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**A POLISH VIEW ON MIGRATION
IN THE CONTEXT OF EU ENLARGEMENT**

- The question of migration belongs to most difficult issues in the negotiations on Poland's accession to the European Union.
- The arguments against immediate opening of the EU labour market to new members are largely politically motivated, as the fears of immigration are widespread among the public opinion and national electorates in the EU countries, mainly in Austria and Germany. They are amongst most sensitive questions associated with the enlargement.
- Thus the official EU position on this subject adopted this year, envisaging long transition periods (5+2 years) for the free movement of persons, reflects largely the intransigent stance of those two countries, most exposed to potential inflows of immigrants from new EU members.
- Poland's negotiation position in the area of free movement of persons envisages that:
„Poland accepts and will implement in full, raises no negotiation problems and does not request transition periods or derogations in the area of ‘Free movement of persons’.
*The already existing relevant laws form a regulatory framework facilitating future implementation of the principle of free movement of persons on the date of the Accession Treaty's entry into force. Poland will implement the provisions of regulations, directives, decisions, recommendations, and resolutions. In accordance with this declaration, Poland undertakes to implement the *acquis communautaire* in the area of ‘Free movement of persons’ so that the relevant laws may operate, with reciprocity, between Poland and the other Member States as of 1 January 2003.”¹*
- A need for simultaneous application of four freedoms, including the free movement of persons, is generally stressed in Poland. The functioning of the EU Internal Market is based on implementation of four freedoms of movement – concerning goods, services, capital

¹ *Poland's negotiation position in the area of free movement of persons. Synthesis, (in:) Poland's Position Papers for the Accession Negotiations with the European Union, Government Plenipotentiary for Poland's Accession Negotiations to the European Union, Chancellery of the Prime Minister of the Republic of Poland, Warsaw, June 2000, p. 39.*

and labour. Thus *all four freedoms - including movement of productive factors - constitute an integral package*, underlying the mechanism of competition within the internal market and determining actual benefits stemming from the integration. Therefore they should be applied simultaneously, with as few derogations as possible, especially on the side of the economically more advanced partners.

- Hence the EU should not impose upon candidate countries the acceptance of sole liberal rules of trade and competition policy (even before the date of their accession), depriving them at the same time, or restricting (or delaying) the application, of some components of the *acquis*, regarding e.g. free movement of persons, opening the markets of transport and construction services, or the entire system of the common agricultural policy.
- Some very general and modest provisions on the movement of workers and establishment of companies and nationals were already contained in the Europe Agreement on association of Poland with the EU, including *"...the right to take up and pursue economic activities as self employed persons and to set up and manage undertakings, in particular companies, which they effectively control"* (article 44). The execution of even those very restrained rights has occurred difficult for Polish citizens in the EU countries, as the latter tried by all means to avoid practical implementation of the provisions on self-employment on their territories.
- Large import surpluses registered in Poland's trade with the EU correspond to indirect imports of labour and of unemployment.
- The Foreign Trade Research Institute, Warsaw, has made some research on the factor content of the Polish foreign trade by use of the 1995 input/output table². It has been determined that the capital/labour ratio calculated for a unit of Polish imports from the EU exceeded, on average, the corresponding ratio for equivalent exports to the EU, in line with the Heckscher-Ohlin factor proportions theorem. Thus in relations with the EU Poland specialised in traditional, relatively labour intensive lines of production and exports.
- However, it was also revealed that in 1995-1998, due to large and increasing trade deficits with the European Union, *the total labour content in Poland's imports was by far higher*

² K.Marczewski, A.Wysocka, *Dostosowania strukturalne polskiej gospodarki i handlu zagranicznego do czlonkostwa w Unii Europejskiej: badanie za pomoca modelu przeplywów miedzygaleziowych (Structural adjustment of Polish economy and foreign trade to membership in the European Union: a study by use of the Input/Output model)*, (in:) *Korzysci i koszty czlonkostwa Polski w Unii Europejskiej (Benefits and costs of Poland's accession to the European Union)*, J.Kotynski (ed.), IKCHZ, Warszawa 2000, Vol. 1.

than that in Poland's exports to the EU. The excess of „imported labour” has been systematically growing.

- Indirect „net imports” of labour to Poland from the EU were estimated at as much as 380,000 jobs in 1998, as compared to „net exports” of 112,000 jobs yet in 1994.
- Actually, economic relations between imports, employment and growth are more complex, as demonstrated by studies on some employment aspects of the Polish-German trade. Growing imports reduce in fact the demand on unskilled labour, but they stimulate the employment of skilled workers and technicians (though in smaller numbers), due to a substantial share of technologically advanced investment goods in Polish imports³.
- In any case, the large trade imbalances, associated with *indirect net influx of labour from the EU to Poland* – contained in the imported goods and services - should be taken into account in the debate on opening of the EU labour market to Poland at the time of the accession.
- Furthermore, it should be noted that growing economic opportunities in Poland attract substantial *direct inflows of labour from abroad*, including hundreds of thousands of expatriates who left Poland for Germany and other western countries in the 1970s and 1980s, having retained their Polish passports⁴.
- As it was already pointed out, there are many unfounded fears and myths among the EU countries concerning a potential danger of massive inflows of workers from Poland and other countries of Central and Eastern Europe after the enlargement.
- According to various estimates, annual numbers of Polish emigrants and season workers in the EU-15 after the accession would be considerably smaller than the current indirect net labour inflows from the EU to Poland.
- The migration estimates vary, depending on scenarios and assumptions adopted⁵.

³ See L.Morawski, M.W. Socha, *Wplyw handlu zagranicznego na zatrudnienie i place w przemyśle przetwórczym (Impact of foreign trade on employment and wages in the manufacturing industry)*, (in:) *Korzysci i koszty członkostwa Polski w Unii Europejskiej*, J.Kotynski [ed.], IKCHZ, Warszawa 2000, Vol. 2.

⁴ According to Mr. B.Geremek, in the 1980s around 800,000 people emigrated from Poland, but in the 1990s 600,000 returned to Poland. „Gazeta Wyborcza”, 3rd October 2000.

⁵ See e.g.: European Integration Consortium: DIW, CEPR, FIEF, IAS, IGIER *The Impact of Eastern Enlargement on Employment and Wages in the EU Member States, Final Report*, Main authors: T.Boeri and H.Brücker, Berlin and Milano 2000;

W.Quaisser, M.Hartmann, E.Hönekopp, M.Brandmeier, *Die Osterweiterung der Europäischen Union: Konsequenzen für Wohlstand und Beschäftigung in Europa*, Friedrich Ebert Stiftung, Bonn 2000;

EU-Erweiterung und Arbeitskräftemigration: Wege zu einer schrittweisen Annäherung der Arbeitsmärkte. Studie im Auftrag des Bundesministeriums für Arbeit und Bundesministeriums für Arbeit und Sozialordnung, von H-W.Sinn, G.Flaig, M.Werding, S.Munz, N.Düll, H.Hofmann in Zusammenarbeit mit dem Max-Planck-

- Nevertheless, as rightly points out Thomas Straubhaar, the President of the HWWA, despite large methodological differences of individual studies, the results of forecasts are rather converging, and the estimated net East-West migration potential appears relatively modest: *„...independent of the variety of assumptions and models that have been used to forecast potential East-West migration flows, the old and simple rule of thumb is strongly confirmed that East-West migration would reach about 3%-4% of the CEEC population within one or two decades after EU-wide freedom of movement has been granted to CEEC citizens. Taking into account the return migration, the net migration rates are about half as large as the gross migration rates and would lie between 1% and 2%.”*⁶
- Fritz Breuss in a recent WIFO study on macroeconomic effects of EU enlargement shows, by means of simulations using the Oxford World Macroeconomic Model, that *„overall and on average of the EU and the CEEC, enlargement is a „win-win” situation (measured by GDP) ”*. Both new and old EU members could increase their GDPs due to enlargement (against a baseline scenario), but *„the CEEC-measured in terms of real GDP - will gain around ten times more from enlargement than the EU”*.
- In particular, Poland and Hungary could increase their GDPs respectively by 8.0% and 8.4% over 10 years, and the Czech Republic by 5.7% (against the non-enlargement baseline scenario). The „old” EU countries would increase their overall GDP by 0.42% in 6 years (and by 0.26% in 10 years), due to the enlargement.
- Breuss estimated also partial effects of the migration. Six years after enlargement they are positive for all old EU members (on average by 0.05% PKB). The largest benefits from migration stem for Austria (0.13% of GDP), Sweden (0.07%) and Germany (0.06%), while Poland and Hungary gain mere 0.02% and 0.03% of their GDPs, and the Czech Republic suffers some losses (0.03% of GDP). After 10 years migration brings net small losses to three CEECs (0.1% of GDP) and somewhat higher benefits to old EU members (0.06% of GDP). Germany and Austria gain most (0.23% and 0.16%), while some other EU countries register small losses against the baseline scenario.

Institut für ausländisches und internationales Sozialrecht: A.Hänlein, J.Kruse, H-J.Reinhard, B.Schulte, ifo Institut für Wirtschaftsforschung, München, Dezember 2000;

A.Lejour, R. de Mooij, R.Nahuis, *EU Enlargement: Economic implications for countries and industries*, CPB Document, No. 011, Netherlands Bureau for Economic Policy Analysis (CPB), Hague, September 2001.

⁶ Th.Straubhaar, *East-West Migration: Will It Be a Problem?*, (in:) *Migration Policies and EU Enlargement*, „Intereconomics”, Vol. 36, No. 4, July/August 2001, p. 168.

⁷ F.Breuss, *Macroeconomic Effects of EU Enlargement for Old and New Members*, Contribution to the „Preparity Project”, WIFO, „Working Paper” No. 143, p.2.

- This all concerns, however, *relative* gains or losses (in terms of percentage points of respective GDPs).
- *In absolute terms, total GDP gains of the old EU members, associated with enlargement, are by far higher than those of the CEECs.*
- Original interpretation of Professor Breuss findings, with a stress being put by the author on „*asymmetric gains*”, favouring the CEECs, appears then one-sided. It may mislead the press and the public opinion in Austria and other EU countries, which seems to be already the case⁸.
- Breuss asserts also that the candidate countries deny that migration will happen at all⁹, which is certainly untrue in Polish case. There are many national migration forecasts available (some of them in English), largely conform with serious EU studies¹⁰.
- Actually, it is argued in Poland that some popular opinions, widespread in the EU, on potential economic risks and employment losses associated with future immigration from Poland and other new member countries, seem largely exaggerated or unfounded. Such view however is now widely shared by economists and politicians in the EU countries¹¹.
- Polish Government has envisaged that during the first decade after the enlargement some 400 to 700 thousand Poles could migrate to other EU countries (but most of them would return few years later)¹².
- The above figures are consistent with conclusions of a study by The Research Centre for Economic and Social Studies (RECESS), Warsaw. In 1998, by use of an econometric (gravitational) model, the Centre estimated potential migration flows from Poland to the EU at some 400-800 thousand people over the period of 10-12 years after the accession,
- Those estimates have been based on the assumption of a relatively high future GDP growth in Poland (4%-7% annually). In case of a long-term slowdown of the GDP growth, to 2-3%

⁸ See Austrian press comments on the results of the study: „*Candidate Countries will gain more than the EU Countries*”, „Die Presse”, 20th June 2001.

⁹ F.Breuss (2001), *op.cit.*, p.10.

¹⁰ See e.g. W.Orlowski, *Migration from central and eastern European countries after the accession: Effects for regions, labour markets, and social security systems*, GUS, „Research Bulletin”, Vol. 9, 2000, No 2, pp. 7-21; *Swobodny przepływ pracowników w kontekście wejścia Polski do Unii Europejskiej*, A.Stepniak (ed.), Kancelaria Prezesa Rady Ministrów, Warszawa 2001; K.Iglicka, *Migration Movements from and into Poland in the Light of East-West European Migration*, „International Migration”, Vol. 39 (1) 2001, pp. 3-32.

¹¹ See e.g. Von Otto Graf Lambsdorf, *Die deutsche Angst vor der Osterweiterung ist unberichtigt*, „Die Welt”, 28 April 2001.

¹² See „Rzeczpospolita”, 27th May 2000.

annually, the RECESS forecast of emigration rises to 1.47 million people over the 10-12 years period after the enlargement¹³.

- Studies made in Poland have also shown that the best policy to avoid large migrations of unskilled labour from Poland to Germany and other EU countries would not consist in keeping administrative barriers, but in granting appropriate technical and financial assistance, targeted at job creation in Poland, by means of professional education, regional development and a support to economic activities of small and medium-sized enterprises¹⁴.
- Thus the EU support to growth of output and employment in Poland, and to restructuring of the Polish economy (including agriculture), by use of structural funds and application of all provisions of the CAP, appears to be in a common interest of European countries.
- It is now more widely acknowledged that Poland and other candidate countries could offer skilled labour to fill the gaps that arise already, and would arise to a larger degree in future, in individual segments of the labour market in the EU countries (e.g. computer specialists, nurses, etc.)¹⁵.
- Furthermore, in view of dramatically changing demographic prospects for Germany and other West European countries that in the coming decades could endanger sustainability of their pension systems as well as financing and functioning of their social security and health protection networks, a perspective of a substantial inflow of young well-skilled workers from Poland and other new member countries is a real opportunity for the ageing societies and economies of the „old” EU members¹⁶.
- This potential „*social and economic manoeuvre*” on all-European scale, of opening labour markets and increasing their flexibility, should be well prepared and implemented successively, but without an unnecessary and destructive delay.

¹³ Z.Wisniewski, J.Oczki, *Migration Effects of Poland's EU Membership*, „Intereconomics” Vol. 36, No. 4, July/August 2001, p. 178.

¹⁴ L.Morawski, M.W.Socha (2000), op. cit.

¹⁵ See e.g. A. du Crest, *Chômage et pénuries de main-d'oeuvre*, „Problèmes économiques”, no. 2690, 29 novembre 2000.

¹⁶ See demographic projections of Eurostat, OECD, ILO, UN, etc., and press commentaries, e.g. *Demographic ageing and the reform of pension systems in the ECE Region*, „Economic Survey of Europe” 1999 No. 3, UN, New York and Geneva, 1999, pp. 43-87; *Trends in Immigration and Economic Consequences*, OECD Economic Outlook, Vol. 68, December 2000, Chapter VII; *Workshop on Ageing Population in the EU*, „Newsletter of the European Network of Economic Policy Institutes”, ENEPRI, No. 2, June 2001; *Stayin' alive. With their fiscal health threatened by a demographic time bomb, the governments of Europe struggle to fund the pensions of future retirees*. „Time”, Vol. 155, No.21, 29.05.2000; Germany's age-old problem, „The Economist”, No. 8174, 10.06.2000; *German immigration. Help wanted*, „The Economist”, August 11th 2001.

- For this purpose, far-sightedness, imagination and political will is needed on sides of all partners, including old and future EU members.
- The fears that the labour outflow could penalise the long-term growth within the new member countries should also be taken into account. There are however at least two aspects of this argument.
- The first one regards the loss of well-qualified specialists, and the resources invested at home in their education and the professional development.
- The second aspect is associated with long-term demographic trends in Poland and other CEECs, which follow - with a lag of 5 to 15 years - those envisaged for Western Europe.
- It is argued, for instance, that Poland's population has just reached its peak level of 38.6 million, and is going to decrease during the next decades. Age structure of the population is also going to deteriorate dramatically after 2010¹⁷.
- Thus a „*demographic time bomb*” is ticking also in Poland and other countries of the Central and East European sub-region.
- Lower participation rates in Poland than in more economically advanced economies of the EU, and structural backwardness of the domestic economy and employment (with a large overhang of underemployed population hidden in the agricultural sector), may however constitute a handicap which in the specific international demographic situation could be converted into a timely opportunity, which should be grasped and used to the benefit of the economic and social development in Poland and other members of the future enlarged European Community.
- Thus the author fully shares and highly appreciates brave opinions expressed recently, after the terrorist attacks of 11 September, by Thomas Straubhaar, the President of the HWWA, in his article on „*War for Brains*”¹⁸.
- To conclude with, let me then quote a final paragraph of his article that could be adopted as a *motto* in the international debate on migration in the context of the EU enlargement:

„Late, but hopefully not too late, Europe's slowly ageing society has started to realise that with defensive tactics the emerging war for brains will be lost before it has really begun. European countries are beginning to open up their borders to facilitate immigration.

¹⁷ See e.g. *Sytuacja demograficzna Polski - raport 1999-2000 (Synteza i wnioski)*, Rządowa Rada Ludnościowa, „Przegląd Rządowy”, nr 4/2001.

¹⁸ T.Straubhaar, *War for Brains*, „Intereconomics”, Vol. 36, No. 5, September/October 2001, pp.221-222.

The barbaric terrorist attack against America may provoke a backlash. This would be worse than stupid: it would be a tremendous loss of opportunities. The climax of the western European drama could be the failure to seize a unique chance. Millions of highly qualified brains live on the doorstep of the EU. But instead of rolling out red carpets, EU politicians are considering hanging old iron curtains up again and delaying the granting of the right of free movement to people from the new east European member states. It is time for the European Union to wake up and go into the offensive in the battle for talents in central and eastern Europe”.