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# ABSTRACT

# EU Mobility

The free movement of people and of workers (intra-EU mobility) is one of the cornerstones of the EU. It has overwhelmingly benefitted the citizens of the EU member states both in the countries of work and in the countries of origin. Earlier apprehensions on crowding out of less educated workers in the countries of destination and on welfare migration turned out to be by and large refuted. At the same time, EU mobility policies still need a significant deepening and upgrading, to deal with special cases of crowding out in subsectors and with fraudulent contracts. Full integration of some groups of mobile EU workers is difficult because of linguistic and cultural barriers. There is a new challenge for EU policy: integration of circular mobile migrants. EU countries should be guided by the EU to cut red tape and harmonize administration.

**JEL Classification:** J15, J61, J68

**Keywords:** EU enlargement, free movement of workers, labor mobility, migration policy, European Single Market, labor adjustment, stabilization, vibrant Europe

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## Contents



## 1. Introduction: The EU as an open area

This paper seeks to analyze how EU mobility has contributed to a vibrant Europe and what policy changes – on the national and European level – are needed to further nurture its benefits. We speak about European mobility rather than immigration as the general patterns of immigration into the EU differs compared to that of migration between EU countries. The general pattern of EU mobility is less aimed at permanent settlement, has more return mobility to the country of origin, leads more easily to integration and is likely to exhibit more mobility to other EU countries as countries of destination.

European mobility is a cornerstone of the EU. It has greatly benefited from the Maastricht Treaty in which the right to work and reside anywhere in the EU under (almost) the same conditions as a citizen of the country has been defined. This was augmented in Directive 2004/38/EC and through the Case Law of the European Court of Justice.[1] The only stipulation is valid health insurance and economic self-sufficiency (Kahanec and Zimmermann, 2016, p. 435). "Citizens of the European Union are free to cross intra-European borders in search of work and education opportunities, a higher standard of living, or even a more desirable climate. Germans work in the finance sector in London and Luxembourg, young Lithuanians work in fast food restaurants in Ireland, Italians study in British universities, and Swedes retire in sunny Spain" (Koikkalainen, 2011). The opportunities of EU mobility – concretely visible and understood – are widely appreciated by EU citizens as one of the main benefits of the EU for them. It is likely that they contributed to an increase in the feeling that there is a European identity, as well as a national or regional one (Recchi, 2015). European mobility greatly increased with the accession of 12 countries (mostly from Central and Eastern Europe) in the first decade of the 21st century.

[1] The boundaries of free mobility were eventually defined by the European Court of Justice, not by EU treaties. This court shifted free movement of *workers* to the free movement of *persons*. "

Initially the European Community of Coal and Steel (ECCG) treaty had given room only for mobility of industrial workers. This gradually became expanded to include those in seasonal or short-term employment and apprenticeship placements in Member States as well. Then in 1990, the freedom of movement became guaranteed for students, pensioners, and the unemployed, as well as for their families.

The process of establishing freedom of movement for all nationals of Member States was finalized with the signing of the Maastricht Treaty in 1992, which created the European Union (EU) and introduced the concept of a common European citizenship.

As the process of encouraging mobility and easing travel restrictions continued, emphasis was placed on reducing border control formalities within Europe. The Schengen Agreement, which first went into effect in 1995, created a common, essentially borderless area between Belgium, France, Germany, Luxembourg, the Netherlands, Portugal, and Spain, wherein travel credentials were only required at the external borders of this area.

Two years later, the Schengen rules were incorporated into the Treaty of Amsterdam, and by 1999 European citizens were free to cross most intra-European borders without having to show their passports. The Schengen Area encompasses in 2017 some 25 European countries, three of which are not members of the European Union.

This paper aims at contributing to a sustainable EU mobility-policy. Elements of such a policy are related to the thorny issues of welfare use and transferability, posted workers, stepped up efforts to reduce red-tape while increasing accountability, and fuller integration of mobile workers in the destination countries. This last objective is generally fostered with the carrot of extra funding (from European funds) for migrants to take part in practical language lessons, incentivized by requirements to do so (in the form of work permits), through EU legislation on wages for temporary workers and encouraging a seamless recognition of qualifications, the use of diploma-equivalents or even better: standardization based on competency measures[2].

EU mobility is explored in Section 2. EU mobility more than doubled in the period 2000-2010[3] with the expansion of the EU with the "EU 12".[4] In 2010, some 16 million EU citizens (3.2% of the population) were born in another EU member state (UN Statistics, 2015). EU mobility has been mostly from East to West and (to a lesser extent) from North to South.

Section 3 looks into the success story of EU mobility and addresses some of the early apprehensions. The contribution of mobility to economic growth, both in the country of origin and in the country of destination, has been substantial. Early apprehensions were among others that mobile workers might crowd out native workers, that they would depress wages in particular of the less-educated or that mobile workers would migrate to seek welfare benefits. There is ample evidence that by and large none of these apprehensions turned out to be true. At the same time the EU mobility policies need to be completed in recognition of some of the shortcoming of the present open-mobility policy in the EU, as outlined in section 6.

[2] There is a wide range of measures available to assess the competences of individuals; see for example the Project International Assessment of Adult Competences (OECD, 2016).
[3] In total 47.3 million people (9.4% of the population) lived in the EU and were born outside their resident country. Of these, 31.4 million (6.3%) were born outside the EU (UN Statistics, 2015).
[4] EU 15: pre-accession EU states. EU 12: Central and Eastern European countries (EU8) and Cyprus and Malta joining the EU in 2004 and Bulgaria and Romania (EU2), joining the European Union in 2007.

Section 4 then looks into the likely future of EU mobility for the period towards 2030. Population growth patterns in the EU are similar. Income differences between EU countries are likely to decrease between the East and the West, while increasing between the North and the South (Gros and Alcidi, 2014). It is likely that these developments will have an impact on the flows of migrants.

Section 5 considers the impact of Brexit on EU mobility, both in terms of the mobility within the 27 remaining countries and the impact of Brexit on flows between the EU 27 and the UK. The post-Brexit EU needs to realize a substantial agenda to deal with the resulting loss of mobility, both in terms of workers as in students.

Section 6 presents a number of proposals for completing the EU mobility policy, realizing that many of these proposals are underway already. A sustainable EU mobility policy seeks to address the points where mobility still gives rise to frictions and barriers to mobile workers' social and labor market integration. A the same time EU Member states should learn from each other and work together on harmonization and on cutting the red tape while increasing accountability. Perhaps the most important is to ensure easy integration of migrants in the native communities by means of learning the language of the country of destination and cultural exchange between the country of destination and that of origin. The EU needs to explore new modes of integration for workers who are circularly mobile.

## 2. EU mobility in the past decades

### 2.1 Workers

Mobility within Europe, including within the present borders of the EU, has been with its people in all times. One only has to think of mobility within the Roman Empire; and large migrations such as those of the Avars, Celts, Germans, Goths, Slavs, Vikings and others. Historically, a substantial part of mobility was driven by civil conflicts or persecution. But another part was simply a matter of living or working next door. Most of the present EU states did not exist, nor did they have firm borders until approximately 1900. Substantial firming up of border lines took place after 1900. Major border moves were induced by the first world-war and the second world-war and subsequently with the newly won independence of Central and Eastern European countries after the Soviet Union and Yugoslavia ceased to exist. It is not until 1918 that passports and visa were introduced and that border crossing became a security concern.

In the post-War period several migration waves took place. In the aftermath of WWII Germany experienced a substantial immigration of Germans from Czechoslovakia, Kazakhstan, Poland, Romania and the Ukraine. Some 4 million Germans in a population of 82 million have this migration background.

In the first period of the European Community of Coal and Steel (ECCS) (one of the predecessors of the EU) there was quite a bit of mobility of guest workers from Italy to the North, encouraged by the ECCS Treaty. These workers were treated initially in the same way as "guest" workers from non-ECCS countries, such as from former Yugoslavia or North Africa, who immigrated to Western Europe, mainly Belgium, Germany and the Netherlands, based on bilateral agreements.

After Greece, Portugal and Spain had joined the European Community in 1986 a substantial mobility from the North to the South arose. This flow went on unabated, so that in 2013, for example, close to 1 million UK citizens live in Spain (UN Statistics, 2015). But also many citizens from other Northern or

Western EU countries live in Spain. France and Italy experience a substantial mobility from “colder” EU countries, both for work as well as for (pre-) retirement.

A second period of increased EU mobility dates back to 2004 after the enlargement of the EU in 2004, involving Cyprus and Malta and eight Central and Eastern European countries: the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovakia and Slovenia. Three countries (UK, Finland and Sweden) allowed immediate mobility from the newly accessed, Central and Eastern European countries. The flow of immigrants from the EU 10 to the old EU, the EU 15, was sizeable, the largest mobility wave going from Poland to the UK. The accession in 2007 of Bulgaria and Romania brought a new flow of Romanians and Bulgarians in particular to Spain and Italy (Kahanec and Zimmermann, 2016). From 2004 onwards the inflow of workers from the newly accessed countries into the UK steadily increased (UK, Office for National Statistics, 2013).

Finally starting in 2009 the Great Recession undid part of this flow and sometimes even reversed it. Many migrants from central and eastern EU countries returned. Spain, for example, suffered from a long period of recession with soaring unemployment. Not only did the inflow of migrants then come to a halt, it also pushed Spanish natives to leave the country. Similarly, in the UK there was a slight decrease in the inflows; nevertheless, the numbers remain at around 100.000 new migrants from the newly accessed countries a year).[5] However, as a result of the outflows, the stock of EU12 residents declined to the 2004 level by 2009 (UK Department of Work and Pensions, 2015, National Insurance Number Registrations by Overseas Nationals database).

*In effect, resulting from mobility over different time periods, in 2010 we find that 16.0 million residents (or 3.2% of the EU population) were born in another EU member state.*

Table 1 gives a picture of the net flow of immigrants into EU countries, originating both from other EU-Member States as well as from third countries. Mobility numbers of EU mobile citizens and non-EU immigrants were more or less on par. Spain, France, Italy, Poland and the UK received more immigrants from the outside than from within the EU.

[5] This is one third of the number of newly arriving non-EU workers in the UK.

Table 1. Immigration[6] flow by country, 2014

| | Total Immigrants | Citizens of other EU Member States | Citizens of non-member countries |
|---|---|---|---|
| | (thousands) | (thousands) | (thousands) |
| Belgium | 128.4 | 64.4 | 41.3 |
| Bulgaria | 26.6 | 1.4 | 15.3 |
| Czech Republic | 29.9 | 14.8 | 9.4 |
| Denmark | 68.4 | 23.8 | 24.5 |
| Germany | 884.9 | 415.9 | 372.4 |
| Estonia | 3.9 | 0.2 | 1.2 |
| Ireland | 67.4 | 26.2 | 28.7 |
| Greece | 59.0 | 16.0 | 13.5 |
| Spain | 305.5 | 100.0 | 164.4 |
| France | 339.9 | 83.5 | 130.2 |
| Croatia | 10.6 | 2.3 | 3.5 |
| Italy | 277.6 | 68.1 | 180.3 |
| Cyprus | 9.2 | 3.7 | 4.0 |
| Latvia | 10.4 | 0.9 | 3.5 |
| Lithuania | 24.3 | 0.7 | 4.1 |
| Luxembourg | 22.3 | 16.5 | 4.4 |
| Hungary | 54.6 | 10.5 | 15.5 |
| Malta | 8.9 | 4.4 | 2.7 |
| Netherlands | 145.3 | 58.4 | 47.8 |
| Austria | 116.3 | 67.0 | 39.4 |
| Poland | 222.3 | 27.2 | 67.0 |
| Portugal | 19.5 | 3.4 | 5.9 |
| Romania | 136.0 | 1.2 | 10.9 |
| Slovenia | 13.8 | 3.3 | 8.0 |
| Slovakia | 5.4 | 2.0 | 0.4 |
| Finland | 31.5 | 9.5 | 13.6 |
| Sweden | 127.0 | 28.1 | 70.7 |
| United Kingdom | 632.0 | 263.6 | 287.1 |
| Iceland | 5.4 | 2.9 | 0.6 |
| Liechtenstein | 0.6 | 0.2 | 0.2 |
| Norway | 66.9 | 35.1 | 24.3 |
| Switzerland | 156.3 | 94.4 | 35.7 |

Source: Eurostat (2014a). http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Immigration_by_citizenship,_2014_(%C2%B9)_YB16.png

[6] Immigrants are those who have received a residency permit (this excludes asylum-seekers who have not yet been recognized).

The flows of EU mobile workers have translated into stocks such that by 2015 Spain may have one of the highest shares (measured by residence permits) of EU mobile workers relative to the population (with 2% UK citizens, 2% Romanians and 2% other EU citizens) in the EU. The UK is another country with a large percentage of intra-EU migrants (2% Poles, 2% Baltics and 2% other EU citizens) (UN, 2015). We note, however, that EU mobility tends to be circular, meaning that large groups come and go; this is contrast to mobility from outside the EU with a lower return rate.

Intra-EU mobile workers mostly moved from the East to the West (UN Statistics, 2015), but there was also a substantial flow from the East towards the South, and some from the South towards the West. In Table 2 we present the UN data on the migrant stocks in Europe for the three countries with the largest number of emigrant (in millions).

Table 2: Migrant stock in Europe for selected countries of origin, 2013 (millions of migrants).

| European region/country of origin | Germany | Poland | Romania | Total |
|---|---|---|---|---|
| Europe total | 2.4 | 3.6 | 3.0 | 76.1 |
| Eastern | .3 | .1 | .2 | 19.7 |
| Northern | .5 | 1.1 | .2 | 13.3 |
| Southern | .6 | .2 | 1.8 | 15.7 |
| Western | 1.0 | 2.3 | .9 | 27.4 |

Source: UN Statistics (2015). Note: Note: Europe is defined as the geographic region (substantially larger than the EU). Eastern Europe is Belarus, Bulgaria, Czech Republic, Hungary, Poland, Republic of Moldova, Romania, Russian Federation, Slovakia, Ukraine; Northern Europe is Channel Islands, Denmark, Estonia, Faeroe Islands, Finland, Iceland, Ireland, Isle of Man, Latvia, Lithuania, Norway, Sweden, UK and Northern Ireland; Southern Europe is Albania, Andorra, Bosnia and Herzegovina, Croatia, Gibraltar, Greece, Holy See, Italy, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain, The Former Yugoslav Republic of Macedonia; Western Europe is Austria, Belgium, France, Germany, Liechtenstein, Luxemburg, Monaco, Netherlands, Switzerland.

The formal educational attainment of intra-EU migrants originating from the EU15 is generally higher than that of the natives in the receiving countries. Mobile citizens from the new member states exhibit varied educational attainment in receiving EU member states, with the share of high-educated among EU12 citizens higher than that among the natives in e.g. Austria, Denmark, France or Hungary, similar in Belgium or Germany, and lower in Greece, Spain or the UK (Kahanec and Zimmermann, 2016). Migrants also were substantially younger than the average age in the country where they settled, although they aged over time, as the group of young graduates seeking further education, language skills or careers shrank progressively and the group of mid- or late-career workers pushed out by the economic crisis expanded (ibid).

### 2.2 Students

European integration has given EU citizens unprecedented opportunities to benefit from traveling and studying in other EU member states. Whereas the younger generations have profited in particular, some of the early cohorts of youth beneficiaries are nowadays in their forties. Not surprisingly, the opportunities to move are among the most favored accomplishments of the EU in the eyes of European citizens according to Eurobarometer surveys (Eurobarometer, 2015). The EU programs encouraging mobility and increasing transparency of the (higher) education system have been highly beneficial to increase mobility. Moreover, the European court has had a decisive impact on mobility by allowing students to study in other EU countries on the same conditions as national students. In turn, mobility has benefited students and society at large, because it boosted their employability and job mobility, and their European identity as well (European Commission, 2015).

The EU Youth Mobility plans in combination with the Bologna agreements have played a substantial role in promoting university participation of youth in other countries. Some 3 % of the students in the EU are internationally mobile. About 20% of these mobile students stay – after graduation – in the country of destination for a shorter or longer period (Chevalier, 2014).

## 3. The success story of EU mobility

### 3.1 Successes

EU mobility has been on balance a boon to the EU (Kahanec and Zimmermann, 2010, 2016; Kahanec, 2013). There is widespread agreement that it has been a win-win for the country of origin and the migrants themselves, with potential benefits for the country of destination. Mobility generally has some distributional consequences: some people gain, but some people lose (Borjas, 2014, 2016). The ‘losers’ however are – in the context of EU mobility – few. Kahanec and Zimmermann (2014) argue that mobility may even have alleviated income inequality in receiving countries.

Migrants' wages are lower than those of the receiving country's native population, even when accounting for education level and age (Kahanec et al., 2011). Their participation rates are generally higher than those of the natives. In case of EU15 immigrants their unemployment rates are lower and occupational attainment higher than that of the natives, while, in contrast, for EU12 immigrants the unemployment risk is higher and occupational attainment lower (Kahanec and Zimmermann, 2016). One reason behind this EU15-EU12 difference may be that mobility from the EU12 is relatively recent.

There were apprehensions on admitting EU immigrants, in terms of their crowding out workers and about welfare migration. The impact on wages earned resulting from a more ample supply of labor has generally been small, if any (Kahanec and Zimmermann, 2016). This close to zero-effect has been documented in the empirical literature in different contexts and other time periods as well. EU migrants may have impacted wages of some groups of workers in the countries of destination as a result of the increased supply of labor, although these effects are debated and – if anything – rather small (Peri, 2014; Kahanec, 2013).

Kahanec and Guzi (2016) document, that immigrants responded to labor shortages and moved to sectors, occupations, and countries where their labor was most needed. Constant (2013) summarizes the existing evidence to conclude that immigrants do not take natives' jobs, and create new jobs in the long run. Kahanec and Pytlikova (2016) document positive macroeconomic effects of EU mobility on GDP per capita and the employment rate, and small negative effects on output per worker, in the receiving countries.

There were questions about 'welfare' mobility raised by the UK Government in the negotiations with the EU preceding the "Brexit" Referendum of June 23, 2016 (Hammond, 2015). The prevailing evidence, however, is one of no systematic welfare abuse or shopping (Giulietti et al., 2013, Dustmann et al., 2010, Zimmermann et al., 2012).

Mobility in the EU was first of all a benefit to the migrants. They were on average younger than the population of the both the country of origin and that of country of destination. The education level of the migrant is bimodal: relatively more lower educated persons and more higher educated among the migrants than the populations in the host as well as in the source country (Kahanec and Zimmermann, 2016). After having arrived in the new country they were also relatively more likely to be self-employed (Rodríguez-Planas and Farré, 2016). Elsner and Zimmermann (2016) find that for the cohort of immigrants from newly accessed countries arriving in Germany between 2008 and 2009 the average age was 33 (Germans 43), the self-employment rate was 28% (Germans 11%), while 29% had achieved tertiary education (Germans 18%). However, only 35% have permanent employment (Germans 78%). The average wage is lower than that of Germans. In general one finds that the wages of immigrants are somewhat lower than the native population accounting for the level of education and age (see for example Kahanec et al., 2011). Language proficiency may be a major explanation of this difference, adjustment another.

Whereas based on available evidence we can conclude that the overall balance of EU mobility in the destination countries is generally positive, the impact of EU mobility on the source countries may raise questions. The Baltic States, Bulgaria, Romania, or Poland experienced some of the largest outflows of hands and brains after their accession to the EU (Kahanec and Zimmermann, 2016). In 2015 some 6 % of the Polish population lived abroad in another EU country. Latvia has felt that too many of its well-trained youth have left the country (Hazans and Philips, 2010; Elsner, 2013).

Baas et al. (2010) demonstrate in a simulation model that outmigration of the size observed after EU's eastern enlargement increased wages by 0.3% in the new member states, and the unemployment rate may have declined by 0.4 percentage points. Elsner (2013a, 2013b) documents that post-enlargement out-flows increased stayers' wages in Lithuania. On the other hand, the drain of mainly young and skilled people could pose some demographic challenges on the source countries. However, the anticipated brain circulation may in fact help to alleviate their demographic and economic problems (Kahanec et al., 2010; Kahanec and Zimmermann, 2016).

So the total balance of both countries of origin, of migrants and of countries of destination is generally positive, even though one should realize some of the implications. One implication is that migrants will – in the first generation – often end up with wages below the level of native co-workers with the same level of education. This is mainly due to linguistic deficiencies or gaps in terms of cultural or social capital (Borjas, 2016). Immigrants will often be met with suspicion by workers with lower levels of education, because they fear – mostly incorrectly – that mobility has some negative effect on their wages or employment chances, as a result of the supply effect and increased labor market competition. However, the majority of a receiving country's population should welcome immigrants, if they recognize that mobility (mostly involving younger people) will benefit receiving countries by bringing in workers with new, complementary skills, alleviating the ageing of the population, or fostering business and trade relationships with their countries of origin. Such benefits increase with successful labor market integration of new immigrants.

### 3.2 Remaining issues

Prior to the lifting of restrictions for EU mobility there was often public apprehension and a negative attitude towards EU mobility. This has shifted in many countries and opinions have become more positive once the natives actually experienced the mobility. For example, Poles have become known as excellent and dependable workers in the UK (Canoy et al., 2010). As discussed above, many benefits of free mobility have been documented at the aggregate level.

However, Galgóczi et al. (2011) point to some specific issues in EU mobility which are politically highly sensitive, such as the extent and characteristics of posted workers, bogus self-employment, or illegal and undocumented work among immigrants (p. 36). These issues often feed the suspicions, particularly among those that may feel to be the 'losers of globalization'. Welfare migration remains a topic of many arguments as well. There is considerable debate about crowding out of native workers and/or negative effects on their wages due to immigration in jobs in specific sectors like trucking and construction (NRC, 2016), in particular for temporary workers. Whereas the evidence shows that this was not the case at the aggregate level, wage-dumping has been alleged in some sectors, mostly through 'posted workers' (who compete with native workers while working on conditions of their country of origin). This has led the European Commission to introduce new legislation to ensure that migrants receive the same wage as native workers, even if they are temporary ('posted') (European Commission, 2016).

Integration of intra-EU migrants is also a concern in the areas with high concentrations of immigrants, where the host population felt that there was little integration of the new immigrants in the host society (Holtslag et al., 2013). Language and culture are major factors why many immigrant communities prefer to stick together, watch TV from the country of origin, while migrant parents speak to their children in the native tongue. Although such choices are of course legitimate, they may erect barriers to immigrant integration and are not always understood and appreciated by the hosts. Some municipalities even feel that the school success of children of EU migrants is endangered by their home environment in the country of destination (see e.g. City of Rotterdam, 2010).

EU mobility was also in the spotlight when political tensions between Italy and Romania arose due to Italy's expressed intentions to restrict free movement of Roma's (EU nationals in Romania) to Italy – contrary to Treaty obligations and the jurisprudence of the European Court of Justice. Some observe that these Italian events "…..illustrate well the vicious circle of securitization with regard to negative attitudes and perceptions, media stereotyping and strict mobility policies. As a result of securitizing and criminalizing public and political discourses, a group …..becomes even more marginalized and stigmatized." (Canoy et al., 2010).

We conclude that European and national policies must not limit their arguments to the generally positive macro-level evidence; they have to effectively address these meso- and micro-level issues for EU mobility to effectively contribute to a vibrant European society.

## 4. Trends in EU mobility to 2030

Mobility is well explained by models of 'push and pull' (Borjas, 2014, 2016). People decide to move with their families or on their own if they believe they can improve the life chances for themselves and their families. Improvement means that they see expected net benefits from moving higher than the costs of moving and leaving the environment where they lived. The migration decision may result in temporary migration, or a decision never to return, or only to return occasionally.

Push factors include threats to life or an insecure environment: war and civil unrest drive out people to seek protection elsewhere. Pull is the perception of increased incomes, career development, higher quality of life, better schooling for children and the like. Low levels of happiness in the country of origin, dissatisfaction with the job, or difficulties finding a new job are factors for seeking one's future in another EU Member State (Blanchflower and Lawton, 2010). Mobility policies play a substantial deciding on the size and direction of mobility (Palmer and Pytliková, 2015).

Drivers of EU mobility are thus primarily opportunities in the labor market; although some mobility is also driven by climate considerations (the pull of the Italy, Portugal and Spain especially for the retired people from the northern Member States). The economic forces may be proxied by expected (un)employment- and income differences. One might expect that when differences in unemployment increase, migration flows will increase as well. Income differences have the same effect: higher differences are likely to lead to larger flows, and vice versa. Kahanec, Pytlikova and Zimmermann (2016) show that whereas the East-West gap in GDP per capita has the expected effect, i.e. migrants move towards countries with higher GDP per capita, it is the receiving countries' unemployment rates and GDP growth rates that determine the directionality of post-enlargement migration flows, whereas the business cycle in the sending countries turns out insignificant.

If we depart from these drivers we can try to picture the expected future flows of migrants. First we consider the driver of economic growth. The projections of Gros and Alcidi (2013) for economic growth in the EU Member States are summarized in Table 3.

Table 3: Projections of economic growth for different parts of the EU 2010-2030

| Group / Growth | GDP per capita 2010 (eurox1000) | GDP per capita growth per year | |
|---|---|---|---|
| | | average 2010-2020 | average 2020-2030 |
| Eastern | 4.5–11 | 1.5-4 | 1.7-3.2 |
| Southern | 14.5-23 | .4-1.2 | 1.2-2.5 |
| Western | 28-48 | .8-1.5 | 1.0-1.5 |

Source: Gros and Alcidi (2013), p. 80

These projections show that the South lags in growth compared the West and the East in the first period (2010-2020), is expected to catch up in the years thereafter. Growth rates in the East are likely to be higher than those of the West and the South for the whole period.

Expectations on the development of unemployment depend on both the economy and on population development. Unemployment is the result of imperfect matching between the demand for and the supply of labor. Labor supply in itself results from demographic trends, including entry to and exit from working age population, as well as participation of working age population in the labor market. Demographic trends in the different EU countries follow more or less similar patterns. The EU as a whole is likely to exhibit substantial ageing of the population: the median age of the EU-28 population is expected to increase by 4.2 years between 2014 and 2080 (Eurostat, 2014). In some countries the population is expected to shrink towards 2050, like Germany and Poland each by 3 million inhabitants, while others such as the United Kingdom, France, Italy and Belgium *each* are expected to have increased by more than 3 million persons when compared with 2014 (Eurostat, 2014). Gros and Alcidi (2013) use population development and the expected development of the economy to project unemployment. They conclude that unemployment in the South will remain high for the near future. Their unemployment projections are summarized in Table 4.

Table 4: Population, Labor Force and Unemployment in the EU, 2020-2030.

| | 2020 | 2025 | 2030 |
|---|---|---|---|
| Population | 511 | 513 | 517 |
| Labor force | 249 | 248 | 244 |
| Unemployment (%) | 8.8 | 7.6 | 6.1 |

Source: Gros and Alcidi (2013), p. 80.

Based on Tables 3 and 4 one may then conjecture that the migration flows from the East towards the West and South might decrease, while those from the South to the North would increase. The largest impact is to be expected in the flows from well- educated and students from the South and East towards the North. They might be part of a circular migration, but could also give rise to brain drain.

## 5. Post-Brexit mobility

The decision of the Brits taken by the July 2016 referendum will stand as a dramatic turn-around in European cooperation. It will also have a seriously decrease European mobility. For example, approximately 1 million Poles working in the UK will have to return or to accept to have to work under less agreeable labor conditions compared to natives. But the same applies to the approximately 1 million Brits, living in Ireland, France, Spain, Portugal, Italy and Germany.

Poles form the largest group of EU immigrants in the UK. Other sizeable groups (larger than 100.000) of EU immigrants in the UK are from within the EU are from Ireland (503.000), Germany (322.000), Italy (152.000), France (150.000) and Lithuania (117.000) (UN Statistics, 2015). EU immigrants form less than one third of the immigrants from outside the EU into the UK in 2016 (UN Statistics, 2016). Also the inflow of immigrants from the EU into the UK was approximately one third of that of immigrants from outside the UK (UK, Office for National Statistics, 2013).

The Brexit decision will have an impact on non- British EU citizens living in the UK and on Britons living in an EU country outside the UK. That impact will be substantial and the migration flows from EU countries to the UK and the other way around will diminish. As migration has been a win-win for all parties concerned, the new situation is a lose-lose.

There is an important transition-question to be resolved. The legal position of those who have migrated will need further elaboration. Those who have migrated did that on the basis of the then existing EU law. One could argue that –after Brexit has been implemented- they still be treated under that law. The Home Office has ventured the opinion that indeed there should be amnesty for those who have arrived in the UK before Brexit (Telegraph, 2016).

A special case is the mobility of students and academic staff. The UK receives a substantial number of EU students every year. In 2012 some 570.000 foreign students were enrolled in UK universities (OECD Statistics, 2016). 17% of the UK students in tertiary education are foreign; one quarter of all foreign students in the UK comes from other EU countries (OECD, 2015b, pp. 363- 369).

The UK is the fourth in terms of popularity as a destination country of the Erasmus program with 27000 students studying in the UK under the Erasmus program in 2013/2014 (after Spain, Germany and France) (Erasmus Statistics, 2016). This flow of foreign EU students might dry up in the longer run. For the medium term the Government has made it clear that for next year (before the exit is formally concluded) the old provisions hold: 'Students from other EU countries can now apply for places on undergraduate courses starting in autumn 2017 with the certainty that they will not have to pay up-front tuition fees and now have a guarantee that they will receive government-backed loans to cover their tuition fee for the duration of their courses. This announcement also guarantees that EU students commencing courses in autumn 2017 will continue to pay the same tuition fees as UK students for the duration of their courses, even after the point the UK exits the EU" (Universities UK, 2016b).

But in the longer run Brexit will imply that the UK is no longer part of the European Open Space for higher education in which students from a EU can study in any other EU country under the same conditions (and with the same tuition fees) as local students. This is another lose-lose. The European Open Space benefitted the UK, but the UK membership was also a great boon for the Continental EU universities. We would argue against this background that the EU should compensate for the loss of the UK in the European academic society by increasing its own internal cooperation. This cooperation should be intended to boost the quality of education, so that the EU becomes even more attractive to students from outside the EU as part of a selective immigration policy (see Chapter 5b).

## 6. Completing EU mobility policy

EU mobility policy has been a tremendous boon for the EU citizens. Kahanec and Zimmermann (2016, p. 437) therefore rightly call for "advertising" this EU success, to bring it in the open and discuss it. This might help the EU to become more popular and be able to stay away from the danger of nationalistic movements obscuring the need for international and in particular European cooperation. Any EU policy or a policy of an EU country has to weigh in the popular sentiments when devising a policy, without bowing to the distortions of the truth by populists and often echoed in the social media. Throughout the EU there is an increasing sentiment against mobility (including EU mobility) which – unfortunately and unjustly – sometimes translates in stereotyping of immigrants or those with an immigrant background. The first part of any mobility policy is then to take a firm stand against discrimination and racism while at the same time actively campaigning for the facts. At the same time there are several specific issues to be resolved.

Welfare

The EU negotiators agreed with the UK demands in the pre-referendum process so that the UK was allowed to have a different unemployment benefit regime for EU (non-UK) citizens than for UK citizens living in the UK in a comparable fashion. This concession to the UK opened the door for other member states to apply similar regulations, depriving migrants who become unemployed from the welfare associated with previous work experience in the country of destination. They might also become deprived from health benefits, family allowances and the possibility to have their children attend free education. Even though very few people migrate for the purposes of getting welfare in the country of destination (Giulietti et al., 2013, Giulietti, 2014) also in 2016 the German government has approved a draft bill intended to dramatically reduce EU citizens' access to the country's social welfare system.

Under that proposed law, EU citizens would be forbidden from drawing benefits for their first five years in Germany (Guardian, 2016). The draft law was in response to a ruling by the federal court that EU citizens had a right to benefits after living in Germany for just six months. It was defended by a Social Democratic Minister with the reasoning that "municipalities who were responsible for paying unemployment benefits were unfairly burdened by the estimated €800m (£720m) a year spent on the 130,000 non-German EU citizens currently registered as jobseekers".

It is to be expected that more countries with a substantial net immigration of EU citizens will follow suit with reduced welfare regimes for immigrants compared to the native population (Ruhs, 2016), even though this will be hotly debated at the EU level.

We would argue for an open EU with a fairly quick access of intra-EU migrants to welfare payment, although perhaps after a period of several months, to avoid migration for speculative purposes.

## Temporary workers

There is a need to re-examine the "Posting of Workers Directive". Such a revision should encompass three main areas: "remuneration of posted workers, rules on temporary agency workers, and long-term posting. The proposal sets out that posted workers will generally benefit from the same rules governing pay and working conditions as local workers" (European Commission, 2016). This is in particular an important element in some subsectors, such as trucking, where EU mobile workers effectively crowd out native workers through low salaries.

## Fraud

Fraud with contracts and with welfare payments of intra-EU migrants has occasionally surfaced in the newspapers of the countries of destination. The relative magnitude of fraud is unknown. The most obvious reaction to fraud in either in contracts, in pay to workers or in welfare payments in EU mobility is prosecution (Galgóczi et al. 2011). However, prosecution is organized on the country level. It is important that EU countries agree on cooperation in prosecution in order to create sustainable EU mobility. Also it would be important to come to some kind of an agreed EU social security number to ameliorate supervision and control.

## Red tape

Employers with an international workforce experience a substantial paper burden in dealing with the principle of lex loci laboris (see: Kahanec and Zimmermann, 2016, p. 440), implying that the rules of the country of origin apply to social contributions and taxes. In particular universities and research institutions that employ project experts and faculty from other EU Member States are swamped by this paper-mill. It would be useful to develop an EU-wide applicable employment contract to deal with such situations, eliminating the administrative burden for employers (doing bookkeeping, wages and following the regulation for all countries from which experts are hired) and employees (reapplying for the A1 form every year).

## Integration

The integration of intra-EU migrants is clearly a concern in the areas with high concentrations of migrants, big cities in particular. Language is a major factor that poses a barrier to deeper integration. A sustainable EU policy on EU mobility would pay more attention to integration in the destination countries, with the carrot of extra funding for migrants to take part in practical language lessons, incentivized by requirements to do so (in the form of conditionality of work permits) . This could be part of an EU policy encouraging migration by funding language acquisition in the countries of destination.

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