



FREE *to* **WORK**

EUROPE BENEFITS WHEN LABOR CAN
MOVE FREELY ACROSS EU MEMBER STATES

..... By *per* Concordiam Staff

Newspaper reporters and television cameramen patrolled British airports, train stations and bus depots on January 1, 2014, looking for the “tidal wave” of new migrants. An influx of migrants was expected because transitional work restrictions on Bulgarian and Romanian citizens had expired the day before, seven years after those countries joined the European Union, allowing their residents to work anywhere in the EU.

Even though that feared tsunami didn’t arrive, many Europeans are concerned that liberalization of labor markets for immigrants from the EU’s eastern members will interrupt the progress made by Western European countries still struggling through economic recoveries. In the Netherlands, Germany and the United Kingdom, media outlets and politicians clamor for protecting labor markets and social welfare systems from immigrants.

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100 Romanians and Bulgarians take a job in Britain every day, official figures show," blared an August 2013 headline in the online version of London's *Daily Mail*. Others warn of "benefits tourism" — immigrants coming not to work but to collect generous social welfare benefits.

Eastern European leaders continue to confront what they view as popular misconceptions about job competition in Western Europe. "We will not accept being treated as second-rate citizens," Romanian Prime Minister Victor Ponta said in November 2013 in response to rumblings in the UK media.

Fundamental EU right

The free movement of all member-country citizens has been enshrined as one of the cornerstones of EU integration and of the EU's Single Market. Labor mobility was guaranteed in the 1957 Treaty of Rome that established the European Economic Community, the common market that evolved into the EU. At any one time, more than 14 million people work, study and retire in member states other than their own, the EU reports.

In 2004, when eight formerly communist Eastern European countries entered the EU, only the UK, Sweden and Ireland allowed immediate unrestricted labor migration. UK government officials estimated 13,000 immigrants per year would come. But at the peak, before the economic crisis, more than 100,000 came each year from Poland alone, causing substantial social concern and, some argue, labor displacement. Many of these laborers returned home to work in Poland's

relatively robust economy. Nevertheless, according to the 2011 census, more than half a million Polish citizens lived in the UK, nearly 10 times the 2001 population.

On joining the EU in 2007, Bulgarian and Romanian citizens endured transitional labor restrictions imposed by Austria, Belgium, France, Germany, Luxembourg, Malta, the Netherlands, Spain and the UK. Many of these countries demanded an adjustment period they argued would benefit the host and source countries alike. From the beginning, Bulgarian and Romanian citizens have been able to travel freely throughout the EU and could work in a self-employed or temporary capacity. As of July 2012, the UK Office for National Statistics said that about 150,000 Bulgarians and Romanians were living in the UK; the EU said that more than 3 million already live throughout the EU.

Immigration's benefits

Despite social problems caused in some communities by any large migration — strains on housing, education and other infrastructure — studies show that opening labor markets in 2004 was beneficial to host countries, including the UK. In the book *Borderless Economics*, author Robert Guest calls migration a "productivity multiplier" because it spreads ideas, inspires innovation and allows skills to flow where they are most needed. Migration is the most efficient way to allocate human capital.

As the EU has pointed out, mobility "addresses skills gaps and labour shortages and tends not to take jobs away from host country workers." An October 2013 report from the Centre for



British wine merchant Richard Fox, at his shop in Bucharest in December 2013, welcomes Bulgarians and Romanians who want to work in his home country. He and thousands of other Europeans have settled in Bulgaria and Romania.

European Reform (CER) concluded that Eastern European immigrants have had virtually no impact on native unemployment rates in Britain (except a negligible impact at the lowest levels of the jobs

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market) and often stimulate increases in overall wages, thanks to higher productivity. Rather than losing jobs to immigrants who tolerate lower wages, many jobless Britons suffered from a lack of “basic employability skills, incentives and motivation,” according to a 2008 UK Department for Work and Pensions (DWP) report.



Construction workers build new houses in Bristol, England. The British construction industry provided plentiful employment for immigrants from Eastern Europe.

In 2004, European economies were thriving, and jobs for immigrants were plentiful, particularly in the construction and service sectors. The UK and other longtime EU members suffered severe shortages of skilled workers and were looking to the

new eastern members to fill the void. Meanwhile, Eastern European countries had many highly educated workers unable to find good jobs in their post-communist economies. But the UK and other “rich” countries now face higher unemployment and budget austerity, raising concerns that such migration is no longer affordable.

Much of the uncertainty is based on the belief that floods of new immigrants overtax host countries’ social welfare systems. German Bundestag member Hans-Peter Uhl told Reuters in December 2013: “We have the free movement of labor in Europe, and that is the main idea. It is important for us and we should keep this idea, but freedom of movement does not mean free access to our German social welfare system for everyone.” British Prime Minister David Cameron introduced measures to prevent new arrivals from qualifying for unemployment benefits and placed restrictions on other social benefits. In defiance of EU rules, the Dutch cities of Rotterdam and The Hague announced intentions to deny identification numbers to Bulgarians and Romanians who can’t prove they’re working.

The data do not support these fears. A study commissioned by the Dutch Ministry of Social Affairs found that Eastern European immigrants not only take jobs most native Dutch don’t want, but also “pay more taxes than they claim in benefits,” *The Economist* reported. The CER report found the same thing in Britain, calling “benefits tourism” a falsehood. CER said EU immigrants are “more likely to be in work than Britons” and “far less likely to take up benefits than the British population.” According to a January 2014 *New Europe* article, the UK DWP registers only 60,000 benefits claimants out of about 2.3 million EU immigrants to Britain.



AFP/GETTY IMAGES

Romanian students in Bucharest react to comments by European politicians and media outlets portraying them as benefits scroungers in December 2013.

Conclusion

In the end, the worst fears of labor migration critics may amount to little more than hyperbole and political posturing. Bulgarians and Romanians have been able to travel freely throughout the EU since 2007 and have been free to work in most EU countries. Experts suggest the vast majority who want to work abroad have already relocated. Mihai Fertig, who operates a bus service between Bucharest and several Western European cities, told Euronews television that he expected only a 10 percent increase in bookings in 2014.

Romanians in particular have little reason to “flood” the UK or Germany. Romanians have more linguistic and cultural affinity with Italy and Spain, and Romania’s economy is not doing badly, *The Economist* says. The country’s rapidly growing wages, low unemployment and

lower cost of living have reduced the desire to emigrate. In an interview with BBC Radio that aired in January 2014, Andreas Cser, who runs a jobs placement service for Romanians, said interest in British employment has waned and job seekers favor positions better aligned to their skills.

A study released by the European Commission in October 2013 shows that across the EU, the vast majority of economic migrants move to another country to work, not take benefits. The free movement of labor benefits both source and host countries, economically and socially. Studies suggest that migrants tend to be entrepreneurs and risk-takers equipped with the courage necessary to leave home and start anew in a foreign land. As the CER report said: “EU immigrants are a boon, not a burden.” □