

## MIGRATION FLOWS FROM THE NEW TO THE OLD MEMBER STATES – BASIC EFFECTS FOR THE LABOUR MARKET

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The possibility for large migration flows coming from the new member states to the old ones has been an issue in many debates on the future of the enlarged EU. A close study of the statistical data however shows that the people coming from the new member states that have moved to work in the old member states are less than 1% of each old member state's population. There is only one country for which the incoming migration flows exceed 1% of the population – this is Austria. In the mind of people however the migration flows coming from the new member states are enormous and they represent a danger for their jobs (positions).

The paper presents an attempt for classification of the effects (both positive and negative) of the migration flows coming from the new to the old member states for these two groups of countries.

**Table 1 Classification of the basic positive and negative effects for the labor market from migration flows from the new to the old member states**

<b>EFFECTS FOR THE OLD MEMBER STATES</b>		<b>EFFECTS FOR THE NEW MEMBER STATES</b>	
<b>1. Microeconomic effects</b>		<b>1. Microeconomic effects</b>	
<b><i>Positive effects</i></b>	<b><i>Negative effects</i></b>	<b><i>Positive effects</i></b>	<b><i>Negative effects</i></b>
One of the biggest beneficiaries in the migration process will be the high-skilled workers in all countries of the enlarged EU: - the high skilled workers born in the new member states that will migrate to the older and richer member states will increase their income, as well as their competences, skills and possibilities for career development.	Negative effects will materialize for the low skilled workers from the old member states that will lose their job or significantly reduce their income as a result of the migration flows of low skilled workers coming	One of the biggest beneficiaries in the migration process will be the high-skilled workers in all countries of the enlarged EU: - the high skilled workers born in the new member states that will migrate to the older and richer member states will increase their income, as well as their competences, skills and possibilities for career development.	Negative effects materialize for the group of the so called "relative losers" from the EU enlargement process – this group includes the people whose income growth as a result of the EU membership of

<p>- the high skilled workers born in the old member states will have stimuli and motivation to constantly increase their qualification and competences because they will work in a more competitive environment than the one they worked in before the eastern enlargement.</p> <p>- there is another migration flow formed by high-skilled workers born in the old member states that move to work in the new member states. They benefit mostly from the enlarged possibilities for career development at the same time benefiting from their high income earned and spent in countries with much more lower price standard than the one in the EU (at least this is the Bulgarian case).</p>	<p>from the new member states.</p> <p>World statistics shows that the biggest migration flows all over the world (as well as in Europe) are formed by low skilled workers. The number of migrating high skilled workers is smaller, their labour contracts are regular and they are illegal migrants very rare.</p>	<p>- the high skilled workers that are born in the new member states and do not migrate physically will compete with all other high skilled workers in the global and pan-european competition because the EU membership is a factor for the “europeisation” of the labor markets in the new member states.</p> <p>- there is another migration flow formed by high-skilled workers born in the old member states that move to work in the new member states. They benefit mostly from the enlarged possibilities for career development at the same time benefiting from their high income earned and spent in countries with much more lower price standard than the one in the EU (at least this is the Bulgarian case).</p>	<p>their country is less than the average income growth for the economy as a whole.</p> <p>This group may include representatives of monopolised before the enlargement businesses, businesses that have lost their importance or market share (for example the customs services consultants after the enlargement of the Single Market), the “shadow” (or “gray”) economy representatives.</p>
<b>2. Macroeconomic effects</b>		<b>2. Macroeconomic effects</b>	
<p>The migration flows from the new to the old EU members results in reduction of the structural incompatibility of the labor market in the old member states. For example Germany has declared a need of over one million computer specialists in the beginning of 2002 that had to be imported from all over the world. The reduction of the hesitation of the labour market in the old member states is an important factor for the sustainable development of the EU as a whole.</p>	<p>Potential risk of increasing the level of unemployment in the old member states in case these countries suffer economic problems.</p>	<p>Income policy and social policy in the new conditions of membership in the EU will gradually effect in convergence of the life standards, incomes and labour resources qualifications in the new member states with the average EU level.</p>	<p>The new member states will lose a part of their high skilled labor resources because they cannot offer high salaries or/and good labour conditions to them.</p>
<p>Offering better conditions for life and work, the old member states will attract a certain part of the workers</p>		<p>The productivity of labour in the new member states will gradually increase and the “unit labour costs” ratio will</p>	<p>Structural unemployment could appear as a possible</p>

and specialists with highest qualifications thus ensuring prospects for sustainable economic development, competitive labour market and economic growth.		gradually decrease to the average EU level.	result of the increased competition and the lack of possibility to cope with the pressure of the competitive forces in the Internal market of the EU.
The dynamic effects of the European economic integration following the eastern enlargement will increase the employment, the labour productivity and the quality of labour force in all countries of the enlarged EU.			

These are the basic positive and negative effects for the old and new member states, and like any other classification in the social and humanitarian sciences this classification may not be full. This classification represents the skeleton, around which other effects will find their place.

The integration of the new member states in the EU is expected to bring an accelerated productivity growth, especially in the manufacturing sector of the economy. The introduction of the EU rules in an enlarged Internal market will make easier not only the interchange of goods between the old and new member states, but also the interchange of all types of production factors. This will bring the expected catch-up in productivity that will be accompanied by a rise in the price levels of goods and production factors.

The acceleration of productivity growth in the manufacturing sector and the expected rise of price levels will be probably accompanied by acceleration of the overall inflation level in the economy. Inflation is inevitable in the tertiary sector of the economy as well, though actually it is less than the overall attitudes of the society have been several years ago. The new member states however have expressed their will to join the Economic and Monetary Union (EMU) as soon as possible. The adoption of the Euro could be postponed for several years due to failures to conform with the Maastricht criteria. There have been considerations for the issue whether an exception will be made for the new member states in the field of the inflation rate requirement criteria for participation in the EMU. Most probably however this will not happen.

The maintenance of low inflation during the catch-up process could be achieved by enhancing the competitiveness of the economy and the competitiveness of the labour market in particular. This should include measures for transparency of the wages actually received and transparency of the process of determination of wages.

For Bulgaria, possible measures to ease this process could include:

- further deregulation of the labour market;
- ease of the conditions for interregional movement of workers;
- ease of the conditions for cross-sector movement, where it is possible;
- enhancing the transparency of the conditions for hiring and firing workers;
- fostering life long learning and vocational training;
- creating and supporting a full database for free work places in the country;
- informing society about the conditions for legal employment abroad and for legal employment of foreign workers in Bulgaria;
- giving tax preferences to workers who change their workplace and place of living across regions, especially for those workers moving to less developed regions.