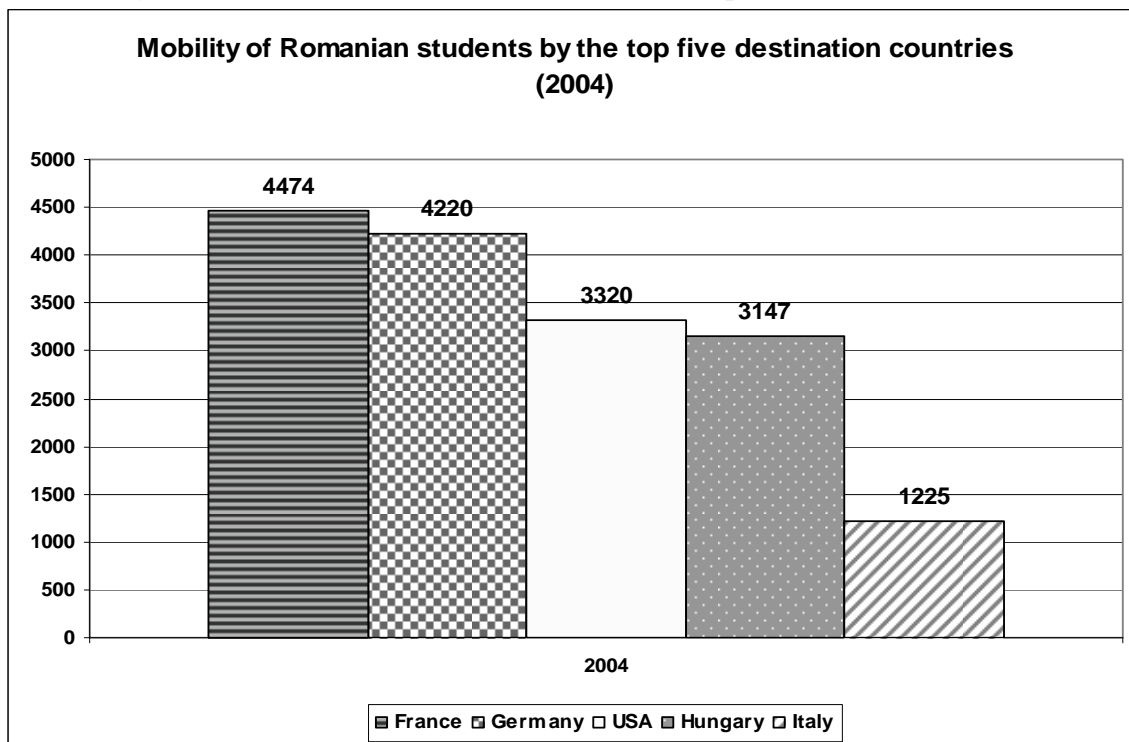
The percentage of Romanian students who are studying in Europe was 2.4% in 2004 and is has been moving upward during last years, so that it has overcome the European average, of 2.2%.

Although the mobility of students was not only in one way, many of our students leave the country for study in some other country for new experiences and probably a better access to information. The most wanted destination countries, within Europe are: France, Germany, Hungary, Italy, and it is also important to notice the important number of students that go overseas, in United States.

This East-West student mobility is a well known form of vertical mobility. There is made in the literature [5] the difference between the two forms of mobility: vertical and horizontal mobility. Vertical mobility is defined as a move from a country or institution of a lower academic quality to a country or institution of a higher education or superior quality, while horizontal mobility is a move between countries and institutions of similar academic quality.

Horizontal mobility is noticed in Hungary's case. In this case the important number of Romanian students is explained by Hungarian language spoken in Transylvania by Hungarian minority, as well as by increasing cooperation between higher education institutions from Transylvania and Hungary.

Figure 2. Mobility of Romanian students by the top five destination countries

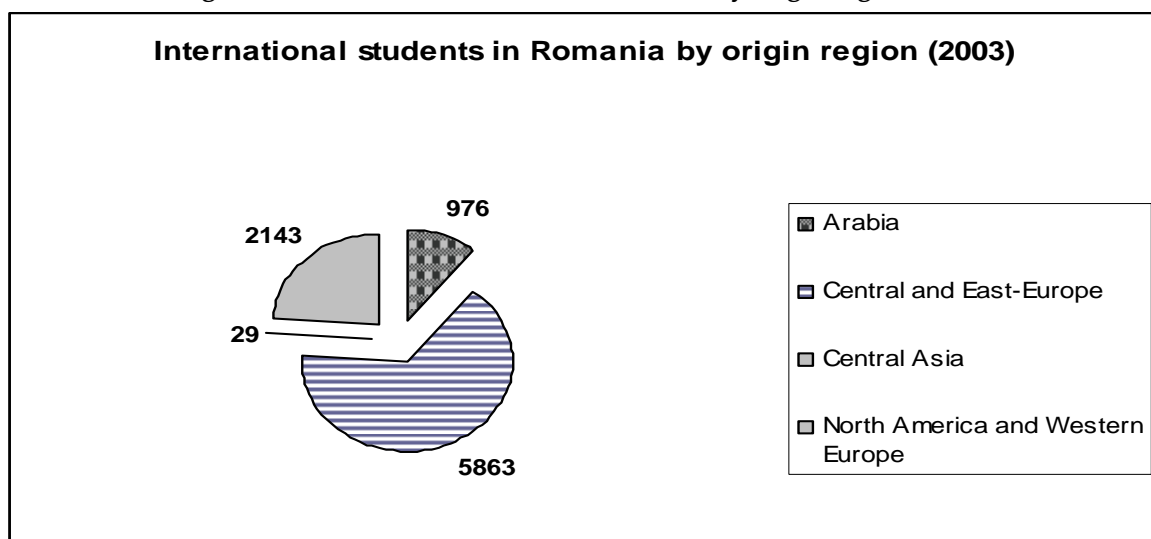


Source: adapted from OECD 2006

At the same time, a significant number of students from various EU countries have studied in Romania. Starting with the academic year 1990/1991, several Romanian universities have offered complete study programs in foreign languages like English, French and German.

The mobility of students (income and outgoing) it's one of many sources of the problem of brain drain and brain gain. According to OECD data, in 2004, 9730 foreign students were studying in Romania, and almost half of them were female (44%). It is worth to mention that most of these students were coming from Central and East European countries, and more than 4200 were coming from our closest neighbour, Republic of Moldova.

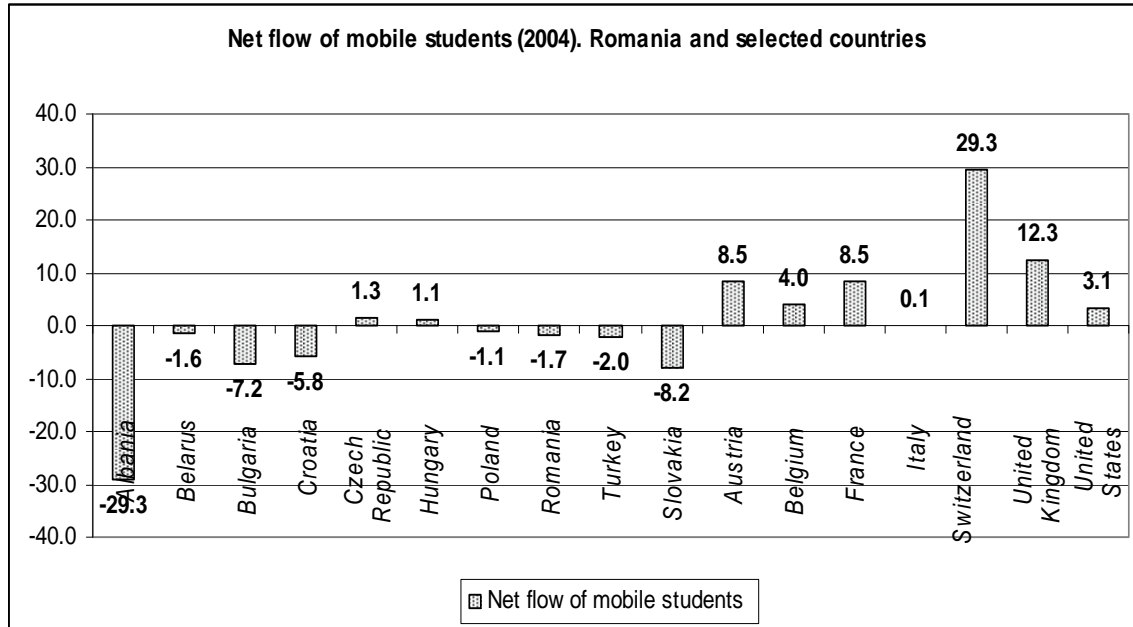
Figure 3. International students in Romania by origin region (2003)



Source: adapted from OECD 2006

The outbound mobility rate was 3.2 %, which compared to the inbound mobility rate of 1.5% leads to a negative net flow ratio of 1.7%. The situation is common for most of the countries from Central and Eastern Europe, which are student providers for Western countries, rather than student receivers. On the other hand, net flow ratio is positive in Western Europe, as well as in United States.

Figure 4. Net flow of mobile students (2004). Romania and selected countries



Source: adapted from OECD 2006

It is not a surprise that the number of Romanian students that migrate toward the Western educational systems, without ever coming back home, is constantly increasing. It seems that rather the skilled and young who are the most likely to move abroad and they usually choose permanent emigration³.

The reasons for such a brain drain⁴ can be easily noticed. On the one hand, it is the academic environment that provides the youngsters with the guarantee of a qualitative educational process and international certification. On the other hand, it is the perspective of the superior material stimuli and the promotion of the best students in the educational and research institutes, or even in the most competitive multinational companies. Of course, the receiving country benefits from the capitalization of the foreign talents, whereas, Romania (the sending country) faces the loss of the value added that could have been directed toward the society's development.

This brain drain is very much connected with opinion of highly skills persons about migration. In order to understand the attitude of Romanian students towards migration, in the first quarter of 2004, a survey entitled "*Romanian students' attitude towards migration*"⁵ was carried out in Bucharest. The objective was to observe the general opinion among students regarding the phenomenon of migration. The survey involved 92 students coming from five different universities: Academy of Economic Studies, Faculty of Medicine, Faculty of Law, Faculty of Architecture and University of Polytechnics.

³ Brain Drain and the Academic and the Intellectual Labour Market in South East-Europe- International Roundtable, www.ad-astra.ro/library/papers/Aferro_Brain_Drain.pdf

⁴ Spokesmen for the Royal Society of London coined the expression "*brain drain*" to describe the outflow of scientists and technologists to [Canada](http://en.wikipedia.org/wiki/Brain_drain) and the [United States](http://en.wikipedia.org/wiki/Brain_drain) in the early 1950s. http://en.wikipedia.org/wiki/Brain_drain

⁵ Bogoi, Laura; Breabăn, Diana; Burtoiu, Cristiana; Bușe, Maria – *Calling for an answer: Is migration a solution?*, Students' Scientific Research Session, ASE, Bucharest, April 2004; Coordonating teacher: Prof.univ.dr. C. Suci. The paper has received the British Council Special Awareness Price

The sample of students was randomly chosen and the survey was performed face-to-face by means of a questionnaire.

More than half (55%) of the respondents considered that their living standard could be better. Those who were pleased with the situation represented another important percentage (38%). This could be explained by the fact that they had not been faced yet with earning their own living. Therefore, the quality of life in Romania can be a cause of migration. Only 23% of the respondents would not like to live in another country. On the contrary, the percentage of the students willing to live abroad was very high. More than half (53%) want to live in Europe, while 20% in the USA.

At this moment one could have said that the phenomenon of migration of labor force would have a great impact on our country, but, the situation is not that somber, as just a half of the students pro-abroad would leave the country for a better life. Those who considered that they would have liked to live there because there is more civilization and because there were higher social, spiritual and cultural values, were not willing to leave Romania. For them the Occident was an attraction, but not a reason to live and work there. Therefore, the Occident is, indeed, a great attraction for the youngsters, but a positive attitude regarding the country is also displayed among the students.

The survey also led to the result that the actual situation in Romania is the cause of the migration of labor force, as the image of the Occident in the opinion of youngsters is the opposite of that in our country. Still, some of the respondents were very realistic and believed that the situation is the same, as all over the world it is the same fight for surviving. But, on the overall, the young labor force was disappointed with their home country's economic situation. This is the only reason for which they would leave Romania, supposing that in the Occident the situation is better.

4. Barriers to international student mobility. Policy implications

The social dimension of the Bologna Process is a necessary condition for the attractiveness and competitiveness of the European Higher Education Area. This implies making quality higher education equally accessible to all, and stress the need for appropriate conditions for students so that they can completed heir studies without obstacles related to their social and economic background. The social dimension⁶ includes measures taken by governments to help students, especially from socially disadvantaged groups, in financial and economic aspects and to provide them with guidance and counselling services with a view to widening access. At numerous meetings and seminars it has been concluded that among the obstacles to mobility, issues related to **visas and social security protection for students and staff engaged in mobility, recognition of study and work periods and lack of financial incentives** are some of the most commonly observed problem areas¹⁰. Beside this, language and cultural aspects are regarded by many specialists as a barrier in student mobility.

- *Visas*

One of the most important consequences of Romania's joining European Union at January the 1st is the liberalization of access in all EU countries, based now on identity card. This present situation is a huge progress compared to the years before, when obtaining a visa was often a big challenge for Romanian students. There are also European countries in which case a visa is needed (Russia, Ukraine), and countries from North America, which are often targets for mobility of Romanian students (US, Canada). In such cases, the application requirements for getting a visa or a residence permit can be very detailed and time consuming as well as expensive.

⁶ Key issues for the European Higher Education Area– Social Dimension and Mobility Report from the Bologna Process Working Group on Social Dimension and Data on Mobility of Staff and Students in Participating Countries, Ministry of Education and Research, Sweden, 2007

- *Finance*

Issues related to insufficient financial support are common in all countries. However, the effect of inadequate financing had a diverse effect from country to country.

Two financial support mechanisms for international mobility may be distinguished in Europe, namely financial support earmarked specifically for mobility and 'mainstream' national financial support that is portable⁷. Romania award financial support specifically for mobility but without any portability of national support.

The Romanian students' mobility⁸ was mainly financed by scholarships (e.g. Erasmus, Raiffeisen, ONBSS etc.), subventions, and, in a very small proportion, by loans. It should be noted that the average value of an Erasmus monthly grant is €140, which is only intended to cover the travelling expenses and differences between the cost of living. While the range of the monthly grant lies between €100-400, even the highest amount is scarce to cover the vast differences in the standard of living between some countries in Europe.

At present, only two banks⁹ in Romania grant loans for university or Master studies abroad: HVB Țiriac and Transilvania Bank¹⁰. The consequence is that mobility is partially financed by students families, which is a strong barrier in access to abroad education for many Romanian students.

The finance obstacle can be removed by an increasing participation in Tempus, Erasmus, Erasmus Mundus, Leonardo Programmes and bi-lateral agreements between countries and higher education institutions.

One of the most important measures that must be taken is also the *promoting of the full use of mobility programmes*. In Romania the lack of information regarding scholarships represents an alarm signal. It was surprisingly noticed in a study conducted by Open Society Foundation that reflect that a great number of students (a quarter of those who answered) don't know what an Erasmus scholarship is. Apart from them, there are also almost one third of the students who don't know what happens with the credits obtained after a study period resulted from such scholarship. Consequently, despite the stated support for student mobility, in reality, the mechanisms that should encourage it are very little developed.

- *Diploma recognition*

At this moment, through commitments assumed at the European level, focused on quality assurance, credit transfers and transparency of educational programmes description, qualifications (diplomas) obtained in the Romanian Higher Education ensure the academic and professional mobility of the graduates all over the world. Nevertheless, for a long period of time, Romanian academic degrees have faced recognition problems in Western Europe and North America. In the case of subject matters such as medicine, the problems still continue today. The topic is consequently sensitive, in terms of the need for external recognition.

This obstacle is particularly worth of attention, since it can be improved without dedication of vast financial resources. Concerning the recognition of courses attended in foreign universities the

⁷ Full portability of financial support is defined as the situation in which **all kinds of support** available for students in their home country may also be claimed, in accordance with the same conditions of award and payment, by the reference student who undertakes all or part of his or her study abroad. In other words, the home country concerned does not place any restrictions on portability. In the case of conditional portability, the additional restrictions that apply are identified. Six major categories have been selected here: restrictions tied to the period spent studying abroad, the host country, the host institution, types of course, how courses or students progress, and language requirements.

⁸ SOPEMI 2006

⁹ DOBRE, Raluca – "*Băncile au oferte sărace de credite pentru studii*" in *Compact*, 4 June 2007

¹⁰ According to the average level of the annual university fees, expressed in USD at the parity purchasing power (source: OECD), several groups of countries with the afferent fees can be identified: states without university fees: Czech Republic, Denmark, Finland, Iceland, Norway, Slovakia, Sweden; USD 150-1,000: France, Hungary, Turkey (with less than USD 500); Belgium, Austria, Italy, Portugal, Spain, Switzerland; USD 1,000-2,000: Great Britain, Netherlands (with the mention that there are only private higher education institutions in these countries, and the students are enrolled through government programs); USD 2,000-3,000: New Zealand, Israel; USD 3,000-4,000: Canada, Chile, Australia, Japan, Korea; Over USD 4,500: USA.

European credit transfer system is considered to be a suitable instrument, but still not completely sufficient. The programme itself was launched within the framework of Erasmus, and guarantees the reciprocal recognition of qualifications awarded by the institutions, which participate in it. Promoting Diploma Supplements could also be a tool to enable Romanian student mobility, as well as increasing the number of joint degrees and increasing information about access to courses available.

An extremely important measure that should be taken is raising the attractiveness of Romanian university for foreign students. In addition, more courses and programs in Romanian Universities have to be taught in English.

- *Language*

In all countries language is a barrier to student mobility. In case of France, for instance, the language of the destination country was an important factor in deciding where to study. Romanian students, as we show previous, are studying both in Anglophone and non Anglophone countries and they not seem to have a linguistically problem. According to the study conducted by Open Society Foundation¹¹, it seems that one third of the students believe that most of their colleagues would have no problem understanding a course in another language, and another third believes that half of their colleagues would be able to deal with such a situation. The study also noticed that the courses in English (contemporary lingua franca) are absolutely rare outside the faculties with teaching in this language. So it is necessary to introduce more language courses to assist inward mobility, together with increasing provision in English and other widely used European languages.

- *Attitudinal and socio-cultural factors*

Though the above issues constitute the bulk of student mobility obstacles, we should not forget the cultural and attitudinal factors standing against mobility, as well as the lack of information and various administrative barriers, which can also hold back mobility.

5. Concluding remarks

The Romanian education system is now at a turning point. The economic and social changes the Romanian society is experiencing and the occurrence of the first effects of the change in population age structure could explain the situation. Deep changes are expected to take place, under the pressure and the challenges of modernization and the EU rules and standards.

The Bologna process had a great impact on higher education policy and on the course and program structure at many education institutions. The mobility factor will considerably affect the future of higher education and its benefits must not be neglected.

In spite of the absence of a comprehensive data collection on the social dimension of higher education, the data provided by national and international institutions can nevertheless deliver valuable information. In fact, we conclude that Romanian student mobility is facing a dimension unmet before and is increasingly during the last years. If we take into consideration the inflow and outflow of international students in Romania, there is a net negative flow. The key findings are linked to obstacles and solution in overcome this obstacles. After Romania entering the EU, the visa obstacle became much more easily to pass. The available evidence points, in our opinion, to two key constraints: finance and the lack of information. It is also stress out the necessity of Romanian higher education institutions to be more involved in attracting European students.

¹¹ Comsa, Tufis, C., Voicu, B. (2007), *Romanina Academic System, Students and teacher's opinion*, OSF, www.osf.ro

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Romania, a Country in Need of Workers? The Bitter Taste of “Strawberry Jam” *

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Abstract:

The paper is a contribution at the scientific debate of migration and mobility issues in the context of an enlarged European Union (EU-27). We consider that Romania, a country with a labour market that faces distortions, will benefit from migration on short term, but will need to import labour force in order to maintain the development trend. Remittances, as result of Romanians emigration after 2002, helped the economic development of the country in the last years (remittances' inflow doubled the FDI). As a response to the media debate regarding Romania's emigration, we consider that the fear of mass migration from Romania following the year 2007 is not justified. While the European (and mostly British) media cries on the threat of Bulgarians and Romanians' emigration, as following to the 2007 accession, the scientific reports say that the A8 countries' migration benefits to economy of the EU15 countries. In the same time, the Romanian media and the Romanian entrepreneurs announce the '*Chinese invasion*' and the lack of labour in construction, industry and even agriculture. We see *labour as goods*: the economic theory say that goods are moving with the prices, the highest price attracts (more) goods. Romania is not only a gateway for the East-West international migration (like Portugal, Spain, Italy and Greece for the South-North direction), but a labour market in need of workers. While a big part of the labour force is already migrated, mostly to the SE Europe (some 2.5m workers are cited to be abroad, with both legal and illegal/irregular status), the Romanian companies could not find local workers to use them in order to benefit

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from the money inflow targeting Romania in the light of its new membership to the European Union (foreign investments and European post accession funds). Instead of increasing the salaries, the local employers rather prefer to 'import' workers from poorer countries (Moldavians, Chinese, Ukrainians, who still accept a lower wage as compared to the medium wage in Romania, but bigger enough as compared to those from their countries of origin).

Keywords: labour migration, labour market distortions, decision making, need for esteem

JEL classification: F22, F24, J11, J22, J61, J70, O15, O52, R23

Introduction

When the ten new EU Member States celebrated the accession with the sound of car horns, toasts and the symbolic removal of border barriers between "the East" and "the West" on May 1st 2004, it was a historical moment for the Central and Eastern Europe (CEE). But the removal of barriers remained symbolic since then, because the old Member States [the so-called EU15/old or core Member States], have imposed restrictions (transition period) on the free movement of citizens from A8 states as according to the rule "2 + 3 + 2" (the term "A8" is used to describe the workers of the new Member States [EU10], with the exception of Cyprus and Malta). The free movement of labour allows a worker from one Member State to look for employment in another Member State on same basis as a national, without any restrictions or discrimination. These restrictions were put in place as some EU Member States feared a substantial influx of immigrants from the CEE countries, due to their economies' characteristics.

On the other hand, huge celebrations are planned in Bucharest, marking a historic New Year for this country at the beginning of the year 2007, when it will be Romania's turn to celebrate the entry into the European Union [and to face labour movement restrictions for its citizens for at least 2 years]. While most EU nations have already placed restrictions on workers from both new member states, it is expected that free trade and movement will help Romania rise to higher levels of prosperity, as exemplified by the Eastern European countries that joined the EU in 2004. The year 2007 could be seen as a turning point both for the European Union and for Romania, one of the newest Member States which join the European family just before its 50th anniversary. With 27 members, the European Union faces with a new stage of development and needs new institutions and new rules.

We believe that our paper bring an important contribution at the debates on European migration, having in mind the issues we propose. We chose Romania as case study because we consider it as the best example for proving that the *history is cycling* and *we do not need to reinvent the wheel*¹: we could analyse the migration phenomena at a small scale and to extend the previsions to the European Union as a whole. Romania could be seen as an experimental country and a laboratory for analysing the policies and links between migration and development. Even if the population decreased year after year in the last decade², Romania is a big country from the demographical point of view, the second large country in the Central and Eastern Europe after Poland. In this way is an important source for economical migration. Being a borderline country for European Union, is a transit space for migration flows too. From an important source for European migration in the last decade, Romania tends to

¹ To understand the reasons why it is no need to discover what was already happened, was said or even wrote in the field of migration, see van Krieken (2004).

² According to the 2002 Population and Housing Census data, Romania had 21.6 million inhabitants, being the ninth among the European countries (21,680,974 inhabitants as of March 18, 2002, while the 1992 Census registered 22,810,035 inhabitants, a decrease of 1.1 million people during a period of ten years, an average decline of -0.5% per annum, due to the lower birth rate and negative balance of emigration). Source: Census of Population and Dwellings, March 18-27, 2002, Romanian National Institute of Statistics (INS); available at: http://www.insse.ro/cms/files/RPL2002INS/index_eng.htm

become a target for labour migration from non-EU countries. Taking in account the fact that 45% of the Romanian population [still] lives in rural areas³, where the rural workers could hardly find jobs nowadays (the males are agriculture workers, while the females are home-keepers), Romania acts as a major actor both on the seasonal agricultural market and on the illegal prostitution market within the European Union. People from rural areas or with an agricultural background have a higher propensity to migrate (they may accept easily the so-called 'dirty' or 'degrading' activities and hard jobs). Analyzing the dynamics and structural mutations in Romania for the period 1977-2002, at the level of the major groups of occupations, the officials of the Ministry of Labour, Social Solidarity and Family mention that,

'in the context of the general decline in the employment population, there was a substantial decrease in the size of the groups; "skilled workers in agriculture, forestry and fishery" (of 1559.4 thousand persons) and "skilled workers" (a group which includes generically, according to the 2002 classification both "craftsmen and skilled workers in handicrafts, in setting and maintaining machines and equipment" and "machine and equipment operators and machine, equipments and other products fitters" which decreased by 1553.9 thousand persons). The size of the group of "unskilled workers" also decreased (by 403.1 thousand persons) and so did the group of 'technicians and related workers' (by 106.7 thousand persons)' (MMSSF 2006).

In the same time, Romania is changing the status of *accession country* which still implements the *European acquis*; nowadays Romania tries to build proper post-accession strategies in order to benefit from the experiences of the previous waves of enlargement, to apply the implemented pieces of legislation and to continue to reform the economy. *After the 2007 accession, Romania will be a member state, and the present movement of workers from Romania to the other member states will become 'mobility within the European Union', will be no more 'European migration'.*

Our study aims to analyse the enlargement consequences beyond the celebration moment. Romania is not only a source of emigrants and a gateway for East-West international migration (in the same way likes Portugal, Spain, Italy and Greece for the South-North direction), but a labour market in need of workers. Romania faces new challenges as soon as our country joins the European club. With a labour market already confronted with distortions, Romania is twice more tempting for migrant workers' flows. As result of Romanians emigration after 2002, remittances have sustained the economic development of the country in the last years (remittances' inflow have doubled the FDI last years; unfortunately, the remittances are mostly seen as compensatory measures for helping the family for bad economy or bad luck, not generally acting as source of capital for economic development). We consider that Romania benefits from migration on short term, but needs to 'import' labour force in order to maintain the present development trend.

We did comparative analysis and a wide, complex approach of the problem in discussion. We studied the experience of countries that accessed to the European Union in the previous waves of accession, to compare the evolution of migration phenomena from that period with the migration of the CEE countries within the last decade. Some studies carried out before the 2004 accession expressed the aware of the mass migration from the eight CEE countries (so-called A8 countries) to the EU15 Member States as following the date of May 1st, 2004. The situation is quite different that it was forecasted some years ago. With the exception of the case of Great Britain (one of the three states which allowed free movement of labours from the A8 states), the number of migrants is much less significant than has been portrayed in much of the media. The experience of previous enlargements of the European Union shows that initial scepticism and fear of being "flooded" by migrants from the

³ Almost half of the Romanian population lives in rural areas: 45.1% on July 2005 (according to the *Statistical Yearbook 2006, Chapter 2. 'Population', Graph. 2.G2*), as compared to 47.3% in 2002 and 45.7% in 1992 (*Census of Population and Dwellings 2002, Vol.5, Population, Households and Dwellings, Structure of population by areas, Graph. 3*), Source: National Institute of Statistics

new members, with resulting attempts to restrict migration, have been unfounded. At the present, after less than three years of membership with the EU, the figures shows that Poland was the major “threat” for the EU labour market and the welfare system at a whole, in the condition that UK was a country which directly attracted the Polish workers⁴.

Due to the lack of data and of scientific research as regarding the effects (both financial and non financial) of migration and of remittances on the Romanian economy, the scientists and decision makers could hardly design economic policies to manage the migration issues: there are no migration trends available, as resulted from generally certified data⁵, nor predictions beyond the Romania’s accession to the European Union⁶. According to our observations, we consider that Romanian labour market faces specific phenomena, distortions, and some problems and difficulties occur as following the 2007 accession to the EU. In our research we use the theory of distortions of the labour market and the ‘new’ economy of migration. The migration decision is taken after the would-be migrant analyse for himself the costs and benefits of migration (regardless of its form, legal or illegal). We used microeconomic analysis on the basis of functions of utility (maximisation of utility of migration), costs (minimisation of costs incurred, from the point of economic and social costs, and maximisation of benefits; the cost of opportunity). For data processing, we used synthesis (international press survey and synthesis of the major theories regarding the international migration, benefits, remittances and development), classification, static and dynamic comparative analysis, induction and deduction.

Romania, a country in need of workers? The bitter taste of “*Strawberry Jam*”

Especially after the biggest wave of European Union enlargement, we noted that the economic literature, both at the global/European level and in Romania, widely targets the migration issue. The 2004 enlargement of the EU with 10 new Member States has opened up the societal and policy debate in many EU countries, debates being centred on whether or not borders should be opened to allow the free movement of workers, and also on the effects of this core freedom of the European Union. Migrants’ quota, financial flows/remittances, development and fear of Eastern immigrants were preferred subjects for media. More and more events deal with migration and mobility matters. The European Commission celebrates the *European Year of Workers’ Mobility 2006*, in order to raise the awareness on mobility consequences at European level, to promote the exchange of good practices, and to inform about the benefits and costs of both geographical mobility and job or labour market mobility, the realities of working in another country and the rights of the migrant workers. The current EU labour market policy agenda encourages more mobility of the European workforce,

⁴ For detailed comments or figures regarding the Polish migration to the UK and *the myth of Polish Plumbers*, see Reichlová (2004: Ch.7 and 8), CNTR (2006: Ch.6), Saleheen and Shadforth (2006: 378, Table A), Portes and French (2005), ippr (2006a and 2005), Gilpin et al (2006) and Salt (2006: 22-25).

⁵ Due to the fact the governmental institution do not use standard criteria when collecting data regarding the migration from/to Romania, the national statistics could hardly be recognised/certified by the researchers from abroad.

⁶ The migration studies are rather new on the Romanian ‘scientific market’: mostly with sociological background, the Romanian authors would hardly join their efforts to promote the launching of a dedicated migration centre and/or to prepare a comprehensive scientific publication, covering all areas of research. The studies of the scientists from abroad uses the few data available at the local level, maybe revealed during international academic conferences or meetings, and those communicated to the international institution by governmental bodies. Romania seems to be the sole state within the EU25+2 without a specialised institution to prepare/deliver specialised scientific research/education/training/publications on mobility and migration. In the framework of the Jean Monnet European Centre or Excellence within the West University of Timisoara, the authors propose the including of the *migration and mobility studies* [legal, economical and sociological approach] into the academic curricula at the national level and the creating of a *migration centre* and a dedicated *web-based e-library on Romanian migration* [www.migratie.ro].

specifically across [internal] borders. The academic research debates the way the remittances [money resulted from migration] are used, in order to increase the economic development, both at local/national scale in the origin and destination countries, and at the European level.

During the 20th century, Europeans were no strangers to social, economic, and political change, but their major challenges focused mainly on the intra-European construction of stable, prosperous and capitalist democracies. Nowadays, one of the major challenges is flows of people across borders. Immigration consistently occupies the headlines. Connected to demographic change, economic growth and welfare state reform, immigration – usually connected to slowing economies, high unemployment, loss of nationals' jobs, anti-immigration sentiments, crime, and terrorism – is often presented by politicians as having mostly negative effects. Both academic researchers and the European media are wondering that Europe's future will largely turn on how to admit and integrate the new immigrants, especially the non-Europeans.

Starting with the year 2005, and most pregnant after the first semester of the year 2006, when the European Commission requested the official positions from the Member States as regarding the free access to the labour market for the new members, the European media chose migration as a core issue for the public debate. Massive immigration has long troubled the Western Europeans who tend to blame the rise of crime and drugs in their cities on illegal immigrants – accusations not entirely without justification, but at the same time accusations that have frequently been exaggerated.

An especially frightening aspect is a surge in official and public associations of migrants and migration with criminality. These include frequent news reports that attribute both particular incidences and rising general crime rates to foreigners or immigrants, putting immigration control in the same category as crime, arms and drug control, and the generalized use of the terminology of illegal migrant or illegal alien. [...] It is now commonly said that xenophobia and racism against migrants are caused by immigration, or sometimes more specifically, by irregular "illegal" migration. By extension of demagogic logic, the victims are the cause, and by removing or stopping these causes, the problem can be resolved. Draconian measures, and violence against foreigners, can only be encouraged by the combination of language of illegality, the terminology of combating illegal migration – as if it were an enemy in military confrontation – and the banal association of irregular migration with crime, arms, drug trafficking and terrorism.

(Taran and Geronimi 2003:10)

The European Union single market implies the existence of *the four freedoms*, and in this way the freedom of movement of peoples [workers] is the core of the European Union project. '*Wir riefen Arbeitskräfte und es kamen Menschen*'⁷, said Swiss writer Max Frisch (1965): people in movement mean fundamental human rights to protect. '*Everyone has the right to leave any country, including his own, and to return to his country*', is wrote in the Article 13(2) of the Universal Declaration of Human Rights. But no legal document offers the migrant the right **to enter** any country!

One can see scary news into printed media all over the Europe (and especially in the UK). We noted that, suddenly, they 'chose' Romanians [all Romanians were seen as would-be emigrants] as being the '*public enemy*' for the European Union welfare and its social protection system, as soon as Romania joins the European Union in 2007. The EU citizens were warned of a flood of benefit-hungry Romanian immigrants. Nobody knows how many Romanians are living in the Great Britain (we believe that the majority of British hardly know where Romania is on the map!), but we consider that most who want to work in the UK have already been there for years (mostly with illegal/irregular status)⁸. Of course, after accession, Romanians already on the British territory will prefer to stay there

⁷ We asked for manpower and we got human beings / We called for labour, and human beings came.

⁸ Krieger (2005: 9) reports that 40 to 45% of newly registered migrants from the new Member States in the second half of 2004 lived already in the UK before the 1 May 2004. As Romanians do not have strong Diaspora in UK, is hardly to imagine that the figures will show bigger amount of immigrants soon after Romania's accession to the EU on 1 January 2007.

and maybe some relatives/friends will join them. As Reichlová (2004) reveals, *'barriers to labour mobility may discourage workers already resident in the EU from their return to home country, because they would typically lose residence and employment rights in the destination state'* (Reichlová 2004: 51). The Romanians will chose to move to places where they feel welcomed and where migration networks are already well established. Deliberate or not, application of restrictive policies corresponds to increasing vilification of migrants [foreigners] in press, political discourse or public sentiments (Taran and Geronimi 2003:1). *'Unfortunately, the debate is often hijacked by negative, populist slogans, which can inhibit the formulation of sound and balanced migration policies'* (Ghosh 2005: 163). On the other had, *'due to restrictions on the free access to employment for nationals of the new Member States, the founding idea of the European Communities i.e. to unite people and not only economies seems to be only half-achieved'* (ECAS 2005: 30).

A very interesting portrait of the British environment regarding the pressure created by the media as regarding the migration phenomena could be seen at Berkeley, Khan and Ambikaipaker (2006): the fifth chapter of their study analyses the frequency of immigration reportages, presenting excerpts from the headlines that contributed to the 'moral panics in the media' between the late 1960s and the year 2004 (see Table 1). The general tone of the surveyed reportages were merely negative and *'contributed to a receiving social context where constructive debate is difficult'*, while the positive stories are generally infrequent, and the reaction from the counterpart journals is often represented by attacks on the credibility of such positive approaches (Berkeley, Khan and Ambikaipaker 2006: 24-30).

Table 1 UK press coverage comparison on immigration and asylum seekers (year 2004)

News	Times	Telegraph	Independent	Guardian	Mail
Immigration	340	144	243	226	234
Asylum seekers	195	83	161	173	117

No. of reportages

Source: Berkeley, Khan and Ambikaipaker (2006: 24, Table 6)

Immigration and asylum are key topic in the British media which maintain in the public perception the idea of a perpetual crisis about immigration, while opinion polls express the *increasing concern on such subjects* (immigration is seen up to 40 per cent most important issue facing Britain) and *evidence that newspapers have a great impact* on these sentiments (Berkeley, Khan and Ambikaipaker 2006: 33, Table 8). Within the last 30 years, the UK media coverage's attention was changed from *"nonwhite" Commonwealth* issues to the anxiety over asylum seekers and migration from the new Member States of the European Union and elsewhere (Table 2). If the subjects of immigration debates changed, the negative tone of the articles/discussion never changed, increasing panic about mass influxes of hungry workers, criminal behaviour, welfare state crisis and cultural differences (Berkeley, Khan and Ambikaipaker 2006: 25).

Table 2 Historical perspective on moral panics in the media

Moral panic	Period 1968–72	2004
Folk devils	'Bogus' dependants 'Sham' marriages 'Bogus' students TB carriers	'Bogus' asylum seekers Welfare 'cheats' HIV carriers
Mass influx	Kenyan Asians Ugandan Asians High birth rates of 'coloured' immigrants	Eastern European Gypsies EU economic migrants and students Asylum seekers in 'Middle England'
Cultural pathology and illiberal differences	Under-aged marriages – <i>Sikhs, Muslims</i> Polygamy – <i>Sikhs, Muslims</i> Turbans – <i>Sikhs</i> Sexual promiscuity – <i>West Indians</i>	Gang masters – <i>Chinese</i> Terrorism and flag burning – <i>Muslims</i> Hijab – <i>Muslims</i> Sexual promiscuity – <i>Africans</i> Indolence – <i>Gypsies</i>

Welfare state crisis	Housing, hospitals and schools	Housing, hospitals and legal aid
<i>Desirable immigrants</i>	<i>White Old Commonwealth with 'kith and kin' rights</i>	<i>White Zimbabweans with 'kith and kin' rights</i>

Source: Berkeley, Khan and Ambikaipaker (2006: 29, Table 7)

Anti-immigration sentiment has risen in Europe over the past few years, and many governments are under subsequent pressure to curb the growing problem. Aware of the general interest on anti-immigration headlines and stories, the political parties joined this media debate regarding immigration pressure, by proposing a sort of measures to increase their popularity among the sensitive British electors: immigration tribunal, immigration laws, detention camps, abolition of judicial review, annual quotas or even withdrawal from the 1951 convention on refugee and the European Convention on Human Rights (Berkeley, Khan and Ambikaipaker 2006: 25). Zaiceva (2006) mentions that the intensive political pressure, mostly created by the media, was the reason for imposing the transition periods for the free movement of labour like those requested by the UK in the framework of the new accession waves to the European Union: *'Experiences with previous European integration suggests that migration flows do not increase after opening up the borders. [...] In spite of income differentials, however, the flows of immigrants from these new members were small'* (Zaiceva 2006: 2-3). Strielkowski and O'Donoghue (2004) underline the fact that the EU accession doesn't mean uncontrolled immigration into the core EU Member States:

The main factors leading to the international migration are economic, not the EU accession, or any other accession [...] the accession is in no way leading the increase/decrease in the flow of labour – there are other factors that explain this process (if occurs at all) and accession is not among them. The increase in labour migration which presupposed by the demographic and labour market factors will happen anyway, regardless to the accession process and tendencies. (Strielkowski and O'Donoghue 2004:12)

On the other hand, what the European media missed in the public debate is the fact that, as starting with January 1st, 2007, the workers from Romania could not *'migrate'* anymore, but become *'mobile'*. International migrant is a person who temporarily lives in a country of which he/she is not national. As the term *'migrant'* refers to cases where the decision to migrate has been taken freely by the individual concerned (without the intervention of external compelling factors), migrants are differentiated from refugee and asylum seekers. According to the Convention on Migrants' Rights, the term *'migrant worker'* refers to a person who is to engaged, is engaged or has been engaged in a remunerated activity in a state of which he/she is not a national. This definition therefore encompasses both documented and undocumented migrants⁹.

Adding the European Union and the single labour market elements, we should understand the *'migrant'* from any of the Member States of EU25+2 as a *'mobile worker'* looking for better opportunities. In this way, the *'illegal'* issue shifts to *'irregular'* in the case the employment of a national of a new Member State faces restrictions within the period of transitional closing of the labour market (depending of the case). The external migration (across the external borders of the EU) is transformed in the Romania's case in an internal migration (Romania itself becomes an external border). As citizens of a Member State with full rights within the European Union, Romanians will be part of the common European labour market, and their movement for labour opportunities abroad will be considered as inter-European migration or rather *EU mobility*.

⁹ Salt (2006: 32) reports that *'the geographical distribution of flows has become more complex as irregular migrants and their facilitators develop new routes in response to governmental measures against them [...] Formerly the largest group were from Romania and former Yugoslavia, but numbers of these have fallen'*.

'The political context in both sending and receiving countries is crucial to the existence of irregular migration. While political instability in sending countries can also be a prime driver of irregular migration, it is the policies of receiving countries that create irregularity.'

Box no.1

Migration fuelled both the print and electronic media in the last years
Press articles excerpts from the international media survey on migration

Between January and September 2006, Italian border patrols have intercepted **16,000 illegal immigrants** (*Le Monde*, December 19, 2006)

Nearly 30,000 undocumented immigrants from Africa landed on Spain's Canary Islands during 2006, more than four times as many as during 2005 (*Workpermit.com*)

EU talks on immigration reform after **nearly 30,000 undocumented immigrants from Africa** have landed on Spain's Canary Islands this year, more than four times as many as during all of 2005 (*The Raw Story*).

New immigration plans top agenda of EU ministers meeting
European Union justice and interior ministers opened day-long talks in Brussels today [12.05.2006] which are expected to focus on new immigration plans and efforts **to step up controls of the bloc's southern borders**. Plans include the creation of European job placement agencies in African nations, where well-educated locals workers can apply to obtain temporary work in an EU country for a restricted period of time and would return home with newly-acquired skills.

http://rawstory.com/news/2006/New_immigration_plans_top_agenda_of_12052006.html

Against the popular belief, the majority of undocumented migrants to Italy do not arrive by sea but by land, overstaying their visas (*Financial Times*, Oct 2006) According to the FT, only 15% of the undocumented migrants arrive by sea. The agricultural sector provides numerous jobs for these migrants who unfortunately found themselves compelled to work in extremely poor working conditions.

<http://www.ft.com/cms/s/67a718cc-261d-11db-afa1-0000779e2340.html>

According to the National Institute for Statistics [from Spain], **1,010,404 foreigners live undocumented in Spain**. The two main countries of origin are Romania and Bolivia (*El Pais*, August 2006)

According to the Interior Ministry, **there would be between 200 and 400.000 undocumented immigrants in France** (*Liberation*, August 22, 2006)

UK – Immigration from Eastern European countries 40 times more than expected in 2006

In 2006, the UK has received 400,000 asylum and citizenship applications from citizens of Eastern European countries, while the government had predicted 13,000. (*Daily Mail*, UK – May 24, 2006)

In 2005, more than \$230 billion was sent home by migrants worldwide

Money sent home by migrants worldwide increased from \$102 billion in 1995 to an estimated \$232 billion in 2005. The share of global remittances going to developing countries has also increased from 57% in 1995 (\$58 billion) to 72% in 2005 (\$167 billion). (*United Nations General Assembly*, May 2006)

In 2005, **34% of the world migrant population lived in Europe**, 28% in Asia & 23% in Northern America (*United Nations General Assembly*, May 2006)

In 2005, there were 190 million migrants in the world

According to the UN, in 2005, 190.6 million people are considered to be migrants (154.8m in 1990). 115.6m of them settled in developed countries (82.4m in 1990) while 75.2m resettled in developing ones (72.5m in 1990) and 10.2m are now living in less-advanced regions (11m in 1990). (*United Nations General Assembly*, May 2006)

In short, a migrant only becomes 'irregular' if they have been defined as such by immigration laws and regulations in receiving countries. Therefore, there is an intimate relationship between immigration regulation and irregular migration (ippr 2006b: 8). Table 3 shows the differences between the terms used in relation with [let's say] non regular migration: illegal, irregular, undocumented and unauthorised migration.

We noted that more and more press articles analyse the Romanian accession vs. the European Union and Romanian labour market: Romania seems to need workers and in the following period

may even 'import' foreign workforce. The Romanian media and the Romanian entrepreneurs announce the 'Chinese invasion' and the lack of labour in construction and industry.

Table 3 Terminology in migration debate: *Irregular vs. Illegal*

Term	Where it is used	Comments
Irregular	<ul style="list-style-type: none"> • International Labour Organisation • International Organisation for Migration • Organisation for Security and Cooperation in Europe • Global Commission for International Migration 	<ul style="list-style-type: none"> • Irregular migration is a very complex concept that needs to be used in an informed way rather than as simply a euphemism/synonym for illegal migration. • The term is not commonly used in media and public debate.
Illegal	<ul style="list-style-type: none"> • UK Government • European Union • Much of the UK press 	<p>The term 'illegal' has associations with criminality, which is viewed as objectionable for the following reasons:</p> <ul style="list-style-type: none"> • Being liable to deportation is usually an administrative rather than criminal offence. • Defining someone as 'illegal' may undermine the protection of their human rights, some of which may be in jeopardy. • Defining those seeking asylum as 'illegal' on entry may jeopardise their claim.
Undocumented	<ul style="list-style-type: none"> • Non-governmental organisations (e.g. PICUM) 	<ul style="list-style-type: none"> • The term 'undocumented' is ambiguous. Undocumented has been used to describe both migrants who have not been recorded and those without documents. • This is not an accurate description of all migrants liable for deportation.
Unauthorised	<ul style="list-style-type: none"> • Home Office UK 	<ul style="list-style-type: none"> • Not all migrants liable for deportation are unauthorised.

Source: ippr (2006b: 6, Table 1 Terminology)

We rather have problem with finding available workers on the Romanian labour market. While a big part of the labour force is already migrated, mostly to the SW Europe (more than 2.5 m workers are believed to be abroad, with both legal and irregular status), the Romanian companies could not find local workers to use them in order to benefit from the money inflow targeting Romania in the light of its new membership to the European Union (foreign investments and European post accession funds).

The idea of this research rose from an empirical survey of the [economic] media, looking for information related to migration subjects¹⁰. We considered the following supposition: a *Romanian constructor* has migrated to an EU Member State some time ago¹¹. As we know, since the visa lifting dated back to 2002, Romanians travel freely within the European Union, for the purpose of tourism. Our constructor could emigrate as a tourist who forgot to come back after the passing of the 90 days of 'tourism' period, or could be the beneficiary of a labour contract based on the intergovernmental agreement on workers' exchange [contingent workers]. As results of his hard work abroad, he/she earns money to send it home: most of the emigrants send money home, to support their families, wife and kids remained home.

¹⁰ We carried out a survey of the (economic) media on migration, by collecting statements from certain on-line and printed media especially from Romania, UK, France, Spain and Belgium. The EU citizens seem to be scary of migration threat (or, at least, the media tries to influence us to believe this). In parallel, we noted that more and more news present new trends on the Romanian labour market: even is one of the major sources for the European labour migration, Romania seems to need workers and in the following period may 'import' foreign workforce. *Box no.1* and *Box no.2* presents the most significant excerpts from the media coverage and articles' titles collected during our research.

¹¹ We used this example having in mind that the European media have created the so-called *myth of Romanian constructor*, opposite to that of the *Polish Plumber*. The majority of empirical studies show that working in construction is the main employment for Romanians with both legal and illegal/irregular status within the EU Member States. For details on this issues, see FSD (2006). As talking about those emigrated in the last decade, Romanians rather use the pejorative syntagm "*căpșunar*" [strawberry-picker or strawberry-man] to describe all those emigrated to the EU for labour purposes. At the beginning of the labour migration through governmental bodies' mediation [based on bilateral labour agreements], Romanians were employed in farms to pick up strawberries [mainly in Spain]. Since then, the term was generally used both in the colloquial conversations and into the scientific papers. An interesting overview on the strawberry-pickers was delivered by Ana Bleahu during the international colloquium on migration and mobility held in Timisoara in May 2006, under the organisation of the Jean Monnet European Centre for Excellence, West University of Timisoara [on-line information available from www.migratie.ro/conference2006.html]. Until the final form of this study is available directly from the author, its abstract is available as part of the MPRA Paper 2793, hosted at <http://mpr.a.ub.uni-muenchen.de/2793/> For details or updates, please contact directly the author (contact data available on the conference's web page).

He would intend to invest his money too. In his opinion, building a house is a good investment, so he decides to build a house in his back home village. As the Romanian constructor [or farm-worker, house-keeper, or even student, researcher, engineer] is visiting Romania usually twice a year, generally for short vacations during Christmas and/or Eastern, he is not able to build this house by himself (even if building houses may be his job). The simplest option: hiring some neighbours/former colleagues/other worker from his village/region to build his new house, for the time he definitively return home. But usually the majority of the workers from the same villages migrate together, that means no workers were found [the migration throughout close relationship/networks supported the *myth of the Romanian constructor*, vs. the *myth of Polish plumbers* ‘flooding’ the UK after 2004]. Our constructor with residence in an EU state must find a construction company to replace his or his former colleagues’ work. But who could work for such a company, if the workers are already gone abroad, as supposed before? A solution for the construction company to solve the problem is to replace the missing labour force with immigrants (maybe from Moldova Republic, Ukraine or even the *far eastern China*).

Box no.2**Does Romania need labour force?**

Press articles excerpts from Romanian media on the labour market and migration

ARIS tries to limit Asian labour immigration: The Romanian Agency for Foreign Investments (ARIS) will make efforts to temper the number of Asian workers brought by Asian investors in Romania, said ARIS representatives. They admitted that projects negotiated with Chinese investors usually included putting at their disposal land plots intended for the construction of housing for workers brought from China. The agency was trying to persuade them to limit labour imports to certain positions. He also claimed that the Chinese labour force would not cause any problems, especially if directed to certain areas of Romania, such as the Western part of the country. **“It seems that Romania is one of their favourite destination because is a gateway to Europe”**, commented the ARIS official. (*Bucharest Daily News* no.570, Saturday, October 14, 2006)

The exodus of two millions of Romanians to West European countries has the result the lack of labour force on the Romanian market. The Romanian companies are heavily able to find skilled employees, and this situation will become more difficult after the Romania’s accession to the EU. In order to attract specialists, the employers will be obliged to substantially increase the earnings or to ask for labour force from the former Soviet block or China. The National Agency for Occupation of Labour Force and Vocational Training currently looks for some 10,000 people **to cover the gap due to the migration of Romanians who work abroad**. (*Radio Romantic*, October 22, 2006)

The exodus of labour force is met in industry, textiles and constructions. There are some premises for an influx of cheap labour force originating from ex-Soviet or Asian space. The problems are admitted by the authorities too, after a long period they refused to issue work permits to Asian workers. (*Adevărul* no.5068, October 23, 2006)

Migration and ageing of population, risks for the national security (*Ziarul Financiar* nr.1824, 22/02/2006)
Roumains et Bulgares malvenus. Les chiffres sur l’afflux de travailleurs de l’Est font peur (*Le Soir*, France, 24/08/2006)

The Chinese take jobs from Romanians in the country and abroad (*Gândul*, 08/12/2006)

Romania becomes the destination of **undesired migrants: the Chinese** (*Mediafax*, 13/10/2006)

The Chinatown Effect in Europe: the Chinese Map of Europe (*Cotidianul*, 27/10/2006)

2007, the year of invasion of Chinese investments (*Adevărul Financiar*, 19/10/2006)

Romania, faced with workers’ crisis (*Bloombiz.ro*, October 2006)

Romania looks for German workers. **We import even Chinese** (*Cotidianul*, 17/10/2006)

The salary in constructions will increase annually by one Euro per hour (*Ziarul Financiar*, 18/08/2006)

ARACO: The salary in construction should double (*Ziarul Financiar*, 02/11/2006)

Solectron to hire 800 in three months (*Ziarul Financiar*, 25/10/2006)

Solectron fire some 500 Scotchmen, after the announcement of recruiting 800 Romanians (*Bloombiz.ro*, 30/10/2006)

Producers of auto components **cannot find people to hire** (*Ziarul Financiar*, 13/09/2006)

Dacia hires 1,000 (*Evenimentul Zilei*, 06/11/2006)

Eastern Europe is the new Detroit for automobile producers (*Ziarul Financiar*, 18/10/2006)

IKEA, 400 hired before spring of 2007 (*Ziarul Financiar*, 07/11/2006)

The Europe of immigrants (*Business Magazin*, 10/11/2006)

It’s only a matter of time until **Romanians return home** (*Ziarul Financiar*, Romania, 13/02/2006)

Analyzing the present situation on the labour market, we noted that Romania is a country with a labour market that already faces distortions. There are some years since Romania is known as a country where there could be found engineers, call-centres, textiles and manual workers, at a very good price, with salaries defying all concurrence. On the other hand, Romania is in deep need of labour force (*Box no.2* presents the debate into the Romanian media on the lack of workers on the national market correlated with the Romanian labour migration to the European Union). The workers do not accept anymore low salaries and their demands are higher [the price of their work is increasing while the salaries increase slowly], and they rather prefer to migrate to countries where the salary [for basically the same job] is higher than the local income plus the costs of migration¹². To replace the emigrated labour force, Romania should find workers from other labour markets.

The foreign workers 'imported' by the local companies are mainly non-EU citizens (considered as *third country nationals*) and therefore they could not travel freely to the European Union. However, they accept to come to Romania, maybe in their way to the most desirable wealthiest country from EU15 (like Germany and those from the northern Europe).

The lack of available well prepared workers would normally force the employers to rise the price of work – the salary – in order to attract the still existent workers from the local market, or to create such an environment that may offer to would-be employees the option to chose staying Romania and refusing the migration (i.e. higher earnings, better working conditions, other compensations etc.). Instead of increasing the salary and improving the work conditions in order to keep stable the present workers, the majority of Romanian employers rather prefer to keep very low the salary level and to hire personnel from the local black-market [without paying taxes] or from abroad. The immigrants still accept a lower wage as compared to the medium wage in Romania, but bigger enough as compared to those from their country of origin (in this way the Romanian employers obtain better financial results, paying less money for the same product, the work).

The Romanian labour market faces distortions and the labour will not be cheap for long time: while the managers of the foreign companies share the same hard work and huge financial benefits with their colleagues from western countries, both the high skilled, the un-skilled workers and the unemployed people don't accept any more small incomes or low-skill demanded work, they refuse the offered 'official' work places and they prefer to be employed in the 'shadow-economy' while receiving social benefits from the Government, or rather choose to migrate to a wealthier country of the European Union. Distortions on the Romanian labour market are caused by the migration of workers, but in the same time migration is cause of distortions on the labour market: Romania will hardly manage to surpass this *vicious circle*. More than 2m Romanian workers are recorded as working and living abroad, mostly skilled, well trained workers, with perhaps more than one million workers with *irregular* status that are eligible to register and work legally as starting with 2007 [the undocumented Romanian participants in the wide EU labour market could not be considered with illegal status, once Romania joins the EU]. The investments into the Romanian economy mainly involve the development of the construction field, well connected to the real estate industry. But the Romanian labour market is lacking just *the constructors*: most of them are in Spain and Italy, helping the growth of those countries' economy. The emigration of skilled labour migration from Romania to the labour markets of the European Union member states is a pressing topic on the agenda of Romanian trade unions. The situation is particularly acute in the construction sector, where labour shortages have been estimated by one employer organisation to be as much as 50%, corresponding to about 300,000 workers (Ciutacu 2006). Ironically, some Spain entrepreneurs announced the intention to develop some large projects in real estates in Transylvania (central Romania), to build houses for Romanians [see our case above], and Portuguese construction companies are involved into major infrastructure projects around Bucharest. But who builds those houses and for whom, if Romanians are working and living in Spain [or elsewhere]? *The constructions are the engine of the economic growth*. But now there are no more constructors to build new factories, new houses and to work in the

¹² For a migration's costs analyse, see Schiff (2006: 9-14)

infrastructure projects, as probably financed by European post-accession funds [if Romania manages to prepare eligible projects]. So, we have *an engine without fuel* (workers). This is the reason we consider that for Romania the *Strawberry Jam* is not tasteful at all!

Nothing new on the market: on the European migration after 2004

With the accession of ten new Member States and the forthcoming accession of Bulgaria and Romania in 2007, major concerns were raised with regard to unrestricted labour mobility in an enlarged EU. Therefore transition arrangements were agreed in order to restrict free labour mobility from these new member states and EU15 of up to seven years upon accession (Krieger 2005: 4). The restrictions on labour mobility and the fear of immigrants prove one more time that the removal of the border barriers on May 1st, 2004, was symbolic. The European world is still considered as being divided in two, as according to the economic development: *“the West”* and *“the Rest”* (Maddison 2002). That means *“the Rich”* and *“the Poor”*. *The West* is now a relatively homogeneous group in terms of living standards. This is not true of *the Rest*: they have ‘the cheap’ workforce [as long as it is cheap]. Two years after the largest accession wave, the European media and public opinion still use stereotypes: *‘East – West migration’* and *‘cheap labour vs. better living conditions’* need to be put in perspective. The enlargement and the workers’ mobility benefited for both EU15 and the A8 countries. ECAS (2006b) demonstrates the economic benefits of lifting such restrictions. As consequence of the fact that some 600,000 workers from the new Member States have moved to the UK following enlargement, *‘the benefits of having an open labour market to A8 nationals have been evident to the UK, as during the first eight month of accession. A8 contributed an estimate of GBP 240 million to the economy’* (ECAS 2006a: 15). In the same time, the economic performance of A8 improved (see Box no.3).

Box no.3

Stereotypes as ‘East – West migration’ and ‘cheap labour vs. better living conditions’ need to be put in perspective

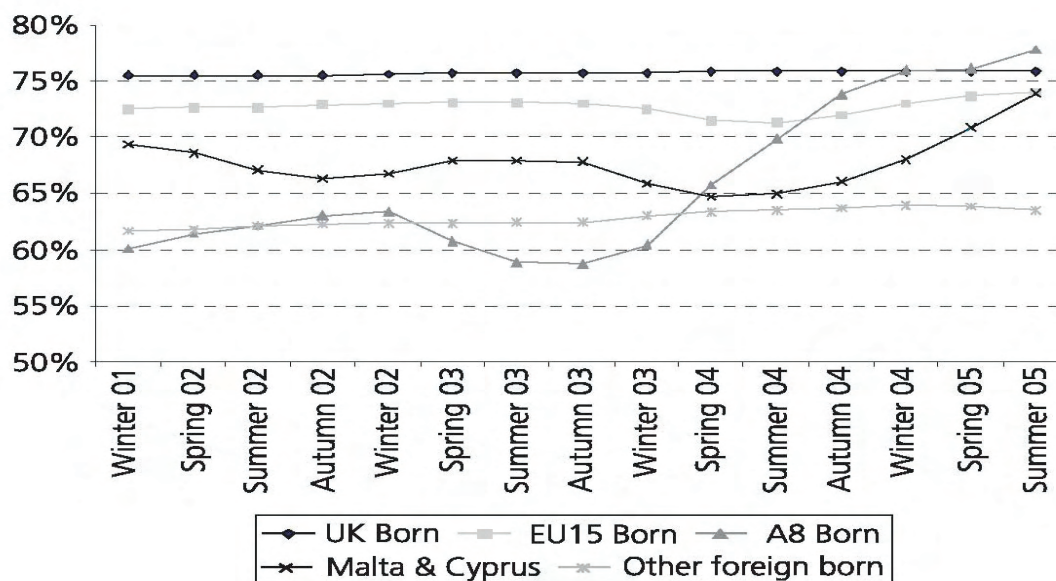
Since May 2004, the economic performance of the new Member States has significantly changed: accession has boosted trade between the EU-15 and A8. Western companies invested a total of 14 billion euros in the accession countries, of which 7 billion euros were after enlargement. GDP of the A8 countries rose by 5% in 2004 and a further increase of more than 4% is predicted for 2005. This rate is twice as high as in the EU-15. Among the eight accession countries, in 2004 Latvia’s economic growth was the highest (also in comparison to the EU15) with 8.5%. It is followed by Lithuania (6.7%), Estonia (6.2%), Slovakia (5.5%) and Poland (5.3%). The “income gap” – which allegedly should have resulted in a massive transfer of residence of the new Member State jobseekers to Western countries – might well lose its credibility as accession countries will achieve a level of income convergence within the EU economy. (ECAS 2005: 22-23)

An important trend of labour migration was the transition from a net-sending to net-receiving country. The continental and Northern Europe countries and UK experienced significant immigration in the second half of the 1950s or beginning of the 1960s, while Greece, Spain and Portugal were major source of emigration on the South-North direction. In the 1990s and the last decade, the Southern Member States and Ireland experienced an inflow of migrants coming from Northern Africa and respectively from UK and North America, as a significant return migration. Before the 5th and biggest wave of EU accession, all countries were recorded with a low proportion of labour migration of below

10%, the Southern European countries being the extremes with labour migration between 40 and 60% (Krieger 2005: 6).

The demographic problems (the fall of the fertility rate below the level needed to replace the population) and the ageing of the labour force strongly support the idea of opening the EU labour market to the new European citizens from the CEE. The workforce of the ten new Member States equals to one-third of the active population of the western countries. The EU15 Member States are obviously workforce-demanding, and the closest supply is just 'out there' (ECAS 2005: 33). On the other hand, the immigrants are seen as workers who take the jobs from nationals, even if the evidences prove, in the case of UK at least, the UK-born employment rate remained stable since the A8 accession (Figure 1). However, studies show the impact of immigrants on employment is weak or ambiguous (Ghosh 2005).

Figure 1 Migrants and UK born employment rates on the British labour market (four quarter rolling average)



Source: Gilpin et al (2006: 24, Figure 5.1), based on data from Labour Force Survey [UK]

As presented above, the core EU Member States announced restrictions for the newest Member States. Whittal (2006) considers that the full application of Article 18(1) of the EC Treaty without the transitional provision would allow Member States to address the considerable problem of the illegal labour market: such a move would increase taxes and social security revenues, as well as protect employees working under precarious conditions. The transitional measures were accepted by the accession states during the negotiations that preceded the signing of the Accession Treaty [Luxembourg, April 25, 2005, for the case of Romania and Bulgaria]. In the case of forthcoming accession of 2007, the restrictions for entering the labour markets of the EU25 Member States are applying if the states do not opt not to put it in force (UK and Ireland have changed the way to deal with labour mobility from the new Member States and have already announced restrictions and quotas for Romanian and Bulgarian workers, while France and Finland welcomed the Romanians as future EU workers)¹³. The restrictions are based in the public discourse on the threat of flooding of the

¹³ In accordance with the '2+3+2' formula, before the end of the first 2 years after the accession of Bulgaria and Romania into the EU, the European Council shall review the functioning of transitional measures on the basis of a report from the European Commission. Existing Member States will then have the option to apply restrictions for the next 3 years. Only if the country is expecting serious disturbances to its labour market may it restrict the labour mobility of the 2007 accession countries for the final 2 years.

labour market by the hungry low-skilled immigrants, and the pressure on the welfare and social system. However, the previous experiences of the states that joined the EU in the 1980s do not provide any rational ground for the statement that the EU accession of Romania and Bulgaria in 2007 will cause mass migration of workers into the EU¹⁴. We consider that mass emigration from Romania will likely not be a concern, as it is now very easy to find work at home and the wages are rising. Table 4 summarises the main economic characteristics of the states that joined the European Union in different phases during its 50 years of existence.

Table 4 The 'invisible threat' of EU enlargement phases

Phases (waves)	Number of countries	Characteristics
FIRST	6 member-states	Founder countries
	Germany, France, The Netherlands, Belgium, Italy, Luxembourg	
SECOND	9 member-states	High income countries, regulated labour markets, labour force needs, smooth labour market restrictions, high qualification workforce, not income variations
	Great Britain, Denmark, Ireland	
THIRD	12 member-states	Low income, income variations, long distance countries (no borders), labour market restrictions, low qualification workforces, labour force needs
	Greece, Spain, Portugal	
FOURTH	15 member-states	High income countries, not income variations, high qualification workforce, long distance countries, smooth labour market restrictions
	Austria, Finland, Sweden	
FIFTH	25 member-states	Low income countries, high income variations, high unemployment rate, average qualification countries, good knowledge of foreign languages, rather young labour force, short distance countries (borders), restrictive EU immigration policy, dysfunctions in economic system, distortion on labour market: labour force needs
	Cyprus, Czech Republic, Estonia, Hungary, Latvia, Malta, Poland, Slovak Republic, Slovenia	
SIXTH	27 member-states	
	Bulgaria, Romania	

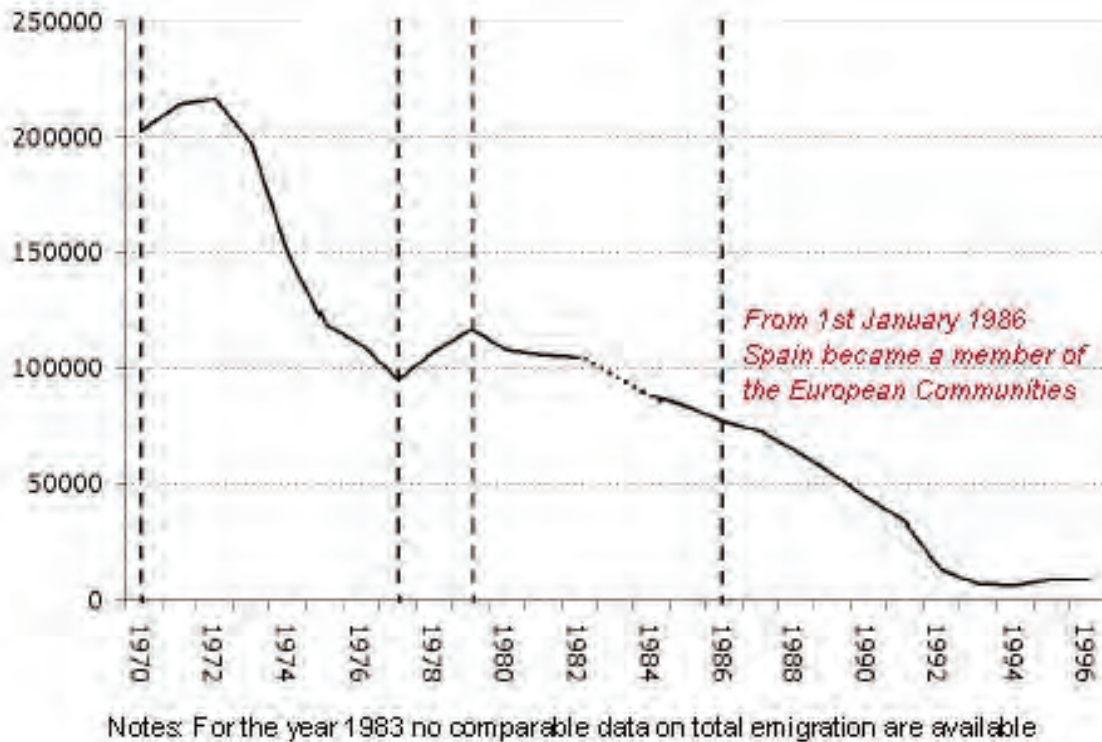
Source: Mary Geitona, University of Thessaly, Volos, and National School of Public Health, Department of Health Economics, Athens, Greece [*The 'Potential' Impact of Immigration on the EU Labour Market and Health Care Systems*, retrieved from [http://www.nsph.gr/oikonomika/euhealth2003/Presentations/Geitona\(present\).pdf](http://www.nsph.gr/oikonomika/euhealth2003/Presentations/Geitona(present).pdf)]

It could be noticed that Romania and Bulgaria (along with the A8 countries) meet with almost the same economical and social difficulties as the two countries from South-Western Europe (namely Spain and Portugal). The accession of Greece, Spain and Portugal was not marked by the mass migration of workers from these countries. Even if many migrants were leaving the countries of origin in search of a job [better opportunity] in the core UE, the scale of immigrations was acceptable for the EU Member States, without any threat to their labour markets. *'As it appears from the case of Spain and Portugal, no direct increase of emigration has happened after two countries accession to the EU. [...] On the contrary, in the aftermath of their EU accession net emigration from all three Southern European states has substantially declined'* (Strielkowski and O'Donoghue 2004: 4). Reichlová (2004) backs this statement: *'We can see that the migration in general tends to decline over the period from 1970. In the early seventies over 200,000 people left Spain for some European states. In the nineties the number of emigrants reached hardly*

¹⁴ For a detailed point of view on 2004 accession compared to the Spain-Portugal case, see Strielkowski and O'Donoghue (2004) and Reichlová (2004: Ch.6).

2,000 or 3,000 per year. The fears of huge migration after the introduction of free movement and accession to the European Union did not materialize' (Reichlová 2004: 49).

Figure 2 Migration flows from Spain to Europe [1970 – 1996]



Source: Reichlová (2004: 49, Figure 6.1)

On the other hand, immigration to the UK has been less permanent than is commonly thought: almost half (46 per cent) of all overseas-born immigrants left the UK within five years of arrival between 1981 and 2002 (UK Office for National Statistics data quoted in *ippr* (2006: 13)), and many accession country migrant workers, including Romanians, intend to work in the UK only temporarily in order to save money for their families or their studies. 'Within Europe, most migration is not permanent, but part of a process of mobility in which both return and serial migration are natural economic responses to a dynamic economy' (Piracha and Vickerman, 2001: 1). Analysis suggests that 'a significant proportion of migrants return to their country of origin within a few months of entering the UK' (Portes and French 2005: 21). 'Migration is likely to slow as economic conditions improve in the accession countries. Not only will this reduce the flow of migrants from the A8 to the UK, but the rate of return is also likely to rise' (*ippr* 2005: 28), and 'as the poorer of the accession states experience economic growth, the supply of migrant workers from the A8 is likely to diminish. Even the planned accession of Romania and Bulgaria, and in the long term, Turkey, may not supply sufficient numbers of migrants, certainly not to pre-empt undocumented flows in the immediate term' (*ippr* 2005: 29).

Many Romania with illegal/irregular status are already present in countries as Italy and Spain. In the past years, ad-hoc flights were organised by Spain authorities to send illegal immigrants back to Romania, stopping in France and Italy to pick up more. Thousands of immigrants had been attracted by Spain's liberal amnesty policy. Spain and Portugal in the 1980s were traditionally net emigration countries, with a lower level of economic development. The economic situation of Romania is the same, maybe better, and it is improving, while the country is an important source for European migration nowadays (Simina 2002). In the case of Spain,

'we can identify these major causes of absence of migration wave after the introduction of free movement of workers from Spain to the European Union. First, the economic situation in Spain improved and optimistic expectations among people prevailed. Political stability was ensured by the membership in the EU. Second, economic situation in destination countries deteriorated especially with regard to unemployment. France and Germany were no more recruiting workers from Southern Europe and social tension has been present in relation to immigrants'.
(Reichlová 2004: 51)

Why the situation regarding the *migration threat* to the European Union labour market should be different in Romanian case than in the case of Spain, Portugal and Greece?

Romania and the new economy of migration: costs, decision, networks, development

The economic analysis of migrations deals, mainly, with two problems: why people migrate and what the consequences both for host countries as well for origin countries concerning the functioning mechanism of labour market are. The costs and benefits for the migrant himself are not less important. The migration decision refers to a plurality of motives and causes, and generally is a result of a cost-benefit analysis, influenced by negative and positive factors (push-pull). We do not intent to summarise the all main theories of migration, having in mind there are largely known and extensively debated. We analyse the decision making process for Romanian workers, trying to outline their reasons for migration to certain destinations and not to others.

Various factors are seen as underlying forces of migration. The economic drivers of all migration are often divided into *push and pull factors*, the so-called "push-and-pull model". *'This identifies a number of negative (push) factors in the country of origin that cause people to move away, in combination with a number of positive (pull) factors that attracts migrants to a receiving country'* (Piracha and Vickerman, 2001: 10).

Pull factors are positive factors of the origin or the host countries: the geographic and cultural proximity and the comparative advantages of destination country (differences in wages or better working conditions). They are reason for people to stay in their home country or to be attracted to the receiving country. Well developed social security systems in the target countries are an important pull factor for migration. *'A slow transition speed may provoke migratory sentiments in the young, but a speedier transition can result in unemployment and a weak social security system can provoke mass movements'* (Piracha and Vickerman, 2001: 11).

Pull factors include the fact that wages are higher in developed countries, and that there is persistent labour demand. In the UK, fertility rates are declining, the population is ageing, education levels are rising and there are increasingly negative attitudes to menial jobs among the native-born population. While the native born population appears to be increasingly reluctant to work in low paid, menial jobs, demand for low paid workers is growing (ippr 2006b: 8).

The aliens will accept to deal with *'degrading'* or *'dirty'* activities, because they want to gain more material resources in order to return, richer, to their home country. The low paid jobs are filled by migrants, too. They cannot afford other opportunities, and those activities are traditionally filled with immigrants [usually in the framework of the informal economy].

Push factors are negative factors pushing people out of the home country or preventing them to move into the receiving country: demographic, political and economical situation in the country of origin. *'Lower rates of population growth in the EU could lead to a significant shortfall in labour supply over the next 20 years'*, while *'political factors are more complex and could possibly influence the migration decision more profoundly than the democratic factors. Impatience, particularly of educated youth, with the slow speed of transition to liberalised markets and the increase in ethnic tensions within a number of CEEC which remains masked during the communist period could both emerge as major push factor'* (Piracha and Vickerman, 2001: 10-11).

In the cost-benefits analysis more variables take part: the salary [wage] differences among different countries; differences in unemployment rates; the grade of social protection (social policies); an assembly of costs related to migration (information costs, transportation costs, costs of installation in a foreign country, psychological costs related with the moving off the birth place, the networking costs). The data show that migration rate is lowering as the medium income in the host countries grows up and the medium level of income in the origin country begins to lower and the migration costs begin to grow. Schiff (2006) adds financial constraints to migration costs as relevant features for migration. Migration costs include moving costs, cost of searching for a job and of housing and sustenance until a job is found, the time and money cost of obtaining a passport and visas, and payments to intermediaries in case of illegal migration. *'Assuming the ability to pay for migration as binding constraint, with heterogeneous migration costs, trade liberalisation in the source country that raises the country's wage rate enables more people to pay for migration, resulting a greater migration rate'* (Schiff 2006: 9-10). For the larger developing countries, where the transport costs are higher, migration costs may constitute a barrier to migration. From informal interviews at the Romanian border with illegal immigrants from China, some years ago, we noted the specificity of Chinese migration to Europe: the whole family pays for the costs of a member's migration¹⁵. As soon as finds a job, the Chinese migrant starts payments back home to return the loans to his relatives. The costs to migrate to Europe could rise up to 20-30,000 USD.

As previously stated, the economic conditions at home influence the chances of someone migrating. *'In poorer regions, potential migrants are less able to carry the costs of migration'* (Krieger 2004: 83). The unskilled individuals are constrained by their ability to pay for migration costs, while the skilled individuals can pay for migration and is able to choose between remaining in the source country or migrating, as depending on the equilibrium between the benefit from migration and the migration costs (Schiff 2006:12). A reduction in international migration costs implies an increase in skilled labour incentive to migrate and unskilled migrants to pay for migration costs, both types of labour mobility increase. As soon as the globalisation and trade without restrictions reduced the costs of transportation, migration increased in the same time with the increased incentive to leave home back of poorer or low-skilled would-be emigrants. Long-distance transportation and communication are within the reach of even relatively poor people now. Flying a low cost air company it is not a fortune at all in the last period, and migrants could travel easily between the host country and the country of origin. Some companies already flies from Romania carrying economic migrants, and some more are on the waiting list in their attempt to connect Romania on the other part of the European Union, as soon as the country join the EU and the 'open sky' agreement [which allows all European air companies to enter Romanian space without legal constraints¹⁶]. *BlueAir* [Romanian], *Skyeurope* [Czech], *MyAir* [Italian], *Wizzair* [Hungarian/Polish] and maybe *easyjet* [British] and *Ryanair* [Irish] are names of low-cost air transport companies which will be added soon on the preference list of Romanian migrants, if not already there. In the case of Romanian emigration after the moment the

¹⁵ For other examples regarding the results of empirical studies at the Romanian border between 1998-2002, see Simina (2002)

¹⁶ The ECAA Agreement (20 December 2005) COM(2006) 113 final - 2006/0036 (CNS) ensures open access to air routes within the ECAA for any ECAA Air Carrier. For detailed information regarding the European Common Aviation Area and the developments on the agenda of the European Union air transportation policy, see the European Commission DG Energy and Transport web page: http://ec.europa.eu/transport/air_portal/international/pillars/common_aviation_area/ecaa_en.htm.

European Union Member States decided to lift the binding tourist visa [2002], the competition between the Romanian bus companies lowered the price of transportation to destination country of choice. In this way, 'waves' of Romanians decided easily to travel abroad for work (even working in irregular conditions), due to the fact that the migration costs decreased. As soon as some member of the families arrived in a certain place, they informed and helped the other members of the family or local community to take the decision to migrate. The better developed networks of migrants from their area of origin, the lower the costs and risks of migration, and higher the probability of migration into a certain area. Sandu (2000a and 2000b), Sandu et al (2004), Constantinescu (2003), Şerban and Grigoraş (2000) and Potot (2000) provide extensive analyses of Romanian circulatory migration phenomena and the formation networking process within Romania and European Union¹⁷, while Agunias (2006) review the international literature on circular migration.

From the perspective of *the 'new' economy of migration*, migrations are a result of collective decision [household decision] in the background of uncertainty situations and market imperfections. The economy of the immigration vary by time and place, and immigration can be either beneficial or harmful (Borjas 1999: 1). Households accept diverse risks to their economic well-being by specific allocation strategies of labour within the family. Some family members are engaged in economic activities in the local community, often the head of household or the younger men is sent abroad to foreign labour markets with better employment conditions and higher wages.

The equilibrium wage on a regional labour market is driven by labour supply and labour demand. According to the *labour market dualism*, the migrations are explained by the labour force need originating from host organization (enterprises). '*Migration is in the first instance caused by geographical differences in labour supply and demand*' (Krieger 2004: 82). The higher the expected reduction of relative income deprivation related to the area of origin through migration, the higher the intention for migration.

Based on this theory, the salary hierarchies represent *the prestige hierarchies*¹⁸. Employers in EU countries may also face a general motivational problem to fill unattractive jobs at the bottom of the occupational hierarchy by local workers, as they are combined with a low societal status. Hence, employers may decide to look for employees, e.g. in the acceding and candidate countries, who have fewer considerations regarding status and prestige in their destination country. The aliens accept to deal with 'degrading' activities because they want to gain more material resources in order to return, richer, to their home country. '*This attitude of migrant workers is supported by relative deprivation, where the perception of the migrant is not determined by reference groups in the host country but solely by its status and well-being in the home country. A low status job in a receiving country may be a high status job in the country of origin*' (Krieger 2004: 86-87).

Demographic pressure (lower rate of population growth in the EU), wars, persecutions [political climate, among other types of persecutions] and environmental catastrophes [connected to economy crises that may follow the catastrophes] could be mentioned as important drivers for migration for both voluntary and forced migration (i.e. refugee, asylum seekers). Other theories allocate migrations to socio-historical factors: i.e. the final destinations of the labour force migration are countries with a *rich historical background*¹⁹. '*While economic push and pull factors are central to decisions to migrate, it is essential that social and political factors are considered*' (ippr 2006b: 8). Political factors are more complex and could influence the migration decision more profoundly than the demographic factors (Piracha and Vickerman 2001: 11). The environmental factors are rather new on the migration agenda.

¹⁷ For more papers on circular migration of Prof. Dumitru Sandu from Bucharest University, please visit his on-line library at: <http://dumitru.sandu.googlepages.com>. We present our opinion on networking and the *network effect of migration* further on

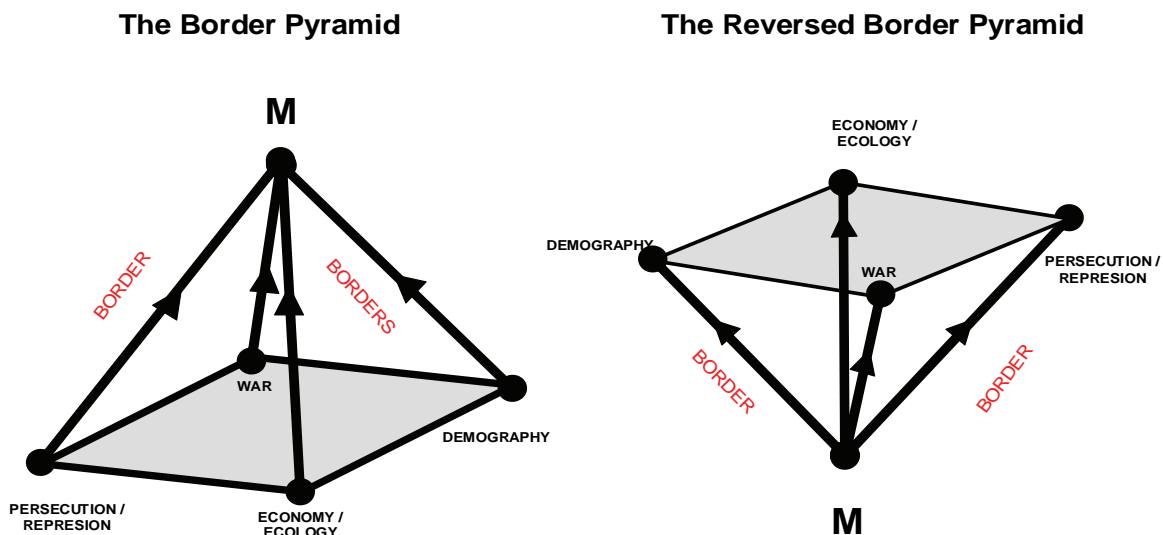
¹⁸ Analyse of Romanian migration further on is based on a research done using the well-known Maslow's theory of basic needs.

¹⁹ Spain and Italy were a major reservoir for the European migration between the 1950s and the 1980s. Nowadays, Romanians mostly migrate to Italy and Spain.

Economics/ecology, war, persecution/repression and demography can all be causes for migratory movements. It is also of importance to emphasize that these four main causes are interrelated: war has an impact on the economy; demographic developments may have an impact on the ecological balance, and so on. Moreover, there is no need to explain that a gloomy economic situation may result in tensions between the population at large and the authorities, resulting in repression, or that a fight on the control of certain natural resources may result in war. It is also clear that an increasing population may put pressure on economic developments (a 3% population increase would need to be off-set by a 7% increase in GDP). It could be submitted that a decreasing fertility, combined with a slimming 'youth bulge' may create a situation in which peace may become more likely. (van Krieken 2004)

Peter van Krieken mentions *Economics/ecology, war, persecution/repression and demography*. Simina (2005 b) proposes the *mentality* issue. In order to decide to migrate, one will cross a border. Or more borders: real, 'imagined' or 'imaginary' borders. Simina (2005b) includes the *BORDER* element and the 'Migration Pyramid' of van Krieken (2004) is renamed 'The Border Pyramid' (see Figure 3).

Figure 3 The Border / Reversed Border Pyramid



Source: The theory of the "Migration Pyramid", in Peter J. van KRIEKEN, *A need to reinvent the wheel?*, International Conference on Population and Development, UNECE + UNFPA, Session on Migration, Management and Integration, Geneva, 2004

In the same way, 'The Reversed Migration Pyramid', which deals with the fact that the migratory movements can also be the *cause* of problems like war, social repression, economic gap, demographic awareness, is renamed 'The Reversed Border Pyramid': migratory movements primary become elements for an increasingly conflicting situation when there is a lack of integration of immigrants and migration policies. And of course lack of education regarding acceptance of immigrants (mentality).

We consider that the economic factors are most significant push factors. The migration behaviour based on neo-classical labour market theory put great emphasis on income and income differentials as the main motivation for migration. In our research we emphasise the importance of personal needs and expectations on the decision to migrate. We agree that the differences in wage between the origin and the country of choice put a great pressure on the households, but the gap between the income

earned in the country of origin and the sum that could be obtained abroad it is not sufficient to leave your home and family/children back. Usually the migration's costs increase by adding the psychological costs of putting back family, social networks and position into the [local] society/community. There are many other variables to be taken into account when analysing the migration decision, and we consider that the economic theory based income differences should be improved. If the would-be emigrant manage to surpass his basic needs and is motivated by the fulfilling of the esteem-related needs, he/she easily decide to migrate. *'Majority of EU citizens is probably able to fulfil their physiological needs and feel safe within their current place of residence. Hence these reasons are no more the driving force of mobility as in past times when people moved to feed their family and escape from uncertain places and countries. We can say that extensive social security lowers motivation for migration'* (Reichlová 2004: 42).

Among other authors, *ippr* (2006a and 2006b) did independent analyses of the likely impact of Bulgarian and Romanian accession to the EU, paying particular attention to past enlargement experiences and examining the drivers for migration this time round. We used the Abraham Maslow's motivational theory to construct the argument for our theory: *the need for esteem is probably most important for a big part of the Romanians who continue to migrate to the EU, especially for those going to Italy and Spain*. Analysing the fourth scale of the 'motivation pyramid', Reichlová (2005) suggests that *'people will move if this step is followed by improved social status or attainment of fame'* (Reichlová 2005: 9). And this is not a reason to induce mass migration (Romanians are not as poor as they are pictured in some European [tabloid] media or in much of academic papers wrote using only data from curt statistics). It is true that there are Romanians for whom labour mobility [as mentioned above, after 2007 it's wrong to say 'migration' for Romanians] constitutes an escape from a poor situation. Maybe some scientists do not agree with us, but these poor workers could find jobs in Romania if they really wish and look for [of course, maybe with a lower salary that its expectations and/or maybe in other field, needing to acquire some new abilities or to change the profession]. At mid October 2006, the National Agency for Occupation of Labour Force and Vocational Training (within the Ministry of Labour, Social Solidarity and Family) was looking for some 10,000 people²⁰: Romania needs at least some 10,000 people to fill the gap on the labour market; Romania needs people, not working places! With other words, those 10,000 people who are missing were not migrated because they didn't find work. We should determine other reasons that drive Romanian migration, apart from the inequality in wages and shortages in labour on the local labour market.

As Maslow mentions, *'we have what we may call the desire for reputation or prestige (defining it as respect or esteem from other people), status, fame and glory, dominance, recognition, attention, importance, dignity, or appreciation. [...] Satisfaction of the self-esteem need leads to feelings of self-confidence, worth, strength, capability, and adequacy, of being useful and necessary in the world. But thwarting of these needs produces feelings of inferiority, of weakness, and of helplessness'*²¹. The model of Reichlová (2005) which try to find if the theory of motivation can explain the decision to migrate,

'reflects the fact known and recognized by psychologists but scarcely used in economics. That is general preference for known, familiar and predictable environment. In case of migration we can express this psychological phenomenon as general preference of living in native country compared to life abroad. In comparison with other migration models we are able to explicitly work with preference for known, familiar environment and

²⁰ Romania, on the threshold of the lack of workers crisis, as wrote on *HotNews.ro* (17/10/2006). See Box no.2 above for more headlines in the Romanian press on the crisis on the labour market.

²¹ The text of Abraham (Harold) Maslow could be found easily in the virtual spaces, many web pages including excerpts of his famed theory, originally published as: Maslow, Abraham H. (1943): *A Theory of Human Motivation*, in *Psychological Review*, 50, 370-396. It was revised and updated with very little change when it was included in his 1954 book, *Motivation and Personality*, and again in the 4th chapter of the 1970 second edition as: Maslow, Abraham H. (1970): *Motivation and Personality*, 2nd. ed., New York: Harper & Row. The source of the text we used is: <http://www.xenodochy.org/ex/lists/maslow.html>. We cannot guaranty for its accuracy, we only used it to picture our ideas.

appreciation of proximity of friends, family and other socially tied individuals. These factors are in majority of models hidden under the all inclusive term "barriers".'

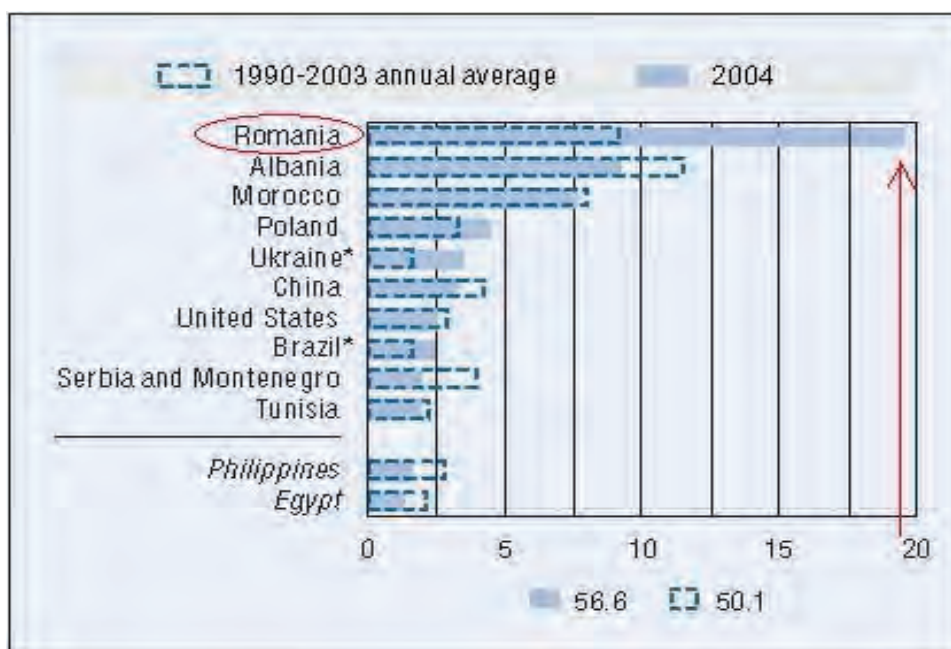
Reichlová (2005: 21)

When we discussed the distortions on the Romanian labour market, we presented our opinion related to the fact that Romanian workers migration should not be compared with the Polish case in terms of destinations, flows and tendencies. The media influenced the previsions that suggest that Romanians will target UK as destination country after 2007, because the Polish did so soon after 2004. It is true that there are similarities among the labour flows from Romania and Poland, namely the age group, the unemployment rate in the source region, the average education/skilled individuals. But the language and the network effect of migration show that Romanians will be mainly attracted by the same destination countries, Italy and Spain, even if some of them will go to Britain (having in mind the labour stock of the countries is at a very low level, there are no migrants for a mass influx to UK, we believe that the migrants who will chose UK are those with former migration experiences and possible migrants that are already abroad at the time of accession and change their position within the labour market, moving from South-Eastern Europe to the UK). We launch the debate on the following subject: *UK does not fear of Romanians, it rather needs Romanians and use media debate to attract the interest of the labour workers!* Maybe the facts could show something else, but we would like to emphasise some specificities of migration to Britain. From our empirical research at the borders (see Simina 2002), we know that even before 2002 Romanians entered UK, staying there with irregular status²² [overstaying the tourist visa and quite often entering with false passports, usually Portuguese: nobody heard Portuguese or Romanian in the UK before, so nobody was able to easily recognise a Latin language which is neither Italian, nor French or Spanish, but sometimes similar, as sounds strange Latin. Showing the false Portuguese passports, the Romanians were allowed to enter the country and then the labour market freely]. With other words, those who embraced the idea of living and working in the UK are already there, they don't need to wait for the Romania's accession to the EU to do this. We would underline our opinion: it is generally felt that that the majority of Romanians inclined to work outside of Romania are already doing so. As emphasised above, there are many reasons for migration, but the accession is not among them!

As a response to the media debate regarding Romania's emigration, we consider the reasons why Romanians do not face mass migration to the UK. We do not say the Romanians will not go to UK any more, but we consider that the first choice will be countries as Spain, Italy and maybe France (see Figures 4 a-c presenting the inflows of top 10 nationalities as a % of total inflows of foreigners in Italy and Spain, and Figure 5 mentioning the countries where those with intentions to leave would like to work). In a study which relates the intention to move into the another European country to the total population of each accession county (in the framework of the quality of life in Europe), the European Foundation for the Implement of Living and Working Conditions, Dublin, found that 52.8% Romanians and Bulgarians expressed their willingness to live in another European country where the language is different from mother tongue as "not at all". All researchers agree that Italian, Spanish and French are more related to the Romanian (the mother tongue of Romanians) than English which is spoken in the United Kingdom.

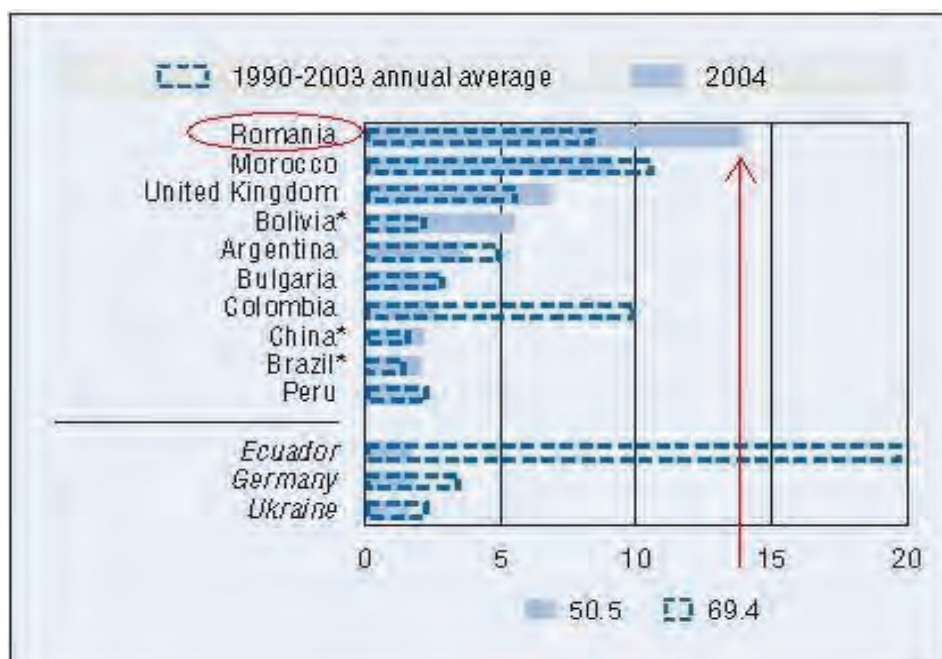
²² According to ippr (2006b: 10), Romanians were the fourth largest European nationality group in detention, after Turkish, Serbians and from Montenegro. Analysing the irregular status of Romanians, one should have in mind the fact that as starting with January 1st 2007, when Romania joins the EU, the Romanian citizens could be irregular workers, but they cannot have irregular presence on the UK territory, regardless the ways of entrance and the period of journey.

Figure 4a ITALY: Inflows of top 10 nationalities as a % of total inflows of foreigners



Source: OECD 2006: 191, Statlink: <http://dx.doi.org/10.1786/663488602457>

Figure 4b SPAIN: Inflows of top 10 nationalities as a % of total inflows of foreigners



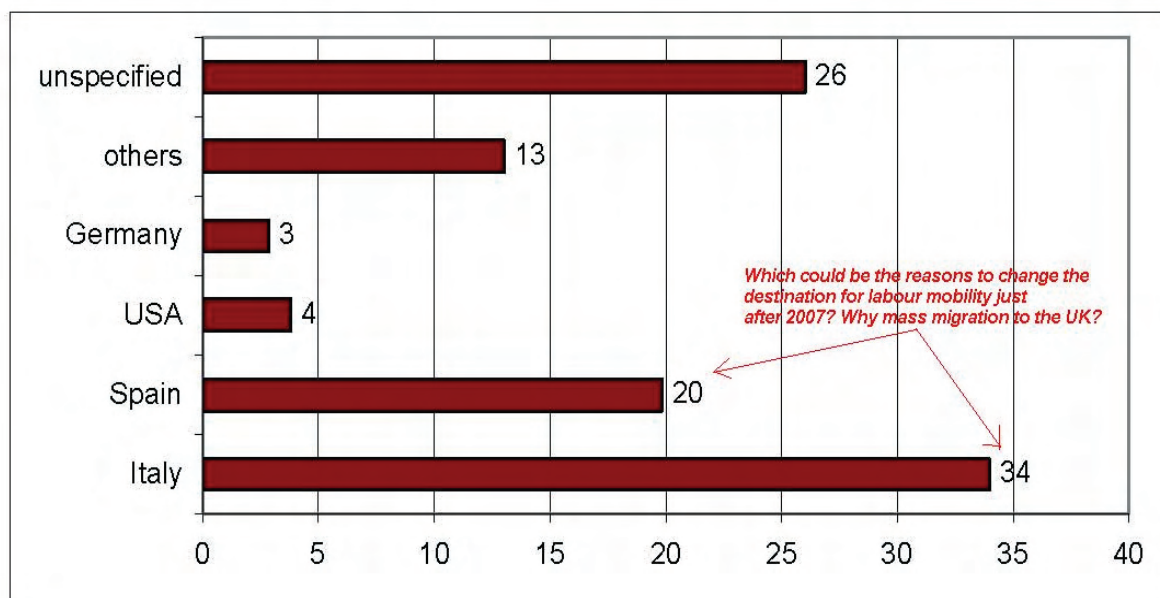
Source: OECD 2006: 215, Statlink: <http://dx.doi.org/10.1786/125324665132>

Figure 4c SPAIN: Inflows of foreign population by nationality

Thousands

	1998	1999	2000	2001	2002	2003	2004
Romania	0.5	1.8	17.5	23.3	48.3	55.0	89.5
Morocco	10.6	14.9	38.3	39.5	40.2	40.9	58.8
United Kingdom	4.5	7.9	10.9	16.0	25.3	32.1	44.3
Bolivia	0.2	0.5	3.3	4.9	10.6	18.1	35.3
Argentina	1.2	1.9	6.7	16.0	35.4	24.8	23.2
Bulgaria	0.2	0.7	6.5	11.8	15.9	13.6	17.9
Colombia	2.3	7.5	46.1	71.2	34.2	10.9	16.6
China	1.0	1.6	4.8	5.2	5.7	7.3	14.4
Brazil	0.9	1.6	4.1	4.3	4.7	7.3	13.0
Peru	2.1	2.9	6.0	7.1	8.0	13.3	13.0
Ecuador	2.0	9.0	91.1	82.6	89.0	72.6	11.9
Germany	7.1	9.3	10.2	10.7	11.2	11.1	11.8
Ukraine	0.2	0.6	6.3	11.0	10.8	9.1	10.3
Venezuela	0.9	1.6	3.4	4.1	5.4	10.4	10.2
Uruguay	0.2	0.4	1.3	2.8	6.2	9.3	9.8
Other countries	23.4	37.0	74.3	83.5	92.2	93.7	265.7
Total	57.2	99.1	330.9	394.0	443.1	429.5	645.8

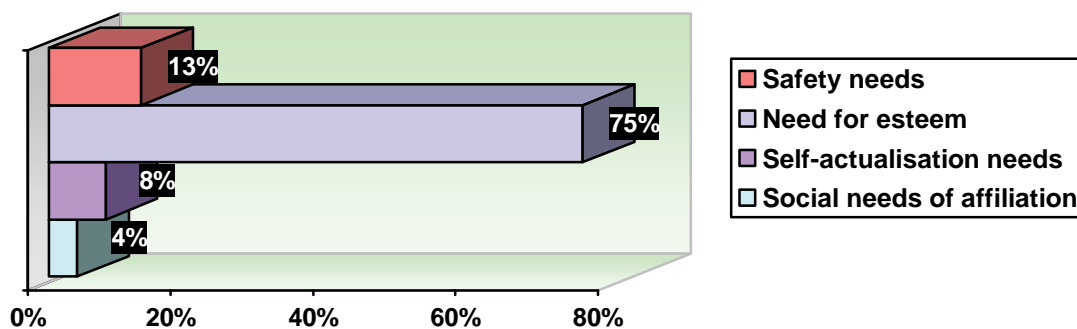
Source: OECD (2006: 246, Statistical Annex, Table B.1.1)

Figure 5 Countries where those with intentions to leave would like to work (%)

Source: FSD (2006), Figure 8, page 31. *Countries where those with intentions to leave would like to work (%)*
 Data source: TLA Survey, basic sample, subsample of people with intention to leave to work abroad. N=106.
 Example of reading: 20 % of the people aged 18 to 59, who would like to leave abroad to work, within the following year, target Spain as place of destination

If we relate to Maslow's theory, the research conducted by the Romanian National Association of Citizens Advice Bureaux revealed that the reason most often put forward was the NEED FOR ESTEEM (the fourth level/step), that means 75% of the respondents (Figure 6). This is a superior reason, that means the emigrant had satisfied the other needs (levels I, II and III) in Romania (ANBCC 2005).

Figure 6 Emigration reasons - Abraham Maslow's scale



Source: ANBCC (2005: 13)

The first situation is when physiological needs are not gratified. Then the only desire is to achieve additional sources of nourishment. Individual will move into another location provided that this step decreases hunger or thirst. Second, the individual has enough food but lives in unsafe, threatening surroundings where his life is endangered or the environment is chaotic and unpredictable. Then he or she will move to another location if the level of safety, predictability and order grows through such a step. Nevertheless, this move will not be done if the new safe place does not provide enough sources to guarantee gratification of physiological needs. On the other hand, safety needs are an important factor binding people to their native land. The territory they are living in is familiar, majority of people they are dealing with are known, they have social status that is connected with some duties and rights, they can communicate with other people using their native language, they are well oriented in cultural customs and they know their rights and acceptable ways of behaviour. Unfamiliar and sometimes hostile environment in destination country disturbs safety and stability requirement and thus decreases benefit from migration. Reichlová (2005: 9)

On the EU Enlargement Map: Romania and the Syndrome of South-Eastern Europe

With the "South-Eastern Europe Syndrome", we analyse the fact that Romania develops in the same way like the southern countries which joined the EU in previous waves of enlargement. The EU has no reasons to fear Romania maintains its undeveloped economy. During the transition of Romania, all economic mechanism suffered strong structural crisis: Romania had a very powerful industry sector and a cooperative based agriculture, with workers trained for steel industry and mechanized agriculture. After the failing of the communist regime, the industrial companies were privatized and then closed, the land was returned to the farmers and the cooperative farms were destroyed. Romanians were prepared for an industry based productive economy, nowadays Romania

is the land of the service industry, with investments in banks, distribution and selling industry. Soon after the changing of the regime, Romania met large unemployment and lot of people in need of identity. A solution: emigration for labour. Most of the former industrial areas are now transformed in investments for the real estate market. The agricultural land is used for developing large real estate projects. All major European retailers are 'landed' on the Romanian distribution market, with huge hypermarkets and entertainment areas [even considered the capital city of a 'poor country', with low income, a Bucharest based hypermarket of *Carrefour* is the third in the world as counting the transit of customers during the Christmas holidays, with more than 100,000 people visiting the site per day]. In the same time, alike in countries as Spain and Portugal before their accession to the EU, lots of investors have bought plenty of land and buildings, for speculation on the real estate market purposes (the price of real estate multiplied many times, as compared to the price just before the accession). The same situation is met mostly in western Romania, but even in Constanța county, south-eastern region: Italians and Greeks have bought almost all available agricultural and in-town land, with the purpose of eventually reselling it upon the Romania's accession to the EU. Nowadays, Spain is one of the main receiving countries of older emigrants in Europe, the main destination for European retirees (mainly thanks to its tourist tradition), due to the economic attraction of tourism factors (pensions, expenses at the place of destination). In the same time, the economy is growing. Before the EU: the Spain workers have migrated to the north of Europe for jobs, while the capital moved to Spain as investments in land and real estate. After the accession: Spain, Portugal and southern Italy benefited from the financial aid of the EU. Spain launched policies to help the families to raise the birth rate (the demographic growth), attracting immigrants with regularisation measures. Those migrants supported the Spain economic development. The same situation is met in Romania, but using the "fast forward" style. We already need workers!

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