Mobility and migration of labour in the European Union and their specific implications for young people
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FOREWORD

The establishment of the right to freedom of movement for European citizens plays both a practical and symbolic role in the process of the construction of the European Union.

This right to mobility is closely linked to the European dimension to the labour and training market, which means new challenges and opportunities as well as new difficulties and discrimination.

In spite of a legal and political environment which encourages the free movement of persons, and in spite of the Commission programmes to promote mobility and eliminate any obstacles in its way, there is still little transnational mobility among EU countries - less than in the past - and it is highly concentrated on special groups.

This situation raises a number of questions about the present and about the future. With regard to the present, it immediately raises a number of questions: why is there so little mobility today in spite of a legislative framework which should facilitate it? What novel elements go to make even southern Europeans no longer mobile today whereas thirty years ago they were highly mobile? What are the existing forms of mobility and migration? What are the obstacles standing in their way? Why does the low level of transnational mobility in training go hand in hand with an even lower level of vocational mobility?

The future of mobility also raises many questions: what will be the impact of European monetary union on the future of the European dimension to the labour and training markets? What policies should be adopted to allow, facilitate or encourage mobility for European citizens on those markets? What do economists have to tell us about the need for mobility or about the reasons for the existence of labour mobility? What will be the European policy choice in the field of the transnational mobility of labour in Europe? Will transnational mobility be regarded simply as a right for Europeans, which must be upheld, or will there be a policy to actively promote it? Will younger generations have a greater tendency to become mobile in the professional field, as is already the case with training? Which categories of young people will or will not be able to take advantage of this right to mobility in the course of their training for a career? Which measures would make it possible to extend to all young people the ability to take advantage of the right to mobility? And under what conditions?

In this connection, Cedefop, in keeping with one of the medium-term priorities (1997-2000) laid down by its Management Board -‘Serving European mobility and exchanges’ - included in its 1997 work programme the task of contributing to the creation of an empirical and theoretical framework of reference on mobility in Europe and to exploring possible courses of action to be taken either within the general European context or in collaboration with Cedefop, paying particular attention to young people.

This work was thus conceived within the framework of Cedefop’s work programme with the aim of trying to answer the above questions. In order to do so, it first of all provides in Part I a general framework of reflection and in Part II formulates proposals for action to support the right to mobility for all young Europeans.
The first part of the publication (‘Mobility and migration of labour in the EU’) is by Heinz Werner and Alexandros Tassinopoulos, experts with the IAB (Germany). It seeks to present the ‘state of the art’ as regards the mobility and migration of labour in Europe, from both an empirical and theoretical point of view. The first part thus:

- sums up the available literature on labour mobility and migration in Europe by setting out the current theories in the field;
- provides an historical review of statistics on migration in Europe up to the present day;
- sums up the relationship between the theories and facts noted in the previous points;
- tackles all those points paying special attention to aspects relating to education and training.

The result - as the reader will appreciate - is an excellent document defining the parameters of labour migration and mobility in Europe in relation to the development of the economy and economic policy and, in particular, the behaviour of individuals. Part I ends with a series of questions about the evolution of migration in Europe in the future and about how it will be affected by monetary union.

The second part of the publication (‘Support for transnational mobility for young people’) was written by Søren Kristensen, director of the PIU, Denmark, and seeks to develop specific aspects relating to the mobility of young people in relation to the vocational training and education which they have followed as well as to make proposals for initiatives to support the transnational mobility of young people in Europe. It is thus important to:

- analyse the various potential forms of transnational mobility among young people within vocational training and education;
- review the obstacles to mobility in the various fields mentioned above;
- to supplement the analysis of legal and administrative obstacles with an analysis of obstacles stemming from the culture and attitudes of young people to transnational mobility and to their aptitude.

Part II also assesses the experience gathered from European programmes in the field of transnational mobility for young people and ends with a chapter containing a number of proposals for action in this area.

As the reader will appreciate, the result of Part II is a highly significant reflection on the transnational mobility of young people in connection with vocational training and education. This reflection also leads up to a number of possible future courses of action.

This document, taken as a whole, is a tool designed for anyone playing an active role in the construction of a European economic and social area.

Jordi Planas
Project Coordinator
1. Introduction

A common European market demands unimpeded cross-border movement for goods, services, capital and labour. These four basic freedoms were largely achieved with the completion of the single European market in 1993. The free movement of labour had already been in place considerably longer. Freedom of movement has been possible for workers from Member States of the European common market since 1968. A further stage of integration is planned in the creation of a common monetary area, which may also have an influence on migrational movements.

Although the free movement of labour has been in existence for a long time and constitutes one of the major achievements of European integration, it has not led to an increase in the mutual exchange of workers. This is frequently lamented with the comment that workers should go to where they are most productive on the one hand and where they can thus also obtain the highest wages on the other hand. In this way an efficient deployment of the workers would be ensured and prosperity in the economic area would be maximized. In spite of continuing considerable differences between the countries and regions with regard to income and unemployment rates, labour migration has remained at a lower level than expected. This is often interpreted as a failure of the European labour-market and calls are made for increases in the flexibility of the labour-market, for the elimination of further obstacles to migration or even for special promotion of mobility.¹

This report deals with cross-border mobility of workers in the European Union. A theoretical section looks into the question why mobility is useful from an economic point of view, what determinants are important, what obstacles there are, and which groups are more likely to migrate than others. This is followed by the inclusion of international migrational movements. What do foreign trade theory and integration theory say about the need for labour movements? Is it possible to derive explanations as to why there are relatively few migrations within the EU?

In the next, empirical section the movements of labour between the countries of the EU are presented in development and structure. Here in particular the results of the Community labour-force sample survey are used. This survey has been carried out since 1983 and permits a certain comparability. The trends in European labour migration are compared with the migration determinants named in economic theory, such as foreign trade relations, differences in income or unemployment. Here an important role is played by whether there are converging or diverging tendencies, firstly between the States and

¹ Financial Times, 13 October 1997: The (British) chancellor of the exchequer says that ‘promoting labour-market mobility will be especially important in the context of the creation of a single currency’.
secondly between regions within particular EU States. The inclusion of regional developments and disparities within the Member States seems to be important in order to see whether external and internal migrations develop unequally. From this it is possible to derive explanations as to the extent to which it might not be worth moving to another country in spite of differences in income or in unemployment (value of immobility).

In connection with the forthcoming European Monetary Union (EMU) demands are being made for labour-markets to be made more adaptable, as so-called ‘external shocks’ (e.g. change in the demand for exports) can no longer be cushioned by changes in the exchange rate. One of the mechanisms of adaptation would be an increase in the mobility of workers. Therefore the connection between the migration of labour and the European Monetary Union is dealt with in a further chapter.

The fact that labour movements have remained moderate on the whole does not necessarily mean that they will remain so in the future. In a closing chapter the results are summarized once again from a theoretical and an empirical point of view, and it is shown what sort of migrations can be expected between the countries of the EU in the future. Here attention is paid to barriers which are still in existence and the possibilities of eliminating them.

2. Labour mobility and economic theory

2.1 Concept

Mobility and migration constitute a complex phenomenon. Its analysis is proving increasingly to be interdisciplinary. This is also true of the attempt to answer the central questions of research into migration within theoretical approaches. Here the causes and effects of migration as well as its social and economic policy consequences are prominent. First of all an attempt should be made to define more precisely the terms 'mobility' and 'migration'.

In the literature there is no clear differentiation between the terms 'mobility' and 'migration'. In some cases they are even used synonymously. Nevertheless the two terms should be differentiated as follows. What should be understood by the term spatial (interregional) mobility of workers is in general any movement of the production factor of labour (or the possibility of moving it) from one region to another. Spatial movement of labour with a simultaneous change of residence is migration. Thus the term 'migration' is associated with a permanent character. If the spatial movement of labour does not involve a change of residence, we speak of commuters. The following terms are also used in order to differentiate: 'interregional mobility' meaning mobility between geographical areas, and 'intraregional mobility' meaning mobility within geographical areas.

The task of a theory of interregional labour mobility is to explain what reasons lead to occurrences of mobility. What determinants influence intensity, direction and geographical

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3 Schätzl, Ludwig (1996), loc. cit. p.100
distance. What effect does the mobility of the production factor of labour have on regional development?

2.2 Benefits, costs and barriers of mobility and migration

The following section focuses on economic approaches. They have to take into consideration a number of aspects of the decision to migrate. There is a broad spectrum of motives for migrating, ranging from economic and personal reasons to political reasons. At the same time, with the decision to migrate it is necessary to differentiate between temporary and permanent migration. The original plan may possibly be subject to modification if the worker concerned was not fully informed about the working conditions in the host country. Therefore, the decision to migrate is also always made with uncertainty.

The economically motivated decision to migrate is dependent upon the expected transaction costs. Decisions concerning migration can only be made if all transaction costs are taken into account; knowledge about the transaction costs is one of the prerequisites for being able to distinguish between the economic conditions of the home country and those of the host country. To put it simply, calculating the transaction costs means weighing up in monetary terms the benefits one gives up against the gains to be expected in the future if one migrates. Examples of transaction costs are for instance the expected wage differentials (taking into account the probability of finding a job), mobility costs (such as the costs of moving house), differentials in the cost of living (this applies in particular for different costs on the housing market) as well as search and information costs which are necessary for tracking down employment opportunities. If the transaction costs exceed the individual gains, migration does not occur.

Further barriers, such as general institutional restrictions, which have a prohibitive effect on potential migratory movements should not be prominent within the EU Member States. Nevertheless it is to be tested below why the free movement of labour in accordance with Article 48a of the EC Treaty is not being taken advantage of more as a result of mobility barriers that continue to exist.

From the point of view of economic theory and under competitive conditions, workers are allocated to those jobs which maximize the value of the employment gain. The main motivation for deciding to migrate is the desire of workers to improve their economic situation. They are in a constant process of searching for a better job (in terms of higher productivity and a higher income). At the same time firms are also searching for better workers. As a result, the value of the marginal product of labour is equated across firms and across labour-markets (for workers of given skills). The equilibrium allocation of workers and firms, therefore, is efficient: no other allocation can increase the value of labour’s contribution to national income.

In the context of neo-classical equilibrium theories, the effects of migration on economic growth and per capita income in the region of origin and the destination region are described under the following assumptions: homogeneous supply of labour, perfect competition on the labour-market, full employment, free mobility of production factors, perfect transparency and information, no interregional transport costs. It is also assumed

\textsuperscript{4} i.e. the degree to which needs are satisfied by work, in particular by means of wages and productivity.
that wage differentials are the only reason for migration. Workers in low-wage regions migrate to high-wage regions. The migration of workers balances out the wages in the two regions after a certain time with the premises set. Thus the migrations cease when interregional wage differences no longer exist.

This theoretical point of view does not correspond to the actual conditions. With realistic assumptions, the migrations can be expected to have effects which by no means lead to parallelism of wage expansion and wage contraction. Thus an interregional balancing out of per capita income is not to be expected. There are various reasons for this:

The workers are not fully aware of the true potential of their education and training and their abilities. Firms, too, are not able a priori to make statements concerning the true productivity of their future employees. As a result of this asymmetrical information, the allocation of workers and firms is not efficient in reality. Alternative allocations could lead to an increase in the national product. In this respect mobility is of central importance for the functioning of labour-markets: it promotes allocative efficiency by shifting workers to society’s highest-valued employment.

The following section describes the mechanisms which contribute, through the mobility of labour, to an increase in efficiency.

Since Hicks every modern analysis of the decision to migrate has been based on the hypothesis that ‘differences in net income advantages, chiefly differences in wages, are the main causes of migration’. In this respect the migration of workers is seen as a form of human capital investment. Workers calculate the value of the employment opportunities available in each of the alternative labour-markets, net out the costs of making the move, and choose whichever option maximizes the net present value of lifetime earnings.

To understand migration better, various authors repeatedly emphasize the need to analyse the individual migrant’s decision-making process as the underlying basis for mass movements. The search and decision-making process are most prominent.

Some important theoretical models are:

- **Human capital approach**
  In this model the decision regarding a potential migration is based on weighing up the expected costs and the benefits of the alternative residence. The decision is made in favour of the residence with the highest expected net benefit. This approach is, however, viewed critically due to the lack of consideration paid to the costs of procuring and processing information.

- **Search theory**
  In this approach migration is viewed in terms of the search for a job. In the case of speculative migration (i.e. the migrant has still to find a job), migration is a key element in the search process. In the case of contractual migration (an employment relationship has already been agreed) on the other hand, migration is the result of the search process. Aspects of information theory and search theory are taken more strongly into consideration. The focus of attention is the action of a sequential decision theory. The solution of the decision tree occurs on the basis of game theory methods.

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Gravity models
The theoretical approach deals with the gross migration flows in a spatial network (‘spatial-interaction-models’). The determinants are push and pull factors in the region of origin and the destination region. This includes in particular labour-market conditions and income. These models are able to explain some aspects of internal migration. At the same time they neglect the decision-making process. Instead of concentrating on the net migration flows, they focus on gross migration.

Human capital consists of the income-producing skill, knowledge, and experience embodied within individuals. This stock of capital can be increased by specific investments which require present sacrifices but increase the stream of future earnings over a lifetime. However, the alternative of migration is not automatically considered in connection with a potential for increased lifetime earnings. It must be weighed against the expected gains. Relevant costs of the decision to migrate are transportation expenses, income foregone during the move, the psychological costs of leaving family and friends, and the loss of seniority and pension benefits. Rationally, a person opts for migration when the sum of the discounted expected future earnings exceeds the total costs of the discounted decision to migrate. If the non-monetary disadvantages exceed an expected increase in income, the person concerned will opt to remain in the place of origin.

Formally this decision calculation can be presented as follows. The equation\(^6\) gives the net present value of migration.

\[
V_P = \sum_{n=1}^{N} \frac{E_2 - E_1}{(1 + i)^n} - \sum_{n=1}^{N} \frac{C}{(1 + i)^n} - Z
\]

where

- \(V_P\) = present value of net benefits
- \(E_2\) = earnings from new job in year \(n\)
- \(E_1\) = earnings from existing job in year \(n\)
- \(N\) = length of time expected on new job
- \(i\) = interest rate
- \(n\) = year in which benefits and costs accrue
- \(C\) = direct and indirect monetary costs resulting from move in the year \(n\)
- \(Z\) = net psychological costs of move (psychological cost minus psychological gains)

The case \(V_P > 0\) implies that the expected earnings gain exceeds the combined monetary and psychological investment costs. Consequently, the person will migrate. In the opposite case the person will remain in his/her present job and location. All else being equal, the greater the annual earnings differential \((E_2 - E_1)\) between the two jobs, the

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higher the present value of the net benefits ($V_p$) will be, and the more likely it will be that an individual will migrate.

In addition to the annual earnings differential ($E_2 - E_1$), a number of other determinants influence the discounted present value of the total earnings and cost streams in the equation (1). These factors affecting the present value of the net benefits and the decision to migrate are: unemployment, age, family circumstances, education and distance.

Studies of migration repeatedly point to the central role of age. All else being equal, the older a person is, the less likely he or she is to migrate. There are various reasons for this. First, older migrants have fewer years to recoup their investment costs. Migration constitutes a human capital investment. Net gains to migration depend on age because older workers have a shorter period over which they can collect the returns on the migration investment. The shorter payoff period decreases the net gains to migration, and hence lowers the probability of migration. Second, older people tend to have higher levels of human capital which are specific to their present employers. This human capital, by definition, is not transferable to other jobs. And finally, older people often have higher migration costs than younger people; additionally, the psychological costs of migration may rise with age.

Other important factors are: the potential costs of migration multiply as family size increases.\(^7\) It could be expected that with a given age and level of education, married workers would tend to be less willing to migrate than single workers. Also, the higher one's educational attainment, all else being equal, the more likely it is that one will migrate. Workers with a university degree or equivalent qualifications possess a higher ability to analyse and assess the available information which is necessary for their search for employment in regional and national labour-markets.

In addition, the probability of migration is inversely proportional to the distance a person must move. The greater the distance to the future region of employment, the more difficult it is to obtain sufficient information about it. Besides the psychological costs, which also increase with the distance, the transportation costs are of course also directly connected with the distance that has to be covered. These problems may, however, also arise less intensively. Migrants often follow the routes previously taken by family, friends and relatives. Via multiplier effects this phenomenon can in some cases lead to unexpectedly high migratory movements of some population groups from certain regions to certain destination regions.

Additional relevant factors are:

- job opportunities (vacancies) or the opposite: the unemployment rate,
- home ownership,
- State and local government policies,
- personal tax rates,
- language,
- political repression,
- cultural and social environment.

What consequences can be derived from migration?

What is important here is the issue concerning the return of investment in human capital. It is, however, necessary to take various restrictions into consideration. Thus the decision to migrate, which is based on expected net benefits, is subject to uncertainty and imperfect information. In some instances, the expected gain from migration simply does not materialize. Furthermore, it frequently turns out that lifetime income gains from migration do not necessarily mean that migrants receive gains from earnings during the first few post-migration years. Additionally, there is also a potential lack of skill transferability, which means that the increases in lifetime earnings do not imply that the migrants will necessarily receive annual earnings equal to those received by people already in that destination. In this respect general statements of migration theory must be critically qualified with regard to the return on investment from migration.

2.3 Characteristics of migrants

In addition to the region-specific determinants - such as wage differentials between the region of origin and the region of destination - a number of studies point to the central role played by demographic determinants in the decision to migrate. The importance of age was already mentioned above. However, different patterns of behaviour can also be determined in the level of education and training.

As already mentioned, there is a positive correlation between the worker's level of education and his or her probability of migrating. This positive influence of education on the intensity of migration could be due to the fact that workers with a higher level of education and/or training display greater efficiency in their search for work in alternative labour-markets. In this respect they reduce their migration costs. Moreover it is conceivable that the regions relevant for more highly qualified workers are larger and more numerous than those relevant for lower qualified workers. In addition it can be assumed that the incentive for mobility is relatively greater as a result of greater relative income differences. Language barriers may also constitute less of a barrier to mobility for well educated workers. In this respect a more rapid adjustment to the new working environment could be expected.

Geographical mobility can therefore contribute to improving the match between workers and firms. Analyses - especially from the USA - show that workers generally benefit from the decision to migrate through an increase in income. Owing to this mobility towards regions with higher incomes, migration contributes to a reduction of income differentials. This is demonstrated in American studies. Net migration from rural to urban areas has also tended to redistribute population towards higher wage areas. However, migration accelerates economic development and may thus aggravate regional agglomeration effects.

Frequently the decision to migrate is not a single decision. Return and repeat migration can be caused by the realization of having made a wrong decision if the actual opportunities for advancement or income gains cannot be realized owing to a decision

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made with incomplete information. On the other hand return and repeat migration can be regarded as an explicit career-advancement strategy (within an intra-company transfer). Thus repeat migration can also be found within the group of highly qualified workers. There is empirical evidence for both of these connections. Workers who migrate to a more distant region are more likely to return to where they came from. This may be due to the possibly imprecise information about the more distant region, which leads to the subsequent realization that the original decision to migrate was a mistake. Moreover it can be assumed that in the case of a move between increasingly distant geographical areas, the 'cultural difference' also increases. A change of job involving a move from Palermo to Munich has a different significance to a move from Linz to Munich. Sociological thoughts come to the fore here. That is why it may seem natural for many workers from more distant home regions to limit the duration of their stay to the medium term.

The decision to migrate is usually not an individual decision but is generally a group decision. This report does not deal with the discussion and problems of the overall benefits of migration for several people at the same time. This decision situation plays a role for example in the case of couples in which both partners work or in the case of families with children of school age.

3. International migrational movements and economic theory

3.1 Conceptual framework

There is no comprehensive generally accepted migration theory. Forecasts of the nature and size of future movements of population can, therefore, unfortunately, not be based on a developed theory of migration. There are partial theories and theoretical models which draw our attention to the kind of things we must look out for in studying population movements, and which factors must in any case be taken into account.

Migration is also an interdisciplinary phenomenon like few others. We may find large interest in migration within, for instance, anthropology, demography, economy, education, geography, history, legal science, political science and sociology. Each of the disciplines has developed various schools and traditions where conceptual aspects or dominating ideas have come forward. In geography, for instance, these are principally time and space. Economists focus on the scarcity of resources, the functioning of the markets and the maximization of life-time utility. Sociologist tend to study social behaviour, while anthropologists have predominantly been occupied with culture. These simplifying examples illustrate that the same phenomenon (international migration) can be approached with different tools, considered from different angles. What is also important to note is that each discipline tends to make a number of basic assumptions. Economists for example call factors that are assumed to be given the 'ceteris paribus condition'. If

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9 Every migration is generally followed by a return migration, which can in some cases be quite considerable. Thus e.g. Eurostat estimates that in 1993 about a quarter of the EU migrants from other EU States were return migrants. See Fischer, Peter A./Straubhaar, Thomas (1996), p.22.

these factors are dropped and no longer considered to be constant the analysis is made less general but more realistic. In section 3.2.2 an effort is made to find out what the consequences would be if some of the traditional assumptions of economic migration theory are dropped. Another angle from which to approach migration is the division between the macro- and micro-levels. Macro-studies in economics are predominantly concerned with the differences in factors between geo-political units (nation states). Micro-studies look at the differences as perceived by individual human beings, families, firms, etc.

Migration is a spatial phenomenon. People move from one place to another, alone or together with others. They go for a short visit or for a long period of time, over a long or short distance. As already mentioned, migration that takes place within the territory of a State is called internal or intra-national migration. Migration that crosses national borders is called international migration.

There are various ways of classifying migrational movements. Examples are voluntary or forced migration, or by duration of stay, or by legal status, or by the individual migrant’s intention. The annex provides an example of a pragmatic approach as suggested by specialized UN agencies. For the purpose of our study - the free movement of labour and migration in the EU - we look predominantly at economically motivated reasons for migration (or non-migration). In the context of this study we define an (international) migrant as a person who has moved from one country to another with the intention of taking up residence there for a certain period of time and for the purpose of taking up work or looking for a job.\footnote{We cannot always operationalize ‘intention of residence’ in statistics on foreign population or foreign labour. It should also be noted that the terms ‘immigrants’ or ‘emigrants’ are used independently of the legal status of migrants. It should also be noted that a large proportion of the migrants consists of people returning to their country of origin. Not all migrants stay forever.}

### 3.2 Theories of migration and the decision to migrate

#### 3.2.1 Macro-economic theories on migration

For a better understanding of migration in a common labour-market, let us first have a look at two fields, which are important for migration of labour: the theory of economic integration and the theory of migration. A look at the theory of integration is necessary to see how the integration process typically determines and alters the economic and social environment in which potential migrants make their decisions. A theory of migration is needed to explain how and when people make their individual decisions to migrate.

Classical trade theory has its roots in the concept of ‘relative competitive advantage’ developed by Ricardo. Ricardo studied a world of two countries which produce two traded goods. Labour is considered internationally immobile. Ricardo demonstrated that even if labour in one country is more efficient than in the other in the production of both goods, the former country may increase its wealth by specializing in the production of the goods in which its relative productivity advantage is greater. Ricardo’s competitive advantage approach was taken up by Heckscher and Ohlin who together with Samuelson set up what is usually called the H-O-S theorem which has remained the cornerstone of international economics and the economics of integration until now. Ricardo assumed (unexplained) differences in labour productivity between countries as the basis for
comparative advantage. In the H-O-S framework, countries differ from each other by virtue of different (given) relative endowments of internationally homogenous production factors.

To give an example of the simplest version of the H-O-S model: two countries which share the same technology are assumed to produce two products in competitive markets with combinations of labour and capital inputs that are fixed for each product (fixed factor intensities). A definite relation between product and factor prices (wages and interest rates) is established. Factor prices are determined by the relative scarcity of the production factors, which results from the production structure. Thus, if in autarky both countries produce both products and consumers share the same tastes, the product which makes more intensive use of the country’s relatively abundant factor will, in that country, be relatively cheaper than in the other economy.

Both countries will gain from trade. Both can raise their overall consumption by specializing on the production of the product in which it has a comparable advantage and by importing the other product. They will gain from an increase in trade until the production of both products becomes equally expensive in both countries i.e. until product prices have equalized internationally. Due to the given definite relation between prices, wage levels and real interest rates have to become equal in both countries as well. This result has become known as the H-O-S factor-price-equalization theorem. The factor-price-equalization theorem stipulates that there is no need for international capital mobility and migration because trade is a sufficient form of economic integration and should guarantee the equalization of real interest rates and wage levels. Trade can be a perfect substitute for international capital flows and migration.

In reality there is a gap between absolute factor price equalization, which theory predicts, and the empirical evidence. This gap is attributable to the stringent assumptions which underlie the factor price equalization theorem:

- all goods and services are freely tradeable. In practice significant transaction costs (e.g. transport, adjustment to different tastes), obstacles such as perishable goods and tariff and non-tariff barriers to trade often prevent international trade competition;
- production functions of goods and services are identical everywhere. In reality using equivalent production factors for producing a commodity does not have the same production result everywhere in the world. Relationships between product and factor prices are not consistent. Factor costs (wages, interest rates) may, therefore, vary considerably from one country to another, in spite of international trade;
- constant economies of scale. In other words this means if input factors are doubled, output will also double. In reality due to fixed cost components and technology intensive production economies of scale occur as productions increases;
- perfect competition in the commodity and factor market prices. The achievement of economies of scale often requires a ‘critical size’ of company. This leads to a decline in the number of companies which the volume of a given market allows to exist. Thus competition suffers. Many technology-intensive industries become oligopolistic - such as car producing industries or computer hardware.

The two-country, two-commodity, two-production factor model does not of course correspond to reality. In a world of many trading partners, many tradeable commodities and many production factors, the factor price equalization theory ceases to be absolutely true. Different demand structures, tastes or varying production functions, etc. do not in
themselves guarantee full realization of the potential efficiency gains from economic integration. This brings cross-country factor flows into consideration. If trade alone fails to equalize factor prices fully, factor movements could achieve it.

The outflow of capital from the relatively capital abundant country would lead to a rise in the marginal product of capital and to a fall in the marginal product of labour in the country of origin. The opposite effect would be obtained in the country receiving the capital. The same approach can also be applied to labour movements: if labour reacts to differences in wage levels, it should be expected to migrate from relatively labour abundant to capital abundant countries thereby equalizing persisting wage differentials. As long as H-O-S conditions prevail and no mobility costs exist, mobility of either factor alone could guarantee factor price equalization. For example if capital movements were liberalized fully but labour remained immobile, capital mobility alone should tend to equalize wage levels internationally. Thus capital mobility and migration are substitutes in this classical trade theory approach.

In reality, factor mobility costs exist. The cost of capital mobility tends to fall with increasing economic integration and the development of advanced and liberalized capital markets. But the cost of labour migration (in monetary and non-pecuniary terms) seems to stay high even if legal restrictions on international movements of workers are abolished in the area of integration. Therefore, the assumption of a symmetry between capital and labour flows is far too simplistic. The basic difference between migration and capital flows is that international labour migration requires the owner of the production capabilities to move whereas capital can be moved abroad without any movement of the capital owner. The abovementioned limitations have to be considered when questions are raised such as whether international trade and international factor movements are substitutes or complements.

The assumption of traditional trade theory that only endowment differences are reasons for international trade has to be relaxed: if countries vary by persistent differences in production technology, in taxes and subsidies, if production faces increasing returns to scale or takes place in non-competitive markets, trade and factor flows may at least accelerate comparative advantages temporarily rather than evening them out. While under classical H-O-S assumptions trade, capital flows and migration are substitutable instruments of economic integration, they may also be mutually prerequisite once the restrictive H-O-S assumptions are given up.

Will the tendency towards an equalization of factor and commodity prices through economic integration be driven by trade or factor flows? International mobility of labour can have a number of sources:

- labour mobility can be a reaction to existing trade impediments or as a reaction to the physical non-tradeability of certain goods. In this case labour is - at least partially - a substitute for trade;
- labour migration may occur in proportion to international differences in labour productivities due to persistent different production technologies, the existence of economies of scale, or imperfect markets. In that case trade and international labour migration are complements rather than substitutes. These differences occur because of

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12 These approaches originate from the so called ‘new trade theory’.
fast changing technology or innovations, differing tastes or changes in demand structures. This source of migration relates more to skilled workers;

- labour mobility may be the consequence of services which cannot be transmitted via telecommunications. This type refers to low-skilled migration (e.g. tourism, construction) and high-skilled migration, often of a temporary nature (e.g. management consultancy, advice on information technology). In this case there is neither substitution nor complementarity but a need for labour migration.

While capital transfers and migration are largely substitutable in the first two cases, the last case calls for the migration of labour. Furthermore it should be kept in mind that economic integration through trade and the liberalization of factor flows generally leads to a gradual convergence of welfare levels. In the long run it thus reduces the propensity to migrate.

3.2.2 Micro-migration theory\(^\text{13}\)

Economic micro-migration theory is based on the behaviour of human beings. People should decide to migrate from one place to another if they expect a relative increase in quality of life at a new place of residence. The macro-level determinants are thus the basis for migration decisions. Potential migrants weigh the relative advantages and disadvantages of going or staying and of moving to a certain destination at a given time according to their individual preferences. Standard economic theory assumes that the best (and only feasible) measurement of quality of life is material wealth. People who maximize their personal utility of life are therefore expected to strive to maximize income and wealth. Consequently, the earliest economic explanations of migration have identified differences in disposable income as the crucial macro-factor potential migrants are interested in. Many economists have taken up the wage-difference idea, added some additional features or relaxed some of the assumptions on which the migration models function, such as perfect information or rational behaviour of all potential migrants. Nevertheless all theories of migration share the idea that different wage-levels come about because of geographic differences in the supply and demand of labour and the endowment with other relatively immobile production factors, usually physical capital. In a two-location model, it is then assumed that the real wage is higher in the country with the lower relative labour/capital ratio and vice versa. This triggers migration from the low-wage country to the high-wage country. Thus the supply of labour decreases and wages rise in the capital-poor country, while the supply of labour increases and wages fall in the capital-rich country. At the end of the migration process the wage levels are balanced out and migration comes to a halt.

This process of migration will only come about if certain conditions are met:

- migration is cost-free,
- migration is risk-free,
- migrants are a homogeneous group of people,
- migrants have perfect and cost-free information,
- migrants behave in a rational manner,
- migrants are autonomous human beings with no social background,

• There are no further barriers to migration (legal, cultural, linguistic).

Obviously these assumptions are not realistic. Nevertheless, the basic model will prove helpful. It provides ‘clear sight’ for some essential features of the migration decision and can act as a reference scenario for more realistic theoretical considerations. The following will discuss what it means for the direction and magnitude of the expected migratory flows if the above-mentioned assumption are not met.

Migration is not cost-free
Early works on economic migration theory already introduced the costs of transport from the place of origin to the area of destination. So-called gravity models of migration have incorporated the importance of geographic distance into economic migration research, adding some form of ‘distance deterrence function’ which reflects the degree of spatial separation between origin and destination. Distance between States is likely to reduce the migratory flows although modern and cheaper transport facilities reduced financial barriers to migration. Proximity or distance also play a role if non-pecuniary costs and benefits are introduced. The geographically closer the country of emigration to the destination country, the more we can expect cultural and linguistic similarities. The effect of cultural and linguistic proximity is reflected for example by the relatively high numbers of migrants from southern European countries to France or in the border areas between Austria and Germany or France and Germany where it has become commonplace to live in one country and work in the neighbouring country. In other cases non-pecuniary costs of adaptation to different socio-cultural, political or ecological differences may act as a powerful deterrent to leave. Within a general utility-maximization approach these arguments can often explain the observable differences in migrational movements and migration dynamics.

Migration involves risks
Migrants do not care only about the level of achievable income, but also about the probability of realizing it, which depends on the labour-market situation: i.e. the availability of jobs (vacancies) or the level of unemployment. In general the two are inversely related: high unemployment means in general few job opportunities. But there may be structural imbalances when in spite of high unemployment job openings do exist in certain sectors, occupations or skill levels. Many migration studies reveal that wage differences between countries and differences in unemployment rates are of considerable importance for intra-national migration decisions. In empirical studies vacancy rates in the area of destination as a pull factor often explain migration better than unemployment rates.¹⁴ The chances of success are also better for well-educated people because they have better chances of avoiding unemployment and for younger ones because they can adapt more easily, or for people whose skills are transferable. Transferable skills can be highly qualified ones, for example in information technology, management consultancy, or also low skills which can easily be used in other locations e. g. construction, tourism and personal services.

In any case a migrant has to weigh up all kinds of advantages/disadvantages in the country of origin and the potential country of destination. Because people prefer a known, secure environment at a given location they may not migrate to another country where

¹⁴ For example, migration from Finland to Sweden in the 1960s and 1970s was largely dependent on job vacancies in Sweden and to a much lesser extent on unemployment rates in the two countries. See Fischer, Peter and Straubhaar, Thomas (1996): Migration and Economic Integration in the Nordic Common Labour Market, Nordic Council of Ministers, p. 170.
expected incomes may be higher or job opportunities available. But both expectations cannot be taken for granted. There is always some risk of not achieving the expected improvement.

- **Migrants are not a homogenous group**
  There are different propensities to move. An explanation can be given by the human capital approach. Migration is regarded as a form of investment in human capital. Potential migrants compare potential expected future returns in potential destinations with the expected returns in their present location, and weigh them up with respect to the time period until realization. The longer one’s ‘investment horizon’, the more likely one is to migrate. Therefore, young people should be more willing to move than older ones. Apart from the time perspective, differences in interpersonal propensities to migrate arise from differing preferences for the present situation e. g. due to age, family ties, wealth or the arrangements of the social security system. The bigger one’s preferences for the present, the less likely one is to migrate.

- **Potential migrants incur costs for (imperfect) information**
  Information costs influence the direction of migration flows. In general people are likely to migrate to locations about which they are already informed or about which it is relatively cheap to obtain information. The price of information is likely to rise with the distance between two locations, although with modern information technology this assumption may become less valid.

  To gather scarce information requires the use of resources and time. The more information needed and the more severe the constraints a decision-maker faces, the more reasonable it may become to avoid incurred search costs by not thinking about migration at all. Information costs are therefore an important approach for explaining immobility.

  Costly and thus often limited information about economic and non-economic factors may lead to second-best solutions. A migrant may decide to stay, although it would be possible to realize a higher level of utility in a different location, or he may decide to go but select a location where the obtainable level of utility is lower than somewhere else. Suboptimal decisions will also occur if the information is not up to date but based rather on past experience which no longer corresponds to the current situation.

  The less information people have access to, the more important subjective elements will be. If a migrant does not know if he will get a job at the destination, he/she will have to make up his mind about the risk to take. Such subjective elements depend partly on the (objective) personal characteristics of the potential migrant such as age and education - which has already been emphasized when discussing the human-capital approach - and partly on subjective characteristics like optimism or pessimism. Since incomplete information increases the degree of insecurity, the individual degree of risk aversion becomes an important element in the decision to migrate. This is at odds with simple theories of migration where the potential migrant is assumed to be risk-neutral.

  It is helpful for the economic success of the migrant if as much as possible is known about the situation in the labour-market of the destination country. What qualifications are in demand? What wages can be expected? What is the housing market like? What about social security? Employment opportunities for the spouse? Education facilities for the children?
Related to the problem of limited information and the way people react is the prevalence of reference groups in general and the relative deprivation of potential migrants in particular. People’s concern about their well-being is dependent on their reference group, i. e. the group they compare themselves with, rather than on the average situation of mankind. Put simply, a poor man in a poor society finds it easier to bear this situation than a poor man in a rich society.

Many people in low-wage countries will not migrate because they feel that within their reference group their utility is high enough to prevent such a decision. In this context the income distribution in potential countries of origin may be an important determinant of migration decisions. People in a country with a very uneven distribution and a large section of the population which is dissatisfied with their utility level are more likely to go than people in a country where income is more evenly distributed. The same reasoning applies to changes in income levels. A stable low income may be more acceptable than an increasing income level accompanied by a rise in income inequality. Social policy might therefore have a substantial influence on the migration potential.

In addition to the abovementioned reasoning, the importance of relative income distribution for migration has attracted special attention in economic migration theory within the particular context of the so-called ‘selection debate’ discussing the socio-economic characteristics of immigrants and their performance in the United States (in particular by Chiswick and Borjas). The key argument states that differences in the relative wage distribution in the country of origin and the country of destination will determine the skill characteristics of migrants. Provided that the wage differential between low- and high-skilled jobs is smaller in the country of origin than in the country of destination, high wage-earners are most likely to find it profitable to go, provided the two countries do not differ too much in other respects. Migrants will then be ‘positively selected’. If, on the other hand, the income differential is larger in the country of emigration, a decision to go is more likely for low-skilled emigrants than for high-skilled ones: migrants will be ‘negatively selected’.

- Migrants do not always behave rationally

Rational behaviour means here that in a situation where a decision between different options has to be made, a decision maker possessing complete and unrestricted information opts for the alternative that allows him to realize the highest level of utility. But as we have already seen, free, cost-free and complete information is hardly ever the available. Most migration decisions are therefore likely to be suboptimal from an unconditionally rational point of view.

- Migrants are not autonomous human beings with no social context

The decision to migrate is in general not the decision of a completely independent individual but one who is part of social group, usually a household or family. Generally speaking, married persons and other individuals strongly attached to someone else are less likely to decide to go. Family ties are also likely to reduce the propensity to migrate. Family motives for migration have been subject to a significant number of empirical studies. Several studies verified that married persons are less likely to move than singles. This reluctance to migrate is even stronger if the spouse is attached to the labour-market emigration and/or children attend school. Female labour force participation is on the increase in all industrialized countries. The higher the educational attainment of women, the higher their probability of being employed. In the European industrialized countries skilled migrants are in demand. But if both partners work the decision to go is no longer
based on the utility consideration of an independent individual, but strongly influenced by the utility of a family household as a whole.

While the abovementioned considerations are generally relevant for migration, another attitude exists with respect to migration from less developed countries. Many families in developing countries send one or several of their members to a foreign country in order to help support the family by means of remittances.

The flow of information from family members (or the same social group) abroad to those who initially stay behind is of considerable importance. Such information reduces uncertainties and is likely to ease the decision to go for additional family members or for other people from the same area. It is easier to migrate if members of the same social group already live in the country of destination, a fact that has given rise to sociological theories of migration networks. Networks provide information for potential migrants, ease their access to the labour-market of the destination country and help the newcomers to familiarize themselves with the new environment of the host society. Closely related to the concept of networks is the phenomenon of chain migration. Chain migration introduces a dynamic element into the migration process. Chain migration means the migration-accelerating effect of the flow of information emanating from ‘pioneer’ migrants. The increased amount of information available certainly has the beneficial effect of reducing the level of uncertainty or risk which the potential migrant faces. The information can be passed on within a family or via any other channel of information. Pioneer migrants can provide not only information but also active support for later migrants. Thus migration accelerates further migration.

- Other barriers (legal, cultural, linguistic, discrimination)

Legal barriers, such as work permits and residence permits, in conjunction with border and internal controls have a considerable influence on the flows of migrants. For the EU most legal barriers have been more or less abolished. But this does not mean that there are no further administrative impediments, for example due to different tax and social security systems. The traditionally low level of migration in Europe can be attributed to obstacles such as language barriers, administrative constraints, non-recognition of professional diplomas, non-portability of pension rights, limited cross-border transferability of social protection rights, or the inefficient functioning of national public employment services. Another factor which may explain the immobility of potential migrants is the willingness of the population in the prospective destination country to accept migrants. Non-acceptance may lead to discrimination which acts as a deterrent to new migrants. Discrimination certainly plays a minor role for EU nationals as compared to third-country nationals.

4. Migration of labour in the European Union

4.1 Free movement of labour - achievements

Some of the matters involved in a common market such as what is being striven for with European integration are the realization of unimpeded movement for goods, services,

capital and labour. It was therefore the aim of the European Commission to remove those regulations that hinder this exchange and have the effect of distorting competition. The establishment of free movement of labour was also one of these matters. The free movement of labour,\textsuperscript{16} i.e. the possibility to seek and take up work in another Member State under the same conditions as the resident population, is one of the key achievements of European integration. The free movement of labour has been in force since 1968 for workers and their families from the six founding countries (BE, DE, FR, IT, NL, LX), and also for UK, IR and DK since 1973, after enlargement of the EC. Greek workers have enjoyed freedom of movement since 1987, and Portuguese and Spanish workers since 1993 following a transition period. With enlargement to included AT, SE and FI in 1995, full free movement of labour was granted immediately for these countries. Free movement of labour is also valid for three former EFTA countries: Norway, Iceland, Liechtenstein). The rights of free movement of labour are valid not only for employees, but also by analogy for the self-employed. Freedom of establishment gives EU citizens the same rights as the resident population in access, residence and the starting up of an activity on a self-employed basis in another EU country. As a result of the single European market development, free movement has been extended to include economically non-active persons such as students and pensioners, and the mutual recognition of qualifications has been regulated.

The recognition of educational and training qualifications is a particularly difficult undertaking. The declared aim in a single market must, however, be the elimination of barriers to mobility. The removal of such obstacles does not necessarily require the harmonization of the national education and training systems, but it does demand at least a recognition or transparency of educational and training qualifications. For this three approaches were pursued:

- The recognition of occupation-specific minimum standards in training is the traditional approach. This is, however, very time-consuming and requires a considerable amount of coordination. The more the national education and training courses vary, the more difficult it is to establish common standards. After long negotiations, minimum standards were agreed upon for occupations in the health service, for architects and some other liberal professions. If the standards are fulfilled the qualifications must be recognized in all the EU States and permission must be given for the occupation to be practised.

- Due to the time and work involved and the slow rate of success in establishing standards in education and training, it was decided to take the path of a general recognition of qualifications. Within the framework of the single market programme, from 1991 a general recognition of higher education diplomas following a minimum of three years of study at a university or other institution of higher education was introduced. Additional requirements may only be demanded if there is a considerable difference in education and/or training in the country of origin and the destination country. These additional requirements can be in the form of additional periods of job experience, refresher training/retraining or entrance tests. The relevant directive also requires that the occupation in the receiving country is a regulated occupation, i.e. is linked with the possession of a training certificate or qualification, or that the title linked with the practice of the occupation is specially protected.

\textsuperscript{16} Free movement of labour in the EEC Treaty means the ‘abolition of any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other conditions of work and employment.’
Training courses immediately below the level of higher education have been regulated since 1992 by the so-called supplementary directive on the recognition of vocational qualifications. This directive covers training courses which require the (advanced) school leaving examination (entitling the holder to study at a university) and one to two years of special training, as well as other qualifications which are acquired after at least 13 years of education/training and which are comparable with the abovementioned short degree courses.

- On the middle level of skilled and specialized workers the Commission pursued the strategy of equivalence procedures, which is intended to guarantee in particular the information and transparency of training courses in the EU States. Taking as a starting point a description of typical occupations, an attempt is made to relate them to the appropriate course of training in the various Member States. The results are summarized in information sheets. In this way the vocational training courses concerned are transparent for job applicants, advisory bodies and employers. This enables the applicant to push through his formal entitlement to equal access to jobs throughout the EU. This access to the labour-market which is in principle equivalent to that of the nationals of the particular country does not mean, of course, a right to being hired, but only the creation of comparable competitive positions.

In order to ensure that the mobility of migrant workers is not impeded by a concern to maintain social protection rights, regulations were agreed concerning the transfer of benefit entitlements in national social security systems in the EU. Restrictions on the access and residence rights of EU foreigners are incidentally only possible if there is a threat to public order, security or health. It must also be pointed out that the civil service can be excluded from the free movement of labour (Art. 48 EEC Treaty). However, the European Court of Justice has limited this exemption by rules that applies only to activities that are necessarily connected with the exercise of the power of a public authority. Thus, for example, teachers at general schools no longer come under the civil service exemption.

In order to promote the mobility within a common market, a series of education and training programmes and mobility programmes have been initiated by the European Commission since the late 1980s. The programmes such as SOCRATES (with ERASMUS, LINGUA) and LEONARDO (with COMETT, PETRA, LINQUA, FORCE) have the aim of promoting the future mobility via the international exchange of students, teaching staff, and, to a lesser extent, young working people and trainees. Similar stimulus for mobility is also expected from various programmes to promote co-operation in the fields of technology and research, such as ESPRIT, EUREKA.

The EURES network (EURopean Employment Services), which was introduced in 1994, is of particular importance. It includes labour administrations of the States in the European Economic Area (EEA) as well as regional, national or international bodies. Within the framework of this network some 450 Euro-advisors are available to provide information concerning employment opportunities in other Member States to workers interested in mobility. This network of advisors has at its disposal a database with job offers orientated towards the EU and a database with general information about the living and working conditions in the countries of the EEA.

4.2 The effect of free movement of labour in practice
When free movement of labour was under discussion in the 1960s, there were fears that Italian workers would flood the labour-market.\textsuperscript{17} At that time, Italy was the major European country of emigration. But the tide of Italian workers never came. The employment of Italian workers in the EU-12 did in fact increase, but Italian migration grew less than the average for EU-12 members as a whole between 1962 and 1972.\textsuperscript{18}

Nor did the accession of the United Kingdom, Ireland and Denmark in 1973 prompt a wave of migration and the same applied to full free movement for Greek workers in 1987. Developments in the case of Spain and Portugal were no different. The transition period to full free movement of labour for these States expired on 1 January 1993.

Figures on foreign workers in EU Member States are regularly published by Eurostat. These statistics are based on various sources - administrative data, social security records, sample surveys. They are therefore hardly comparable from country to country and, moreover, they often do not cover all foreign workers; for example, in the case of social security records, not all workers may be subject to social security contributions. Those whose earnings are below a certain level may be exempted from social security payments and are thus not counted among the employed. The figures on foreign workers have to be treated with caution. Nevertheless, for the sake of completeness, it should be mentioned that if we compare them over time it can be seen that the employment of EU workers is more or less stagnant or has increased at only a modest rate.\textsuperscript{19}

A better source for comparing levels and trends of in the foreign population and labour force in the EU countries is the Community labour force sample survey. This survey has been carried out annually since 1983. It is based on a representative sample of households in all EU countries and covers the whole population and labour force (employed and unemployed, nationals and non-nationals). Tables 1 - 13 result from the European labour force survey. They present data on population and employment for EU and non-EU nationals. As these tables speak for themselves they will be commented on only briefly.

Tables 1 - 4 refer to the foreign population in EU countries. Tables 1 and 2 show the development since 1983, tables 3 and 4 show stock data and the breakdown by country of residence and nationality for 1995. For the EU-15 as a whole 4.4% of the population is made up of foreigners, about one third of them are EU nationals. The highest percentages of foreign population can be found in LX (33%), DE (8.7%), BE (8.2%), and F (6.0%).

Tables 5 - 9 present the national and non-national labour force (employed and unemployed) in the EU. Since 1983 a steady, but by no means spectacular increase can


\textsuperscript{18} Experience shows that migration of labour may intensify for some time after the creation of a free trade area or a common economic area. With the lifting of barriers to trade, competition intensifies and the restructuring process is accelerated. Restructuring leads to redundancies. In such a transitional situation workers made redundant may consider migration to work in an economically more developed country. This occurs in particular if the transformation process does not create enough new jobs or creates jobs in industries different from those where the redundancies occur. In migration research this phenomenon is known as the migration paradox or the ‘migration hump’. See Russell, Stanton S. and Teitelbaum, Michael S. (1994): International Migration and International Trade, World Bank Discussion Papers No 160, Washington D.C., p. 33, and Martin, Philip L.(1993): Trade and Migration: NAFTA and Agriculture, Institute for International Economics, Washington D.C., p. 27.

\textsuperscript{19} Figures are published in Eurostat: Migration statistics, annually.
be observed for EU-12. But there is also a comparable rise in nationals from third countries. Overall, in 1995 only 1.7% of the labour force in the EU came from other Member States. But the percentages vary from country to country, as can be seen from Table 8. Above average proportions of EU nationals in the labour force can be found in LX, DE, F, NL, S.

It should be pointed out that the figures may be somewhat misleading for two reasons. First, with each enlargement new countries join and their citizens are then automatically included among EU nationals in the labour force of the country in question. Second, levels of naturalization vary considerably from country to country. In countries which grant their citizenship easily, foreigners ‘disappear’ through naturalization. Countries with particularly high naturalization rates are NL, SE, BE, and F (Table 10). To compensate for different rates of naturalization it is sometimes suggested - for reasons of better comparability - that figures for foreign-born people be used. Table 9 shows the number of foreign-born among the nationals in the labour force of each EU country. With few exceptions the numbers of foreign-born people from within the EU area are far below the figures for foreign-born people from non-EU countries. A closer look at the statistics on naturalization may give an explanation for this phenomenon: predominantly citizens from third countries apply for naturalization and nationals from the EU only to a lesser degree.\(^{20}\) Therefore, with some caution we can conclude that the bias in comparability due to differing naturalization practices may be less severe in the case of EU nationals. Apparently they tend to hold on to their nationality and do not apply for citizenship of the country of employment as quickly as people from third countries.

Tables 11 and 12 reveal that unemployment is higher for foreign workers than for nationals - often considerably higher (BE, DK, DE, FR, NL, SE). For young foreigners unemployment is sometimes dramatically high. As far as EU nationals are concerned, their unemployment rate is in general between the level of the nationals and of that of the national labour force (DE, DK, ES, FR, GR, IT). In Table 12 unemployment is broken down by nationals, non-nationals and foreign-born nationals. In general, foreign-born nationals (who can be assumed to be naturalized former foreigners) experience a higher unemployment rate than the total national active population. This can be interpreted as a sign that the granting of citizenship alone does not per se abolish labour-market difficulties.

The last Table 13 illustrates that the level of education of the labour force is higher for EU nationals than for non-EU citizens. Unfortunately, the level of education has only been included in the questionnaire of the labour force sample survey for the last few years. Therefore, the development of the structure of educational levels over time cannot be presented.

The tables reveal that mobility in the European Union remains modest. Only about 2% of all workers in the EU are employed in another Member State. Although their numbers have increased slowly over time, the number of workers from third countries has increased faster, leading to a decreasing proportion of EU workers among the total number of foreign workers. How can the generally stagnant migration or the only slowly increasing mobility of labour between the EU countries be explained? To tackle this question we review some of the theoretical considerations already presented on the determinants of labour migration and place them in the context of European integration:

\(^{20}\) See Eurostat: Migration statistics, annually.
economic indicators which characterize economic integration and which are at the same time important for migration are analysed to find explanations. We then draw conclusions and sum up our findings.

4.3 Why do workers migrate? – Determinants of labour migration

Economic theory provides two hypotheses as to why workers move. According to integration theory, the creation of a single market generates additional welfare effects by enabling labour to move to where it is most productive. The theory argues that a shift occurs from less productive to more productive jobs until marginal productivity and hence pay (for the same work) are in alignment within the area of integration. Prerequisites for this are, of course, that labour is mobile, that workers know about the job opportunities in other countries, that no other constraints on migration exist either in the narrow sense - work permits, residence permits - or in the broader sense - recognition of qualifications, cultural differences, living and housing conditions and language.

In contrast, classical foreign trade theory assumes the immobility of labour between States. The differences in production factor endowment - mineral resources, capital, technology, labour - are balanced out by means of trade, which raises prosperity. Each country concentrates on producing those goods for which it has a comparative advantage over the others, i.e. those which it can produce more cheaply (Heckscher-Ohlin theorem). According to this theory, trade relations induce a division of labour based on the comparative production advantages of countries. From this standpoint, labour migration is unnecessary. Trade is a substitute for labour migration. Besides, capital is more mobile than labour.

An economically motivated potential for migration arises when varying levels of economic development exist between countries. More specifically, we can identify push factors in the emigration countries and pull factors in the immigration countries. Pull factors are the prospects of higher pay and the availability of jobs in the destination country in question. Push factors can be a lack of employment prospects, unemployment or low incomes in the home country. There is a potential for migration if there are push factors in one country and pull factors in another. Demand pull and supply push factors can be compared to battery poles: both are necessary to get things started. But before migration can actually take place further conditions have to be met: transparency /information and the lifting of barriers. The workers willing to move must be informed about the conditions in the host country, and this country must be accessible in terms of distance and legal entry (illegal migration aside). In general, the ensuing flows are regulated by legislative and/or administrative procedures such as the type of work permit or residence permit, which limit access and the length of stay. In the EU context the latter barriers no longer play a role, but cultural and language differences still exist and act as barriers to international mobility.

Demand-pull and supply-push factors can be compared to battery poles: both are necessary to get started. In the case of international migration, once the mobility

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process has started, networks also affect the level and direction of migration. Although each migratory movement has its specific historical patterns, it is possible to generalize about the way migrations evolve. For example it may be observed that most migrations start with young, economically active people (often mainly men). They want to stay for a limited period and save enough money in a higher-wage economy to improve conditions at home, by buying land, building a house, setting up a business, etc. After having spent some time in the receiving country, a proportion of these ‘primary migrants’ return home, but others prolong their stay. Social networks develop among them. More migrants arrive, with contacts in the already established community of previous immigrants who form those networks. Friends and relatives already there can provide information, often jobs and housing for the newcomers. A push-pull model alone cannot explain why a certain group of migrants goes to one country rather than another. For example, why have most Algerians migrated to France and not Germany, while the opposite applies to Turks? Many researchers suggest that migratory movements arise from the existence of (a) prior links between sending and receiving countries and (b) networks.

The pattern of the process of migration can be summarized in a four-stage model:

Stage 1: temporary labour migration of young workers, remittance of earnings and continued orientation to the homeland;

Stage 2: prolonging of stay and the development of social networks based on kinship or common area of origin or the need for mutual help in the new environment;

Stage 3: family reunion, growing consciousness of long-term settlement, increasing orientation towards the receiving country, and emergence of ethnic communities with their own institutions (associations, shops, cafes, agencies, professions);

Stage 4: permanent settlement which, depending on the policies of the government and the behaviour of the population of the receiving country, leads either to secure legal status and eventual citizenship, or to political exclusion, socio-economic marginalization and the formation of permanent ethnic minorities;

This model of the migratory process applies to the large-scale post-war migrations from the Mediterranean basin to Western Europe. It is less appropriate to refugee movements or to temporary migrations of skilled personnel for example. Nonetheless the model has analytical value for these groups too, since both movements are often at the beginning of migratory chains which may lead to family reunion and community formation.

Discussion of the long-term effects of immigration on society concentrates on the fourth stage of the migratory process: that of permanent settlement. This stage can have significantly different outcomes, depending on the actions of the State and population of the receiving society. At one extreme, openness to settlement, granting of citizenship and gradual acceptance of cultural diversity may allow the formation of ethnic communities, which can be seen as part of a multicultural society. At the other extreme, denial of the reality of settlement, refusal of citizenship and rejection of cultural diversity may lead to the formation of ethnic minorities, whose presence is widely regarded as undesirable and divisive. In this case the ethnic minorities remain segregated and

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marginalized and not integrated into the labour-market and society of the receiving country. In the context of European integration with its free movement of labour opportunities there is hardly a risk of segregation or marginalization of EU citizens.

For a better understanding of the migration process it is helpful to discuss the mobility of labour between countries of different levels of economic development and of similar levels of industrialization.

Up to the beginning of the 1970s, when there was a corresponding need for labour, most European industrialized countries pursued a comparatively liberal policy towards immigrant labour from low wage countries. When the receiving country adopts such an immigration and employment policy and there is a pronounced difference between the levels of industrialization and employment as well as earning prospects in the receiving and sending countries, the influx from the less developed countries will obviously persist; in fact it will grow. Böhning called this the ‘self-feeding process of migration’. This self-feeding immigration is triggered by two factors. At the beginning of the immigration process, the foreign workers take on jobs that are already unattractive to nationals. After a certain period, they obtain jobs that indigenous workers leave for status or prestige reasons. As there is an abundance of foreign workers, more replace the first ones in the jobs that they now find ‘socially undesirable’. The employment of foreigners, therefore, provides nationals with greater upward mobility and occupational advancement. On the other hand, another cause of self-feeding immigration is that migrant workers tend to bring their families, friends and acquaintances to the country. Networks develop which facilitate access of new migrants. As long as there are considerable wage disparities between the receiving country and the country of origin a push for migration will continue to exist. Generally this cannot even be excluded for a saturated labour-market, as seen in the influx of emigrants from non-Member States or the economic refugees to the EU.

All the studies conducted so far on (voluntary) migration indicate that a major determinant is the differential in economic development and hence earning opportunities. But the emigration push does not solely depend on absolute differences between income levels in the country of origin and the target country. The relative level of pay in the country of origin is important as well. If the income is above the poverty line and reaches a socially acceptable level, the income threshold to emigrate is bound to be high, that is, the absolute earnings differential must be considerable to cause labour to move. Otherwise people tend to stay. Two decades ago in Europe, the wage ratios between the richer countries in the north such as France and Germany and the poorer ones in the south such as Spain, Portugal and Greece were something like 6 to 1 and migrants flocked from south to north to take advantage of them. Nowadays the wage ratio is something like 3 to 1 and relatively few people migrate - even though it is now easy for EU nationals to work in other EU countries. In other areas of the globe such disparities would cause mass movements of labour. There are also other factors at play here besides wages. For example future prospects may weigh heavily when considering migration as a permanent option. If the people in Spain, Greece or Portugal feel that life in their own country is likely to improve in the years ahead they may prefer to stay.

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The considerations just described are relevant in relation to the central and eastern European countries. Past migration experience would lead us to conclude that significant numbers of people from these countries could move in search of work in the European Union if they become free to do so. Up to now the much feared massive and uncontrollable influx of migrants from the east did not occur as the western European countries closed their borders. There is considerable migration, however, between and within these countries. Whether pressure to migrate materializes or not depends on, among other things, whether people perceive any improvement in the near future in their own countries. There is room for this hope in the case of the central and eastern European countries.

4.4 How did European integration develop?

An assessment of the migration of labour between the EU Member States requires a closer look at the development of European economic integration since the foundation of the EC. The discussion of the determinants of labour migration revealed that trade, income and employment opportunities are major factors for migration. Questions arise such as: How have trade and the international division of labour within the Community developed? Has trade been a substitute for migration? Can we perceive trends for the convergence of income or employment opportunities of the regions which reduced the pressure for migration between the EU countries?

The following indicators show the progress of integration: the trade links between the Member States, the development of gross national products and of the transborder financial transfers to offset regional differences, and the availability of jobs, or rather, the lack of them - unemployment.

4.4.1 Trade between Member Countries

Table 14 showing world trade relations indicates that reciprocal trade between the EC countries (intra-EC trade) increased consistently. From 1960 to 1973 trade between the six founding countries, as a proportion of overall trade, increased from 35 to 50 percent. This share stagnated until the mid-1980s and then rose to 60 percent by 1992.

Both periods of marked increase in intra-EC trade coincided with periods of relatively strong economic growth. During these periods trade obstacles were greatly reduced; by 1968 all customs duties between the Member States had been abolished and a customs union with a common external tariff had been set up. The second period of comparatively strong economic growth relates to the creation of the Single European Market: in 1987 the Single European Act came into force. The Act's main purpose was to lay down of the legal requirements of the time schedule for the completion of the single market.

The relationship between trade and economic growth is not a one-way-street; rather, they influence each other. The favourable economic situation facilitated the rapid dismantling of internal customs duties and trade quotas between 1958 and 1968 and the setting up of the single market during the short time up to 1993. Fiercer international

26 See OECD: SOPEMI, annual reports, op.cit.
competition requires restructuring, which induces work and capital costs and makes manpower redundant. In times of sound economic growth restructuring costs can be compensated for by means of better sales opportunities and the labour made redundant can be employed in newly created jobs. Therefore times of economic prosperity spur progress in economic integration. In this context Tsoulakis writes of a ‘virtuous circle’, i.e. the coinciding of a number of favourable factors: a good economic climate, facilitating the acceptance of agreements to dismantle trade barriers; and liberalization, which, in turn, leads to more intensive trade and ultimately to more economic growth. Under poor economic conditions, competition-enhancing agreements are more difficult to achieve and the adjustment and restructuring processes required by a transition period are more painful, as redundancies are not offset by newly created jobs.

A number of studies showed that trade within industrial sectors and product groups (intra-industrial trade) grew more than between industrial sectors (inter-industrial trade) in the course of European integration. This indicates more specialization within the economic sectors, i.e. a diversification of the products within the sector rather than a division of labour in the form of production displacements. Production displacements would have led to adjustment problems such as the loss of whole production units and the subsequent redundancies.

The growth of intra-industrial trade within the European Community in the course of European integration is explained as follows: ‘The existence of similar and therefore competitive, as opposed to complementary, production structures is clearly a necessary condition for intra-industry specialization to arise. If there is also some similarity of demand conditions among the member countries, reflected in overlapping tastes, and if goods are produced with economies of scale, so limiting the amount of product diversity that domestic producers can accommodate profitably, there will be an incentive to horizontal specialization within industries in order to benefit from the economies of large-scale production.’

‘If there is much product differentiation and a wide range of products, each country will produce only a limited subset (such as the trade in cars produced in different European countries). Technology is another factor; if R&D produces a rapid turnover of products protected by patents, each country will specialize in different segments of the market (pharmaceutical products are a case in point). Moreover the strategies of multinational companies lead to flows of intermediary goods among plants (for example, parts and components of cars) and the delivery of final goods in their distribution systems.’

4.4.2 Trends of Gross National Product

29 A recent study on trade flows inside the EU between 1980 and 1994 concluded that trade ‘had been characterized by moves of countries on the scale of quality of products, inside industries, which is the result of a fine specialization...A key feature of the evolution of intra-industry trade in Europe over the completion period has been the one in vertically differentiated products.’ See Fantagné, L. et al. (1996): The development of intra- versus inter-industry trade flows inside the EU due to the internal market programme, study commissioned by the European Commission (DG II).
As stated above, the development of incomes across Member States and the availability of jobs are further indicators of economic integration that are relevant to migrational movements. Migration of labour largely depends on differences in income between regions/countries and job opportunities.

In Table 3, as a proxy for income, the development of per capita gross national product in the 12 EC countries is shown in relation to the EC average. The table indicates that the per capita GDPs of the EC countries have converged. As a measure of this convergence the last line shows the divergence from the mean value (standard deviation). The decrease from 1960 (36.6) to 1995 (21.1) means less deviation from the EU average, or, in other words, a convergent development.

Such global average figures do, however, conceal differences between the regions within the EU countries. Table 15 shows that a convergent trend between the EU countries in terms of GDP per head can be observed over time whereas the differences among the regions within the EU countries became bigger (expressed in standard deviation measure). These differences can be considerable. In Italy the north/south gap is particularly obvious. Whereas the relative position of Italy as a whole remained fairly constant between 1980 - 1993. Lombardy, in the north, has a per capita gross national product which is 31% above the EU average, while that of Calabria in the south is 40% below the EU average, that of Campania 31% below and that of Sicilia 29% below. Similar striking regional differences exist in other Mediterranean countries such as Spain, Portugal or Greece. Differences between the highest and the lowest incomes in the regions of the Member States of similar magnitude also occur in other countries. For example, western Germany ranges from 83% above average to 10% above average - not to speak of the new German Länder which are about 50% below average; France, from 66% above to 22% below; the United Kingdom, from 44% above to 26% below; The Netherlands from 32% above to 33% below; and Belgium, from 82% above to 20 % below average. Big regional differences in income tend to contain migration within the country. Thus, in Italy, there is still a continuous, albeit declining, movement of people from the South to the North. In 1991 and 1992, for example, the southern regions experienced a net outflow of about 50 000 people. At least 80% of the outward migrants went to the central and northern areas of Italy.

The differences between low-income and high-income regions persisted over time. If we compare the 25 richest regions with the 25 poorest regions of the former European Community, no adjustment in terms of GDP per head can be observed. In fact regional disparities in GDP per head increased over time, slightly for the EU as a whole and, with fewer exceptions also within EU countries (Table 16). Regional economic differences may become even more pronounced during integration processes as the disappearance of trade impediments intensifies competition. Thus the already competitive countries and regions will be strengthened the competitively weak, mostly peripheral regions, will fall even further behind. With the creation of the Single European Market the Commission of the European Communities became aware of the danger of the regions drifting apart and

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32 Figures are taken from Regio, the database of the Commission of the European Communities. Purchasing power parities are calculated which express the price of an identical volume of goods and services for each country to allow comparisons between regions. See Eurostat (1996): Pro-Kopf-BIP in den Regionen der Europäischen Union, Statistik kurzgefaßt - Regionen 1996/1.
emphasized the necessity for countermeasures in the White Paper (1985) on the completion of the Single Market. In 1988 various EC funds - Regional Fund, Agricultural Fund, Social Fund - were merged into the Structural Funds, which were to concentrate resources on the less developed regions or on certain objectives such as combating youth unemployment or long-term unemployment. At the same time, the funds were considerably expanded. In 1992 they amounted to almost ECU 20 billion per year. By 1999 this amount is expected to have almost doubled. Thus the funds are no longer a ‘quantité négligeable’. In 1992, capital from the Structural Funds already made up 28% of the European Commission’s budget and for countries such as Portugal, Greece or Ireland it represented several per cent of their national products.

4.4.3 Employment and unemployment

In addition to trade and GDP, employment, or rather, a lack thereof - unemployment - is another major indicator of regional welfare. Table 17 shows annual employment growths for the EU-12, the USA and Japan. Compared with the United States and Japan overall employment grew only modestly in the EU-12, although at different speeds in the various countries. This modest increase in employment was not due to less economic growth. The EU’s GDP growth was comparable to that of the United States over the last two decades. But in the EU the intensity of employment was higher - i.e. the relative change in employment relating to a corresponding change in GDP.

The Community’s unemployment rate was 3.5% in 1975. By 1985 the number of those out of work amounted to 15 million (EU 12), resulting in an unemployment rate of 10.8%. The situation improved up to 1990 - 8.3% - only to worsen afterwards. In 1993, the unemployment rate rose to 10.5%. With the exception of Germany and Luxembourg, unemployment was more serious for the young and for women: In 1993 unemployment among young people amounted to 20.1% and among women to 12.3%.

The countries and regions of the Community are not evenly affected by unemployment. There are considerable differences between countries (Table 18). In general unemployment problems tend to exacerbate inequalities in GDP, although excessive generalization must be avoided. The regional pattern of unemployment does not follow a simple core-periphery model. Regions with traditional industries that were radically restructured or even eliminated during the 1970s and 1980s also suffered very high unemployment rates. The relatively high rates recorded in the northern and central UK as well as areas like the West Midlands (12.4% in 1987) are ample proof thereof. Elsewhere, patches of high unemployment can be found in the geographical centre of the Common Market in regions like Nord-Pas-de-Calais in France (14%) or Wallonie in Belgium (14.4%).

In 1995 overall unemployment rates were lower but differences between the highest and lowest rate in regions of the same country were still considerable: B (1991: 3.8% to 12.3%; 1995: 5.3% to 15.9%), D (1991: 2.1% to 8.1%; 1995: 4.1% to 18.6%), GR (1991: 3.6% to 9.8%; 1995: 4.1% to 13.2%), E (1991: 8.6% to 29.9%; 1995: 12.5% to 33.3%), F (1991: 4.8% to 12.7%; 1995: 7.1% to 17.3%), I (1991:

35 ‘EC Integration, by increasing the possibility for human, material and financial resources to move without hindrance toward the most economically attractive regions, could lead to an increase in regional disparities.’ Commission of the European Communities (1985): Completing the Internal Market. White Paper from the Commission to the European Council, Luxembourg, p. 8.


3.4% to 21.9%; 1995: 3.9% to 25.9%), NL (1991: 5.3% to 10.2%; 1995: 6.1% to 9.6%), P (1991: 2.4% to 9.0%; 1995: 3.9% to 11.4%), UK (1991: 6.3% to 11.1%; 1995: 6.7% to 13.0).\textsuperscript{38}

What is interesting is the development of unemployment rates between countries and among the regions within the EU States. The differences within the countries increased over time, whereas a convergent trend between the countries can be observed (Table 19).

To sum up this chapter one can say that European integration is well advanced with regard to trade: trade relations between the Member States have intensified. Trade and competition have taken place less between the different sectors of industry than within such sectors or product groups. Trade has increased because of the specialization of products within industries rather than because of a division of labour in the form of production displacements. Production displacements would have ruined whole industrial units and caused mass redundancies. The ensuing unemployment would have been a potential incentive to migrate. In general this migration pressure did not come about.

Incomes, seen across the Member States in terms of the per capita national product, show a convergent tendency, although considerable regional differences within the Member States still prevail. These persisting or even widening gaps between low-income and high-income regions within Member States tend to contain potential migration flows within individual Member States and not to induce workers to migrate across national borders.

Employment, another indicator for welfare and a factor in migration, did not live up to expectations: overall employment growth remained modest and a continuous increase in unemployment can be observed (at least until recently). Thus employment opportunities for potential migrants did not increase.

Finally, it can be concluded that in the course of European integration trade has substituted for migration. The prosperity gap - a major factor for migration - has been mitigated by increased trade between the EU countries. Furthermore, capital is more mobile than labour and can substitute for migration. Therefore, cross-border labour migration between EU countries has not increased.\textsuperscript{39} Intra-industry trade, a characteristic feature of European integration, as mentioned earlier, entailed less risk of losing entire plants - and hence jobs - in favour of other countries. Migration thus did not complement trade relations between the EU countries.\textsuperscript{40} Elements of the classical foreign trade theory can be found here. The pressure to migrate for economic reasons is low between countries of similar levels of development or if improvement of the standards of living in the home country can be expected. If in the course of the integration process an alignment of economic development and, therefore, pay is to be expected, then a major migration impulse - income differentials - further diminishes. This of course does not rule out that regional, sectoral or qualification related gaps between


\textsuperscript{39} The mobility of labour amongst EC countries thus declined along with the regional mobility within the EC countries. See Karr, Werner, Koller Martin, Kridde W., Werner, Heinz (1987): Regionale Mobilität am Arbeitsmarkt <Regional Mobility on the Labour Market>, in: Mitteilungen aus der Arbeitsmarkt- und Berufsforschung No 2, p. 197 ff.

countries still occur which may give new opportunities for migration of labour. In the light of what has been said so far what kind of migration can be expected in future? This will be assessed in the final chapter. Before we can do that it seems necessary to make a few remarks on ‘the value of immobility’ (or why do people stay?) and what can be expected from monetary union in terms of migration of labour.

4.5 Migration - the regional perspective

The regional dimension is of great importance for many issues in economics, and this is also the case for migration in the EU. Although there is still a considerable difference between the richest and poorest regions of the European Union, a slow, but continuous alignment of per capita GDP can be seen. Whereas the Member States are coming closer together with regard to their level of development, the picture is different when observed on a regional basis. It is noticeable that the developmental differences have continued to increase between the regions, in spite of national convergence. This trend can be observed, as already shown, in particular in per capita GDP and less in unemployment rates. What consequences does this have for European migrational movements? What is the relationship between internal migrations and external migrations? Has internal mobility perhaps increased because of the persisting regional differences? These questions are dealt with in the following sections.

The movements of labour within Europe - which reached their peak in the 1960s - have decreased during the past few years. This also applies to the internal migrations within EU Member States, as is proved by the Eurostat statistics. This development is attributed to the fall in income differentials between EU States. Owing to the persisting regional disparities described earlier, one would expect, from a theoretical point of view, a shift of the mobility activity between the regions within individual Member States. What can be observed, however, is a ‘restricted’ willingness to migrate. This cannot be put down to simple reasons such as language or cultural barriers, as is the case at international level. A closer observation of the inner-State migrations seems to be necessary. Analogy considerations can be derived from this for international migratory movements among other things.

Italy, Spain and Germany were selected as examples. These two southern European countries represent typical emigration countries of the past decades. Both of them have so far been characterized - in comparison with the EU average - by below-average per capita income (Chart 1) and high unemployment rates. In particular Italy continues to be marked by strong regional disparities (Chart 2).

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Italy and Spain demonstrate a trend towards an increase in the number of immigrations compared with emigrations for the period from 1980 until 1995 (total external net migration) (Chart 3). In the 1990s the balance will be positive, i.e. in the two countries the immigrants (some of whom are return migrants) outweigh the number of emigrants. In the case of internal migration there are reverse developments in both of the countries in the observation period 1980-1994. Whereas in Italy internal interregional migratory movements are decreasing steadily, Spain in the 1980s and 1990s is seeing an increase in the number of migratory movements within the country both in broadly absolute terms and relative to the population. In individual regions of Spain, such as Andalucia, an increase in the number of emigrations would be expected owing to the below average economic situation, but the there is a reverse trend there. Since the early 1990s the region has recorded positive net migration. It is not possible to explain why this is so within this context.

Besides the development and the relationship between internal and external migration, what is also of interest is whether there is a connection between migration and per capita GDP and the unemployment rate. To ascertain this, the unemployment rate and the per capita GDP (relative to the EU average) for the regions of Italy and Spain were related to the net internal migration (relative to the population) for 1993.45

For both of the countries the following picture applies: regions with a higher unemployment rate record broadly negative net migration. This means emigration from the region concerned. These regions are lagging behind the particular country in their development. This applies in particular to southern Italy. Examination of per capita GDP also produces a similar result. When per capita GDP is relatively weak, emigration movements occur. As per capita GDP increases, there is a positive net migration tendency, i.e. the higher the relative income in a region, the greater the net immigration in relation to the number of emigrations. This is the case in Italy and Spain.

Both of the determinants for intra-regional migrations, income and unemployment, can also be seen broadly in Germany. (Charts 8,9) Because of the considerable differences between the new Länder and western Germany, analogies can be drawn with both of the Mediterranean countries.

How can the level of development of internal migration in Italy and Spain be assessed? In spite of the increased differentials in the unemployment rate in the Spanish regions, the mobility of individual regions has decreased clearly over a long period since the 1970s. Various authors essentially see institutional changes in the country. Political decentralization, a regional redistribution of income, unemployment benefit and trade union activities are given as reasons.46 Unions have become quite powerful. Sectoral collectively bargained wages are binding for about 80% of all employees. Unions have aimed at reducing wage inequality across regions. All of these factors lower the willingness to be come mobile. A further possible barrier to migration is seen in the inefficiency of the Spanish housing market. Rental housing is scarce and expensive, housing prices are high relative to income, and housing sales are heavily taxed.

45 1993 was selected for reasons of data availability. According to internal analyses it can be seen as representative in its basis statement for several years of the past.

A new effect that can be observed is migration from richer to poorer regions (‘affluent migration’). This, theoretically contradictory, effect is explained in part by return migration. Further causes are seen in special unemployment benefits for workers in the agricultural sector in Spain, as well as the general incentive of lower costs of living in the ‘poorer’ destination regions.

For Italy, too, a relative decrease in interregional mobility can be observed. The constantly high regional disparities\textsuperscript{47} between northern and southern Italy lead one to expect higher mobility. This is not the case, however. In order to explain this ‘empirical puzzle’\textsuperscript{48}, which is described by various authors, a number of possible causes are referred to. Both the convergence of Italian wage disparities as well as the supportive family environment (this applies especially to young and older people) make migration unnecessary. As in Spain there is here, too, a higher taxation of housing transactions, which can act as a barrier to mobility. In addition to this there are demographic developments such as the falling proportion of young people. Moreover the increasing labour force participation of women as well as inefficiencies in the job-matching process\textsuperscript{49} between different regions impede mobility.


Classic migration theory would lead us to expect migratory flows of huge magnitudes in contemporary Europe. The existing differences in capital/labour ratios, in wage levels and unemployment rates between countries should be a sufficient incentive for many individuals to change their place of residence. But this flow did not happen. Economic theory also predicted that these movements would occur from low-wage to high-wage countries until wage level differences levelled out. Thus the incentive to migrate would disappear and migration would stop. In reality neither did wages equalize in the integration area nor did migration between the EU countries come to a halt. In previous chapters it has been shown that the conditions of the ‘pure’ economic theory did not match reality. A number of modifications could narrow the gap between theory and the real world such as cost, imperfect information or migration as a group or family decision. These adjustments allow the different forms of migration to be explained. But the central paradox remains that most people in the EU stay immobile, although important national and regional disparities continue to persist.

Nearly all scholars writing about migration ask why people move. What has hardly been asked until now is whether immobility itself could have a ‘positive value’ for the individual as well as to society as a whole. Fischer/Martin/Straubhaar\textsuperscript{50} were among the first to present in a systematic way some hypotheses on the ‘value of immobility’ which will be summarized below.

\textsuperscript{47} The Economist (1997): Many Mountains Still to Climb - A Survey of Italy, November 8th, pp.5-25.
\textsuperscript{49} Example: the probability of being hired in a given region is substantially higher for somebody residing in that region than for the residents of other regions.
\textsuperscript{50} Fischer, Peter; Martin, Reiner; Straubhaar, Thomas (1997): Should I stay or should I go? in: Hammar, Thomas; Brochmann, Grete; Tamas, Kristof; Faist, Thomas (edited by): International Migration, Immobility and Development, Berg/Oxford and New York, p. 74.
They argue that a certain part of the abilities and assets of every human being are location-specific. In other words they can only be used ‘on the spot’, in a certain area or firm and are not transferable to other places of residence. An important part of these skills and abilities have to be obtained within a location-specific learning process which requires time and effort. Migration turns such efforts into lost ‘sunk costs’, i.e. costs which are tied to a specific location. Mobility may therefore result in a decrease of potentially achievable relative wages because firm-specific abilities are ‘sunk’ (lost) in case of a change of workplace. Therefore, immobility makes sense to a majority of people because migration would lead to a loss of location-specific assets and abilities. Furthermore, it is immobility which permits the accumulation of location-specific advantages. These ‘insider’ advantages are not only economic, but also, and perhaps first of all, cultural, linguistic, social and political:

5.1 Location-specific advantages (value of immobility)

5.1.1 Work-related advantages

- Firm-specific advantages make an employee more attractive to the specific firm he/she works for at present. This leads to higher firm-specific compensation for non-transferable knowledge and abilities. If the firm has subsidiaries at different locations, insider advantages allow for intra-firm mobility between locations.51 Intra-firm mobility maintains or even increases insider advantages and will not cause losses in individual productivity and thus compensation.
- Space-specific advantages make the worker attractive for firms located in his region or country. Examples of such location-specific advantages are expertise in regional/national preferences, habits of clients, specific locational production technology or insider knowledge of the peculiarities of the political or legal situation in a country.
- Society-specific advantages arise from social relations and political activities which are built up in the society where the individual resides.

All of these three work-related advantages are likely to result in better job opportunities and career prospects and lead to higher revenues for the individual in the form of wages or income. Hence it may become economically logic not to move to another location.

5.1.2 Leisure-related advantages

- Society-specific advantages encompass things like having friends, being socially accepted and integrated in the place of residence. Participation in political decision-making and elections to democratic bodies also need society-specific investment and skills to be acquired during periods of immobility.
- Space-specific advantages range from information about the ‘good-value-for-money’ Italian restaurant to knowledge about cultural events and the local housing market. In

51 This phenomenon may explain why a large part of labour migration within the EU consists of intra-company transfers.
particular housing may prove a barrier to migration. The housing market is often regulated and intransparent. Leaving and thus being forced to sell one’s property at a certain time and buy or rent a new dwelling in another location often reduces prospective gains from mobility significantly.

To regain space and society-specific leisure-related insider advantages is costly and time-consuming: to stay immobile has its own value.

To sum up: location-specific advantages may explain why most people stay immobile even when considerable national and regional disparities continue to persist. People do not move because location-specific skills and abilities could get lost in case of migration. It takes time and effort to accumulate insider advantages. The more location-specific insider advantage one has already acquired, the less likely one is to migrate. Young people are therefore more likely to be mobile than older people.

But it should also be borne in mind that it is important not only how many location-specific assets people stand to lose from migrating but also how quickly they are able to make good these losses. In other words, how quickly can they acquire new location-specific skills? Those who lose the least from moving are generally the young. They are also the ones who adapt quickly. The effect of education on the value of immobility is indeterminate. On the one hand the well-educated are more mobile and more adaptable. Their life-styles may not differ considerably from one country to another. For some highly-qualified activities, skills and knowledge may be transferable such as in technology, science or management. On the other hand the higher the qualification the more important the ability to express oneself properly in the language of the place of residence (as a teacher, for medical personnel, in entertainment, as a lawyer, etc.) or to have a thorough knowledge of the national social and legal framework (e.g. lawyer, consultancy). The more national regulations are replaced by European-wide rules and the more English is used as the language in commerce, management, sciences and research, the more this trend will favour migration of the better qualified.

5.2 Further reasons for immobility

The above considerations provided some important ideas as to why so many people are unlikely to move. Apart from the ‘value of immobility’ idea, there are other, more traditional explanations for decisions to stay. Four arguments should be elaborated further:

- Most people are strongly averse to risk and thus reluctant to move even if they expect an improvement in their income or quality of life with a high probability but are aware of some risk involved. Moreover it is generally more difficult to assess risks correctly in a foreign country than at home and it is also more cumbersome to obtain information needed to reduce risks. Risk aversion is a factor in real economic life. In migration theory it has never become popular because it leads to difficult calculations and assessment problems.

- Discrimination against immigrants also helps to explain immobility. Discrimination by the native population reduces the attractiveness of a destination. Discrimination often results in lower wage levels compared to the native population, regardless of the kind of employment and level of qualification. Migrants may also have to pay discriminatory prices, for example for housing and other services. Or they may suffer from isolation, feelings of marginalization or being considered second-class residents or otherwise
unwelcome. Discrimination may play a lesser role for EU nationals as compared to third-country citizens. But in times of economic hardship, when competition for jobs and in the housing market increases, discriminatory attitudes may be on the rise and discriminatory practices may still be applied.

- Social security systems tend to increase the losses in terms of foregone social benefits in case of outward migration of nationals. The level of social protection supplied can therefore be a key factor in reducing the propensity to leave. At the same time it may increase the propensity of non-nationals to take up residence in the target-country. The latter effect will depend on the extent to which migrants are free to benefit from the system. In the case of EU citizens their legal status corresponds to that of nationals. Their social security benefits are transferable in case of leaving. Thus differences in social security systems should not act as an important deterrent to mobility in the EU area.

- Legal barriers and border control can deter inflows. As work permits are no longer required for EU nationals and as further legal barriers to mobility have been more or less abolished within the EU, this argument is of less importance for inter-European migration. It is still valid for workers from countries outside the EU. This does not mean that no impediments to migration of labour exist within the EU such as administrative barriers or barriers due to differing tax and social security systems.

A further advantage of immobility has been discussed recently under the term ‘option value of waiting’. Analogously to investment decisions on financial markets, waiting (and not migrating) has a positive option value. This positive option value arises because the postponement of the migration decision until later reduces the relative uncertainty and therefore the risk which is involved in the migration decision. The period of waiting can be used to gain information. If during the period of waiting the differences in income between the home country and the potential destination country diminish, the actual migration flow will be much smaller than originally expected. As has already been stated, income levels have shown a converging tendency between EU Member States. Straubhaar/Wolter write that the option value of migration could be extended by the aspect that people are not risk-neutral but tend, rather, to be averse to risk. A bird in the hand is worth two in the bush. It is also possible that the decision to migrate is based not on long-term prospects but on short-term reasons. In this case the initially high cost of moving to another country can act as a deterrent and be overestimated, although the later advantages would be much greater. It also cannot be excluded that the mere prospect of having the opportunity to migrate at any time within a common area of integration may reduce present individual readiness to migrate.

6. More migration through European Monetary Union?


The introduction of a single European currency may have an impact on migration of labour between the EU countries if it has an influence on the determinants of labour migration.\textsuperscript{55} As has already been shown in previous chapters, migration depends on differences in wages and job opportunities (unemployment) between countries and on the range and level of barriers to migration.

New barriers to migration will not arise through EMU. Quite the contrary. Wages, prices/costs of goods and services in the Member States of the Union become immediately transparent as the same money is used in the currency union. Better transparency of wages and prices lower search cost and uncertainty and thus reduce barriers to moving. But given that the other impediments to mobility will remain (costs of moving, housing, language, social and cultural differences, climate), migration will certainly be only marginally affected.

Using the same currency everywhere facilitates financial transfers to the home country or to other countries and will cost less than before. EMU may lead to an increase in trade, but also to more competition between firms in different countries. More competition can in the short-run have a negative effect on employment. The impact on employment depends on the elasticity of demand and the degree of saturation of the market for the particular product in question: if we have a high price elasticity which means that consumers react strongly to price changes and at the same time we are in a saturated market where only a more or less fixed number of products per year can be sold, then firms will react by cutting cost through rationalization and lay-offs of employees. This type of market exists for a range of durable consumer goods such as refrigerators, micro ovens, television sets, etc. In the other cases economies of scale and the greater opportunities of the common market will lead to more trade between Member States. In any case the effects of European Monetary Union on the labour-markets through more trade is not likely to be very large. The Single European Market which abolished most barriers to trade in goods and services has been more or less established. EMU does not constitute a fundamental shift in macro-economic policy for most member countries as they already follow similar policies in pursuit of the Maastricht criteria.

Will wage differentials increase between member countries and thus create a greater potential for migration? As has already been shown, there has been a certain convergence between countries but within countries considerable differences have remained and even increased. Wages differ greatly by regions, by industry, by skills because productivities differ. EMU would increase differences if countries were affected unevenly by the establishment of a common currency. This raises the issue of the optimal currency area.

Traditionally the relationship between economic integration, labour-markets and the exchange rate system is explored in the framework of the optimum currency area theory. That theory aims to determine the economic structure which would be most beneficial for a country to form a common currency union with other countries. These conditions encompass (1) harmonized finance and economic policy, including similar levels of public debt, interest rates and prices (these conditions are the core of the Maastricht criteria); (2) similar levels of development and comparable industrial structures for the member

countries of the common currency area (this does not yet apply to all EU countries. But what can be observed is a convergence between countries, whereas considerable differences still remain between the regions within Member States); (3) a system of financial transfers which could cushion regional-specific shocks. The cohesion fund has been established with EMU in mind and the structural funds pay already considerable sums of money to less competitive countries/regions. The less conditions (1) to (3) are fulfilled, the more will adjustment be required by (a) migration of labour (but labour migration between EU countries is already low); (b) wage flexibility to react to export demand changes; (c) other forms of flexibility such as working time, non-wage labour cost, training and re-training, life-long learning and taxation.

The standard argument in favour of allowing flexible exchange rates and against EMU is as follows: if a shock reduces the demand for the exports of a country, a real depreciation is required to maintain full employment and external equilibrium. The required real depreciation could also be achieved by reduction in nominal (money) wages, but this takes time and can presumably be achieved only through a period of substantial unemployment. Exchange rate flexibility could thus reduce, possibly even avoid, unemployment which arises from ‘asymmetric shocks’. These asymmetric shocks, it is argued, affect countries differently and thus may require exchange-rate changes. This argument is only appropriate in the event of shocks affecting the entire national economy. If the shock only affects a particular region or sector, a devaluation would lead to overheating in other parts of the economy. It will be shown later that truly national shocks can be regarded as improbable.

Empirical studies about the relationship between exports and the exchange rate on (un)employment for a number of EU countries show that the correlations between them are far less than expected. This holds true especially for the larger member countries. The reduction in unemployment that could be achieved by a 10% devaluation is only the order of 0.3 to 0.45 percentage points. Relatively big devaluations would be required to considerably improve the labour-market situation. How could these results be explained?

Traditional theory on optimum currency area assume shocks to the overall demand for the exports of a given country to take place in the framework of the Heckscher-Ohlin model of foreign trade. As already mentioned in previous chapters, in the Heckscher-Ohlin model, still prevalent until recently, imports and exports are distinct products that differ in their respective capital/labour intensities. In contrast to that, the modern view of international trade theory stresses the importance of economies of scale and product differentiation. In this view, trade develops even between countries with identical capital/labour ratios. However, this trade consists of the two-way exchange of slightly differentiated goods produced under economies of scale so that each country simultaneously exports and imports very similar goods.

The view that most trade between industrial countries - which have similar capital/labour ratios - is based on economies of scale and product differentiation is now widely

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Whereas the impact exports and the exchange rates on unemployment may not be great, the authors find that shocks to investment are a statistically highly significant determinant of unemployment in all Member States and variations of investment demand can account for an economically significant fraction of the overall variations in (un)employment.
It offers a convincing explanation of the huge two-way trade in manufactured goods within this group of countries. Most intra-EU trade is of this ‘intra-industry’ type which implies that most member countries export more or less the same product, namely a basket of manufactured goods coming from a large number of different industries. If there are external shocks in export demand they may, therefore, affect industries of the EMU area as a whole (e.g. cars or consumer electronics) but be less concentrated on specific Member States. This latter assumption depends of course on the distribution of the industries concerned across the Member States. But generally speaking, it appears that for most member countries industry-specific shocks are more important than country-specific ones. It is for example difficult to imagine why there should be a shift in demand from, say, German cars, German investment goods, German chemicals, etc. to French (or other) versions of the same products. In relation to international migration, this means that reaction to external shocks requires more adjustment within and between industrial sectors of the same country than adjustment by migration of labour from other countries.

It can even be argued that in the case of transitory shocks, a low degree of labour mobility is beneficial, because it prevents labour force drain and agglomeration effects. Furthermore, it can be pointed out that the type of cross-country mobility required to alleviate temporary shocks that would make up for the loss of the exchange rate would have to be strictly temporary, which means reversible. That amount of temporary migration does not exist anywhere in the world. Canada and Australia incidentally are examples of monetary unions with relatively low geographical mobility.

Will the relatively even distribution of industries as reflected in similar export structures be affected by EMU? Economic integration leads in principle to a more uniform industrial structure. This general view has recently been modified on the basis of agglomeration effects (Krugman 1991). Lifting barriers to trade can lead to more regional specialization in the sense that industries which use a certain type of skilled labour intensively would tend to concentrate in certain regions. This implies that EMU (or economic integration in general) can increase the likelihood of shocks that affect an entire region. Again, even if this agglomeration effect occurs, adjustments would have to take place at the regional and not at the national level. And most EU countries contain a number of different regions. How was the development trend at the regional level? It has been shown that the dispersion of regional growth rates within the larger EU countries is considerably larger than the dispersion of national growth rates within the EU. The latest report on cohesion in the European Union shows that disparities in real per capita GDP and unemployment increased between the regions within the same country but decreased between the Member States. This again suggests that the primary effect of shocks will not be national but more regional (or industry) specific. As each country represents an array of diversified regions, the net effect of different regional shocks at the national level is likely to be minor.

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57 See Gros, Daniel and Hofeker, Carsten (1997) ibid, p. 36.
We can conclude that EMU will have only a minor effect on cross-country mobility. International mobility remained small and there is no reason to expect a change in past trends due to EMU. It was sometimes argued that so-called asymmetric shocks would affect member countries differently thus increasing cross-country differences and hence migration pressure. However it can be demonstrated that asymmetric shocks will affect industries or regions (agglomerations) more and countries as a whole less. Thus adjustments have to occur at the industry level or at the regional level within the countries. The job of labour-market adjustment can be done not by migration of labour across the borders but by adjustment processes in industries or regions within the countries. These requirements will put pressure on labour-market actors such as the trade unions to react flexibly to labour-market changes in industries or regions. Adjustment requirements have two facets: labour cost flexibility and flexibility of labour supply. On the demand side wage flexibility will constitute the bulk of labour-market adjustment. Labour supply changes will take more time and include changes in working hours, in labour force participation, training, further training and lifelong learning.

7. **Outlook: What type of migration in the European Union?**

Twenty-five years ago there was an influx of unskilled or semi-skilled migrant workers from outside and from within the European Community into most Community Member States, which balanced the dramatic labour shortage at the lower end of the skill level. However, employment and the demand for labour have changed radically since then: the number of vacancies for the less qualified workers is much lower; unemployment among them is disproportionately high. The presence of large numbers of unemployed nationals, both EC and third country nationals with low levels of skills, means that even if the demand for labour were to increase it could easily be met without immigration.

In addition, certain general conditions have changed. Owing to their declining demographic trends - apart from Ireland and Portugal - and continued industrialization, the outlying countries of the EC that have served so far as manpower reservoirs for the European industrialized nations will in future need workers themselves. Some countries, such as Italy, Spain, or Greece, are already drawing large numbers from the labour force of third countries, particularly from Africa and Asia.\(^1\) For example, 1 - 1.5 million foreigners are estimated to be living in Italy, mostly illegally. With the opening of the borders of the Central and Eastern European states, migration pressure will not only come from the developing countries but also from the Eastern countries.

As stated earlier, migration flows are strongly determined by different levels of income between the home country and the immigration country. But the emigration push does not depend solely on the absolute difference between income levels in the country of origin and the target country. If a certain income is perceived as socially acceptable at home the threshold triggering emigration will probably be higher, i.e. the absolute gap between earnings may widen without necessarily causing labour to migrate. The progressive industrialization of the peripheral countries of the EC levelled out economic development and rates of pay in the EC countries. Thus the threshold to migrate for economic reasons to another country may be reached in only some sectors or skill levels - and not at an overall level.

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\(^1\) See OECD: SOPEMI reports (continuous reporting system on migration), Paris, annual reports.
With economic integration advancing and the wealth of European economies increasing, an international division of labour is increasingly emerging in which production that requires unskilled work is imported and developed economies specialize in the production of high productivity work that demands correspondingly higher skills. As some ‘products’ of unskilled work, especially in the service sector (tourism, personal services, etc.) and construction are not tradeable, a limited need for unskilled work will persist. Because these simple jobs are low paid and thus unattractive to native workers, some demand for unskilled immigrants is likely to remain. Currently, however, unskilled labour in most European countries suffers from particularly high unemployment rates. Highly skilled workers will become more sought after. Young and relatively well educated people from culturally linked and geographically not too distant areas undergoing periods of relatively fast development or transition are the most likely to move. The availability of highly skilled specialists could become a key determinant of (regional) economic development. Nevertheless, as far as migration is concerned, a word of caution is called for: for reasons described in previous chapters (micro- and macro-economic determinants, value of immobility) it can be expected that the migration propensities of highly skilled individuals will not increase considerably, although they are in demand in other countries as well.

The economic differences between EU countries are no longer sufficient to give rise to migration on a massive scale. The Commission’s actions to improve the free flow of labour - e.g. the mutual recognition of educational and training certificates or cooperation and exchange programmes in the educational field - are an important step towards realizing a European common market as far as personnel is concerned. But they will not decisively influence general mobility behaviour. They will, however, ease the situation substantially in individual cases. The efforts to establish a European citizenship aim in this direction. The recommendations of a high level group of experts to improve free movement of labour in practice in the context of EU citizenship are given in the Annex. Due to the same opportunities for nationals and EU citizens it will become easier and more commonplace to reside in one country and work in another EU country - if only temporarily. The labour force survey figures point in the direction of a slow but steady increase in EU nationals in other member countries.

But it should be clear that, after the completion of the Single European Market and the creation of a common currency, there is no reason to expect spectacular migration of labour between the current EU Member States. But partial imbalances and new opportunities for certain groups of workers may arise and additional, economically motivated migration could occur.

- Intra-EU mobility is increasingly becoming a migration of highly skilled workers. The highly skilled do not constitute a homogenous group. In broad terms they may be described as professional, managerial and technical specialists, most of whom have a

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63 Fischer and Straubhaar cit. op p. 19 put forward a similar argument.
tertiary qualification or equivalent. Such migration might come about because specialists, managers, technicians and other highly qualified manpower will be in demand in all EC countries and are expected to move across borders more frequently. This is a consequence of the globalization and internationalization of companies. Data for Germany confirm the hypothesis of more migration of highly qualified manpower (Table 20). Whereas overall employment of EC nationals has gone down, employment of graduates from EC countries has risen almost uniformly, although the level is still quite low. This phenomenon, incidentally, is not confined to the EC countries; it can be observed worldwide.

Increasing qualification requirements, an ageing workforce and lower numbers in younger age cohorts will in principle intensify competition within the EU for scarce qualified personnel, particularly as far as managers and specialist personnel are concerned. Therefore, the labour-market is increasingly tending to lose its nationally-based character. Employees, too, especially the younger ones, are developing greater interest in the opportunities provided by a larger European labour-market.

A survey of multinational companies in the EC commissioned by the Commission of the European Communities proves that ‘Euro-executives’ are more and more appreciated. These are either nationals with experience abroad or from another EC country. A stay abroad is increasingly considered desirable and supported by companies as one stage in a successful career. Although their numbers are still small at present, a stratum of people is developing which is increasingly in demand among companies with global operations. This practice of going abroad is bringing about a highly qualified, internationally mobile group that is linguistically, technically and culturally flexible. Large corporations are not alone in being affected by growing internationalization and globalization, for medium-sized companies are increasingly involved and a good many small ones too.

Intra-Community migration of highly skilled workers often takes place within multinational companies. An analysis of the British labour force survey data for the period 1985 to 1995

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showed that about one-third of all registered EU immigrants (excluding the Irish) were due to intra-firm transfers.\textsuperscript{70} For a company operating internationally this makes sense for two reasons: first, higher posts usually require firm-specific knowledge. Therefore, these posts in subsidiaries in other countries are better filled by internal promotions and not by external recruitment to avoid costly training measures. Second, secondments e.g. of junior managers, broaden knowledge by allowing the seconded person to getting to know a new establishment of his employer and by applying the firm-specific knowledge in a new environment. Intra-company transfers can also be seen as part of a career development programme within a multinational firm, which often includes international mobility experience.\textsuperscript{71}

Knowledge is still limited on the recruiting methods used by companies, the difficulties they see in selecting and grading European employees, and what additional information they might like to have on foreign educational and training certificates. In order to find out more about such aspects, interviews were conducted in 1992 with managers from companies and associations in five countries (F, D, I, E, UK).\textsuperscript{72} Corporate respondents did not expect any across-the-board increase in recruitment of EC employees. What they do rather tend to expect is a shift towards a greater proportion of qualified specialist and management personnel (engineers, technicians, managers, business administration experts or lawyers).

According to the information supplied by corporate respondents, the following should be considered to be main factors impairing mobility: language problems, difficulties in assessing foreign qualifications, socio-cultural conditions, availability of accommodation (esp. in D), family situation (schooling of children, employment of partner, labour and social welfare regulation). In the area of information on living and working conditions in other EU countries considerable efforts are being made, for example within the EURES network.

- More migration could also take place because regional economic areas near the borders will grow together even more. Certain Euro-regions might emerge in which national borders will increasingly forfeit their separating function. Commuting, whereby the place of residence and the place of work are in different countries might result and spread there. This is true, for instance, for the Franco-German border, where such commuting has increased.

Workers in border areas are particularly fast to react to changes in the neighbouring country. In addition, many of the obstacles which play a role in migration across borders, do not apply to these workers or are less important: normal surroundings, including

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\textsuperscript{72} Summarized in: Walwei, Ulrich; Werner, Heinz (1993): Europeanizing the labour market: Employee mobility and company recruiting methods, in: Intereconomics, January/February 1993, pp. 3-10.
housing, need not be changed, children can stay in the national school system, the spouse can keep his/her employment, language problems are relatively minor, because of the proximity of the border.

In 1987 intra-EC frontier migration involved between 110 000 to 120 000 workers. In the meantime their number increased to about 130 000. Border migration is particularly high from France to Germany (about 42 000), from Belgium/France/Germany to Luxembourg (about 50 000), from Belgium to The Netherlands (12 500), from The Netherlands to Germany (11 000) from France to Belgium (7 100). Among the new Member States only Austria has considerable numbers of frontier workers employed in Germany.

The major incentive to work in a neighbouring country is certainly pay. But other considerations also come into play such as taxation, social security or the cost of housing. A study on border workers in Germany - based on social security records - found that about one quarter of frontier workers had German nationality. There may be some reason to believe that the figures are overestimated or that they apply to Austria in particular, but this would not totally explain the high proportions. Anyway, factors other than wages may play an increasing role. A recent study on frontier workers, commissioned by the European Commission, distinguishes between two types of transborder movements: labour mobility (mobilité du travail) and residence mobility (mobilité résidentielle).

The European Commission supports activities in the border areas which are of common interest to neighbouring countries. The INTERREG programme currently covers 59 sub-programmes. The budget is not a ‘quantité négligable’ because ECU 2.5 billion is allocated for INTERREG for the period 1994 - 1999.

- Temporary exchanges in education and on-the-job training, study courses abroad, business travel and the like constitute a special type of migration. These will increase and they do not necessarily imply a permanent change of residence. Such stays abroad do not have to be recorded statistically and are therefore difficult to quantify. Nevertheless, it seems certain that they are increasing, because they are connected with the internationalization of business firms. They are a modern form of or a substitute for the traditional migration of labour. A number of Commission programmes provide financial support for such exchanges.

- Another type of temporary migration of labour is the current phenomenon of so-called contracted workers from EU countries, mainly in the field of construction. For

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78 It should be noted, however, that modern information technology enables transfer of information and knowledge across the borders. It has to be seen if these increased opportunities in exchanges of information act as a replacement or a complement of migration.
example, companies from another EU country, normally one with low wages such as Portugal, perform a construction contract in Germany bringing with them their cheap labour. The workers are not paid according to wage rates bargained in Germany. According to the employers' association of the building sector, it is estimated that about 160 000 project workers are currently on building sites in Germany. The problem of undercutting local wages with cheaper EU contract workers (sometimes termed social dumping) had already been recognized at the time of the discussion about the creation of the European internal market and it was therefore proposed to pass a directive stipulating that these contract workers should be paid according to local wages at the place of performance. The Commission's corresponding draft directive was blocked in the Council of Ministers for quite some time. It was finally implemented in 1996.

Even if local wages are being paid, cost advantages may be gained by posting large groups of workers from Member States with low social security contributions to Member States with high social security contributions. These cost advantages can be obtained in particular in the construction industry as well as in the tourist and agricultural sector. The posting of self-employed workers from the UK and Ireland also yields cost advantages and for this reason large groups of self-employed from particularly the UK go to work mainly in Germany, The Netherlands and Belgium. This has produced a clash between the Member States involved concerning the question which legislation determines whether a person is self-employed or employee: the legislation of the posting Member State or the legislation of the receiving one.79

To sum up this chapter on future types of migration in the European Union, we can conclude that, based on past experience, no spectacular migration of workers between current EU Member States can be expected. However, new opportunities could occur for highly qualified manpower and specialists in the border areas of neighbouring countries, for short-term stays for training and business purposes and for so-called contract workers who come on behalf of their firm to another Member State to perform a specific contract of service.

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Table 1: Foreign population in EU countries 1983-1995 (1000)

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Source: Eurostat Labour Force Survey 1983-95, own calculations (persons from ES and PO have been counted from 1986 onwards, persons from AT, FI, SE have been counted from 1995 onwards as EU foreigners)
Table 2: Foreign population as a percentage of total population in EU countries 1983-1995 (%)

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Source: Eurostat Labour Force Survey 1983-95, own calculations (persons from ES and PO have been counted from have been counted from 1995 onwards as EU foreigners)
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Source: Eurostat Labour Force Survey 1995, own calculations
Table 4: Population by nationality, sex and age in 1995 in EU countries (%)

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* Population above 15 years of age

Source: Eurostat Labour Force Survey 1995, own calculations
Table 5: Foreign labour force in EU countries 1983-1995

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Source: Eurostat Labour Force Survey 1983-95, own calculations (persons from ES and PO have been counted from 1986 onwards as EU foreigners)
Table 6: Ratio of foreign labour force to total labour force in EU countries 1983-1995 (%)

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| of which: EU foreigners | 83  | 28.5 | 60.5 | 28.1 | 34.5 | -   | 13.2 | 17.3 | 82.6 |
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|                        | 85  | 28.4 | 66.3 | 30.6 | 30.5 | -   | 11.9 | 21.1 | 82.9 |
|                        | 86  | 41.7 | 70.5 | 36.2 | 29.9 | -   | 46.4 | 25.3 | 81.2 |
|                        | 87  | 41.2 | 73.0 | 36.0 | 31.9 | 48.1 | 45.5 | 19.3 | 81.9 |
|                        | 88  | 41.1 | 69.9 | 35.2 | 33.5 | 54.3 | 44.8 | 21.6 | 82.5 |
|                        | 89  | 42.2 | 67.3 | 34.5 | 29.7 | 48.0 | 44.3 | 16.8 | 82.2 |
|                        | 90  | 41.5 | 69.7 | 33.1 | 25.1 | 51.7 | 45.8 | 23.8 | 81.2 |
|                        | 91  | 39.9 | 70.8 | 30.5 | 24.9 | 50.9 | 45.7 | 14.6 | 80.6 |
|                        | 92  | 38.7 | 71.2 | 30.6 | 28.6 | 40.9 | 44.4 | 15.5 | 78.2 |
|                        | 93  | 36.4 | 70.3 | 28.8 | 28.6 | 40.1 | 42.6 | 12.2 | 78.9 |
|                        | 94  | 36.7 | 68.8 | 29.0 | 32.8 | 32.5 | 41.8 | 11.1 | 79.4 |
|                        | 95  | 37.1 | 68.7 | 31.4 | 43.6 | 36.1 | 40.2 | 13.0 | 79.2 |

Source: Eurostat Labour Force Survey 1983-95, own calculations (persons from ES and PO have been counted from 1986 onwards as EU foreigners)

Table 7: Foreign labour force in EU countries by receiving country and country of
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- foreign labour force of this country of origin has not been counted

Source: Eurostat Labour Force Survey 1995, own calculations
Table 8: Proportion of labour force* by nationality, sex and age in EU

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* Labour force = employed + unemployed above 15 years of age

Source: Eurostat Labour Force Survey 1995, own calculations
Table 9: Nationals in the labour force by country of birth 1995 (DE)

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Table 10: Naturalization rate in several EU countries 1991, 1993 and 1995 (Naturalized persons as a proportion of previous year’s foreign pop)

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<td>2.7</td>
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* 1990
** 1992
\(^1\) including naturalization of migrants of German origin from Eastern Europe and the former Soviet Union

Source: OECD, SOPEMI, various years
Table 11: Unemployment rates in EU countries by nationality, sex and age 1995 (%)

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**Women**

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<td>8.6</td>
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**< 25**

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*Source: Eurostat Labour Force Survey 1995, own calculations*
Table 12: Unemployment rates of nationals, foreign-born nationals, EU and non-EU foreigners 1995 (DE 1992)

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<td>14.3</td>
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* persons from AT, FI, SE have been counted 1992 as foreigners from non-EU countries

Source: Eurostat Labour Force Survey 1995, own calculations
Table 13: Level of education of the labour force in EU countries by nationality 1995 (%)

<table>
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* low number of cases

Source: Eurostat Labour Force Survey 1995, own calculations
Table 14: Trade of EC Economies, 1960-1990

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Figures for world trade as a % of GDP have been calculated by inserting country data for imports and exports of goods (SITC categories 0-9) in the formula: \(\frac{1}{2} \sum \frac{(x+m)}{GDP} \times 100\). Intra-EC trade is given as a % of total trade.

For the Member States, figures for world trade as a % of GDP include intra-Community trade; for EC-12, intra-Community trade has been excluded.

Table 15: Divergence of Gross Domestic Product per capita 1960-1995 EU count

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Note: Per capita GDP is given at current market prices per head of population and in purchasing power parities.
Source: European Commission: European Economy, No 59, Brussels 1995, p. 199
Table 16: Disparities of per capita GDP in PPPs (= Purchasing by region within Member States 1983 - 1993

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Table 17:  Average annual employment growth in EU countries, 1961-1990

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Source: European Commission: European Economy No 59, p. 192
Table 18: Unemployment rates in EU countries, USA and Japan (annual averages – Eurostat definition for member countries)

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* OECD
Table 19: Disparities of unemployment rates by region within Member States 1983 - 1995

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</tr>
<tr>
<td>EUR15 (by Member States)</td>
<td>3.1</td>
<td>3.8</td>
<td>4.3</td>
<td>4.2</td>
<td>4.1</td>
<td>3.9</td>
<td>3.5</td>
<td>3.6</td>
</tr>
</tbody>
</table>

<sup>(a)</sup> Only D (W)

<sup>(b)</sup> National data for 1983-91

Table 20: Foreign employees in the F.R. of Germany by occupational qualification

<table>
<thead>
<tr>
<th>Level of qualification</th>
<th>Foreign employees</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trainees</td>
<td></td>
<td>87</td>
<td>157</td>
<td>359</td>
</tr>
<tr>
<td>Employees with low qualification</td>
<td></td>
<td>96</td>
<td>74</td>
<td>94</td>
</tr>
<tr>
<td>Middle-level qualification</td>
<td></td>
<td>93</td>
<td>87</td>
<td>120</td>
</tr>
<tr>
<td>Graduate employees</td>
<td></td>
<td>86</td>
<td>98</td>
<td>133</td>
</tr>
<tr>
<td>Total employees</td>
<td></td>
<td>95</td>
<td>80</td>
<td>107</td>
</tr>
<tr>
<td>Absolute numbers (in 1000)</td>
<td></td>
<td>1 889</td>
<td>1 589</td>
<td>2 129</td>
</tr>
</tbody>
</table>

Source: Employment Statistics (Bundesanstalt für Arbeit) and own calculations
CHARTS:

Chart 1

GDP - Purchasing power standard per inhabitant 1975-93 in Italy and Spain

Source: Eurostat, REGIO Database; own calculations
Chart 2a

**Italy: Regional average of GDP purchasing power standard per inhabitant 1980-1994 (100=EU12)**

Source: Eurostat, REGIO Database; own calculations

Chart 2b

**Spain: Regional average of GDP purchasing power standard per inhabitant 1980-1994 (100=EU12)**

Source: Eurostat, REGIO Database; own calculations
Chart 3a

Internal and external net migration in Italy 1980-1994 in persons

Sources: Eurostat: Wanderungsstatistik 1996, p. 4; REGIO Database; own calculations; data excluded for internal migration 1981, 1990 (no data available or data error).

Chart: 3b

Internal and external net migration in Spain 1980-1994 in persons

Sources: Eurostat: Wanderungsstatistik 1996, p. 4; REGIO Database; own calculations

Note: ‘Internal migration’: total number of persons who moved to another region during the year; ‘External net-migration’: cross-border inward migration minus outward migration from the country.
Chart 4

Italy 1993 (NUTS 2 regions)
Internal net migration (as % of population) vs. rate of unemployment

Chart 5

Italy 1993 (NUTS 2 regions)
Internal net migration (as % of population) vs. per capita GDP

(The regions Sicilia and Sardegna are excluded because of data inconsistencies)

- 75 -
Chart 6

Spain 1993 (NUTS 2 regions)
Internal net migration (as % of population) vs. rate of unem

Spain 1993 (NUTS 2 regions)
Internal Net migration (as % of population) vs. per capita G

Chart 8

Germany 1993 (NUTS 2 regions)
Internal net migration (as % of population) vs. rate of unemployment

Chart 9

Germany 1993 (NUTS 2 regions)
Internal net migration (as % of population) vs. per capita GDP

ANNEX 1:

Classifying migrational movements

Immigration into the countries of Europe is extremely varied and complex. It is difficult to generalize. There are several possible ways of classifying economic migration. Migrational movements can be classified by reference to the policy perspectives of the sending (emigration) or receiving (immigration) countries or, alternatively, by reference to individual migrants' intentions. Classification problems arise because receiving countries that pursue temporary labour-import policies may permit migrants to claim permanent status, or because so-called settlement countries run temporary worker schemes in parallel or because individuals can change their minds and frequently do so. As a result, the traditional distinctions become blurred and different types of migration occur simultaneously in a single country.

Therefore, it is more realistic to categorize economic migrants by the substance and form of their move and to give typical examples of countries that receive them, rather than to depict, for example, one country for permanent immigration and another for temporary inflows of highly qualified workers. The following classification is proposed:

- **Migration for education:**
  Migration for education does not, strictly speaking, involve economically active persons but it is included here because the motivation is ultimately economic. This kind of migration involves academics and higher education students and frequently occurs among countries at similar levels of development and with similar cultural backgrounds. But there is also a steady stream of students from developing countries to the industrialized nations.

- **Migration for training:**
  This type forms a small part of international migration but economically it can be highly beneficial. Occupational trainees spend several months or years at a private or public enterprise in a more advanced country to acquire new skills or to familiarize themselves with modern technologies. It takes place in many instances through business channels.

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**Migration for professional or business purposes:**

This type concerns mostly people with higher levels of education or training whose skills transfer easily from one country to another. Tens of thousands of professional, technical or managerial workers plus business people of all kinds travel daily between countries, providing services and employment. Some stay for months or years while a few settle permanently. In addition to individual professionals or business people who move of their own volition, many managers and technicians move across borders within transnational enterprises (inter-company transfers). Professionals who move within transnational enterprises or under the auspices of consultancy firms or who are self-employed frequently carry out a specific assignment or perform a specific service. Economically, movements of highly skilled professional, managerial and technical workers reflect the global nature of modern business. Socially they constitute an ‘invisible’ group of immigrants in Europe - middle class, well off, in many senses international citizens. Most countries place few or no barriers to their entry.

**Contract migration:**

Contract workers are admitted on the understanding that they will work for a limited period. Contract migration in various shapes occurs throughout the world whenever (mostly) unskilled or semi-skilled labour is admitted for employment purposes:

- contemporary contract migration first took place on a large scale when workers from less developed Mediterranean countries moved north in the 1960s and early 1970s. They arrived on the basis of temporary work permits and work contracts with time limits but which were often renewable and finally gave way to unrestricted periods of employment. Individual contract migration spread to all European countries and subsequently left 17 million registered foreigners in Western Europe. Most of them now hold permanent residence permits;

- seasonal migration for employment is a subform of international contract migration. Seasonal workers are commonly employed in tourist-dependent industries, such as hotel and catering, but the majority work in agriculture;

- project-tied migration occurs when a migrant worker is admitted to a State of employment for a defined period to work solely on a specific project being carried out in that State by his or her employer. Project-tied work is frequent in construction industry but not by any means limited to it. In practice it is not always clear how to distinguish between project-tied migration and other forms of contract migration: contractors and sub-contractors need not always be tied to specific projects. They may be performing ordinary work such as maintaining roads or buildings, which is not part of a project under gestation. In this case, contract migration would be the more appropriate designation.

**Migration for settlement:**

This type concerns people who enter a country to live there permanently. In the past they have headed for countries like the United States, Canada and Australia, for example, and many continue to do so. In Europe no country sets out to attract new permanent settlers. However, permanent settlement migration occurs indirectly, as a development of previous temporary migrations, mainly through family reunion. Permanent settlement migration in recent years has also been associated with specific

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ethnic groups, 'returning' to a homeland where they have been granted an automatic right of settlement, e.g. the German ‘Aussiedler’.

- Illegal migration:

Irregular migration involves illegal entry, stay or economic activity on the part of a non-national. Although irregular migration can occur under any of the regular categories mentioned above, it is virtually negligible in the case of migration for training or education. It is also rare among professionals, technicians, managers, researchers or business people, partly because they are forced to interact with legally established bodies and procedures. Most illegal immigrants in fact enter the host country legally and then become illegal by overstaying, usually by taking employment. Visitors or contract workers may stay on after expiry of their authorization and continue or take up paid employment. Difficulties or waiting periods of family reunification procedures also give rise to irregular entry or overstaying and subsequent economic activity in the secondary labour-market with its precarious and low-paid jobs. The phenomenon is widespread. Western Europe had nearly 3 million illegal non-nationals in 1990, according to an estimate by the ILO.

- Asylum seekers and refugees:

These are people who have left their country to escape danger. They may be individuals or families who base their requests for asylum on political persecution. Once their appeal for asylum has been accepted many take up permanent residence in their new countries. In recent years the term economic refugee has been used increasingly to refer to those seeking to escape extreme poverty at home. Most of them are refused permanent residence but sometimes allowed to remain in the country or they stay on illegally. Among the 3 million illegal migrants in Western Europe it is estimated that about 650 000 are asylum seekers whose requests for refugee status have been refused but who have stayed on without permission.

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Executive Summary

The Panel's report contains a series of concrete measures to ensure that more people can take advantage of their rights to free movement within the EU. The main conclusion is that, apart from a few exceptions, the legislative framework to ensure free movement of people is in place, and that the majority of individual problems can be solved without changes in legislation. However, particular emphasis is put on the need for Member States to improve co-operation among themselves, notably in border regions, to ensure better training of officials and to devote more attention to the protection of individual rights. The report includes 80 recommendations to make it easier for people to use their rights in practice, which include:

- better information to raise people's awareness of their rights;
- a new type of residence card for people temporarily in another Member State;
- more flexible interpretation by Member States of rules on residence requirements;
- easier access to employment in other Member States;
- narrower definition of public service posts reserved for Member States' own nationals;
- a need to modernize social rights (regulation 1408/71);
- more flexible rules to allow regrouping of families;
- more emphasis on language training and cultural exchanges;
- greater equality in tax treatment;
- improving the situation of legally resident third country nationals;
- new means of redress for individuals with problems applying their rights and improved access to existing channels;
- a single Commissioner responsible for free movement of persons.

© VEIL, Simone (1997): Report of the High Level Panel on free movement of persons chaired by Mrs. Simone Veil, DG XV Free Movement of People Individual Rights High Level Panel presented to the Commission, 18 March 1997, Panel members : Mrs Maria Helena ANDRE, Mr. Guido BOLAFFI, Prof. David O’KEEFFE, Prof. Dr. Kay HAILBRONNER, Mrs Anna HEDBORG, Mr. Pierre PESCATORE, Mr. Tony VENABLES.
Free movement of people in the European Union began with labour, but has gradually evolved to cover self-employed people, students, pensioners and EU citizens in general. From the earliest legislation, free movement applied not only to workers, but also to members of their family. The European Community Treaty itself prohibits any discrimination on grounds of nationality between nationals of Member States. The main obstacles to transferring social security rights have been eliminated, and every EU national can be covered for emergency health care in another Member State. This has occurred as a result of a step-by-step approach in legislation and the case-law of the Court of Justice, which the report summarizes. This progress widened the beneficiaries to free movement and removed real obstacles, or those that resulted from a restrictive interpretation by Member States. The inclusion of citizenship of the Union under Article 8 of the Maastricht Treaty has, in the words of the report, ‘pointed to a new objective: to extend, without any discrimination, the right of entry and residence to all categories of nationals of Member States.’ The Panel’s recommendations concentrate on the rights and responsibilities of European citizenship. On the one hand, European citizenship does not give rise to unrestricted rights. For example, people wishing to reside in another Member State must demonstrate that they have sufficient resources to support themselves and proper health cover. It would be unrealistic to propose that social assistance benefits, in addition to social security, could be exported. On the other hand, the Panel does recommend protecting acquired rights to retain residence in another EU country and to extend residence rights for family members. It also seeks to extend the benefits of existing coordination efforts on social security to third country nationals legally resident in the EU.

In the order in which free movement is experienced by a migrant, the main recommendations of the report are as follows:

1. **Information about and for people moving around the Union should be improved.**
   The number of EU nationals resident in another Member State is only 5.5 million out of 370 million. There are also 12.5 million third country nationals. But statistics are certainly incomplete and allow for insufficient analysis of trends in migration on which to base policy. Influences on free movement include factors such as high unemployment, the changing role of the family, the growth in the services sector and the ageing of the population. The Panel welcomes the impressive results so far from the Citizens First campaign, with requests for information for guides and fact sheets from over 450,000 people. This well-targeted practical campaign should be put on a permanent basis. It is also a way of finding out more about people's problems and where there are gaps in EU legislation or where it is not being properly understood or enforced.

2. **A new optional 1 year residence card should be introduced** for EU citizens staying more than three months, but less than a year in another Member State. This would be the first genuinely European card, issued by the Member State of origin, stating that the holder is covered by health insurance and has sufficient resources to cover his or her needs. This card would be optional. It would clarify for authorities in other Member States the rights of European citizens who are neither tourists nor seeking to establish themselves, such as students and trainees on exchange programmes, volunteers and artists. It would not give holders rights in other Member States, except social security coverage for emergency health care for the duration of their stay.
3. Free movement rights should be brought in line with the new concept of European citizenship. Excessive delays and costs which amount to discrimination against EU citizens from other Member States must be eliminated. Issuing temporary residence cards which limit access to social rights and therefore to acquiring a permanent right to stay, should be discouraged. The requirement to provide proof of sufficient resources should be made more flexible. A declaration of having sufficient resources, as in the case of students, could be sufficient. The Panel is also concerned about self-employed people having fewer rights to stay in their country of residence if they lose their business than redundant workers. The concept of European citizenship suggests that a piecemeal sectoral approach to residence rights should be replaced by consolidated legislation and in time treating all European citizens as equal.

4. Access to employment in other Member States must be facilitated. EURES (European Employment Services) should be developed in order to reach more citizens with more job offers across borders. It took a long time for the Community to adopt separate Directives for the recognition of qualifications of seven main regulated professions, but these work well (with the exception of diplomas acquired outside the Community which may be recognized by one Member State but not by another). Other professions come under the general system of recognition of diplomas based, not on harmonization, but on mutual trust among Member States, which may impose additional requirements on applicants. People need the kind of information provided by the Citizens First guides and fact sheets as to their rights, whilst mutual trust must be reinforced through co-operation among professional bodies and Member States authorities responsible for processing applications. The Panel recommends rapid adoption by the Council of the lawyers Directive, a new departure in this field. Success in recognizing professional qualifications and diplomas must not hide the urgent need to develop European solutions - possibly through general legislation to enable recognition of professional experience and ensure that periods of working abroad in the EU are not detrimental to one's career.

5. Employment in the public sector should be opened up. In terms of the EC Treaty (Article 48 (4)) Member States may reserve certain posts for their own nationals. Despite the extensive case-law of the Court of Justice, there is little to encourage free movement of civil servants and hence national administrations to learn from each other. The public sector will remain relatively closed as long as there is no agreement proposed as to what constitutes a reserved post for a Member State's own nationals, and which State activities should be open to nationals from other Member States. The Commission should propose such an agreement to the Council. It should also act in order to ensure that the principle of mutual recognition is respected within the public sector.

6. Social rights need modernizing, particularly for pensioners. Though the mechanisms to co-ordinate Member States' social security schemes in order to allow for free movement work well (Regulation 1408/71), there are areas where modernization is necessary. In an earlier opinion (presented on 28 November 1996), the Panel already proposed solutions to allow people to preserve their acquired rights to private supplementary pensions when working in different Member States. Furthermore, with pension arrangements becoming more complex, the fact that pre-retirement benefits cannot be exported to other Member States is a gap in the rules which must be filled by adopting the outstanding Commission proposal. It is regrettable that the Council has still not adopted proposals first made 12 years ago by
the Commission, which raises the question of whether unanimity should still allow Member States to block all progress in this field. Social security provisions not only concern people permanently working, living or retiring to other Member States, but also tourists, students or elderly people on short stays abroad, whose interests as European citizens could be taken into account to a greater extent. In particular, information for the public about health coverage with a multitude of different paper forms (E111, E112, etc.) should be simplified through the development of interoperable ‘smart’ national social security cards. In special circumstances, particularly in frontier regions, there should be some relaxation of limiting cross-frontier health care to emergency treatment.

7. **Family rights should be amended to reflect social change.** Freedom of movement is not complete unless citizens have the right to be joined by their family under favourable conditions for their integration in the host country. The appropriate Regulation (EEC/1612/68) provides that irrespective of nationality, the worker may be joined by his or her spouse, their children under the age of 21 and their parents. This definition of the family dependants has been carried over to the legislation on self-employed people, and other categories of the population. The report recommends filling two main gaps to allow families to remain together:

- There are no valid grounds for denying non-dependent children more than 21 years old, or relatives in the ascending line who are not dependent, the right to join their family in another Member State.

- The term ‘spouse’ does not include an unmarried partner, which can give rise to problems. The report points out that the ‘family group’ is undergoing rapid change and that growing numbers of people, often with children, form de facto couples. It recommends, on the basis of the case-law of the European Court, that if a Member State grants rights to its own unmarried nationals living together, it must grant the same rights to nationals of other Member States, and that a study should be made of practice in the Union.

8. **More emphasis is needed on language training to facilitate free movement and cultural exchanges.** Access to language skills in a multilingual Union is not just the key to removing barriers to free movement and helping migrants and their families to settle in their adopted country. It is also the key, rather than cultural policy as such, to increasing cultural exchanges. The addition in the Maastricht Treaty of new articles on culture, youth, vocational training and economic and social cohesion, give free movement of people, like European citizenship, more of a human and less purely economic dimension. The report reviews the contribution made by exchange programmes such as LEONARDO (training), SOCRATES (education) or KALEIDOSCOPE (culture) to free movement and the integration of people in other Member States. It notes that the only legislative requirement in this area - to teach languages to the children of migrant works - is not sufficiently applied. Promoting exchanges through EU educational training and youth programmes can lose effectiveness if the beneficiaries then run into difficulties acquiring residence in other Member States. The new optional one year residence card recommended above is one way to increase the freedom to learn from different European cultures.
9. Greater equality of tax treatment should be achieved. People taking advantage of free movement rights are faced with the paradox that whereas cross-border social security rights are governed by Community regulation, tax is governed by bilateral agreements. The two overlap and inconsistencies have to be reduced. Some gaps in bilateral agreements relating to double taxation have to be filled; the Panel's report also hints at the possibility of an internal market legal basis to eliminate tax barriers, and at any rate to improve co-ordination among Member States. There should be a common definition of residence for tax purposes. Individuals carrying out a professional activity in another Member State are frequently subject to a higher level of taxation than individuals in their country of residence. Binding Community legislation governing the taxation of frontier workers and other persons who are non-resident for tax purposes with a view to ensuring non-discriminatory taxation for such individuals should be drawn up. In cross-frontier situations, equality of treatment has also to be safeguarded with regard to taxing persons, special tax deductions or concessions. Particularly in parts of the Union where there are wide tax disparities each side of the border, the Panel found problems with company cars for frontier workers, or for people moving with their car to other Member States. Arrangements are necessary to avoid double taxation and for Member States to share revenue from vehicle registration tax on a pro-rata basis.

10. The situation of legally resident third country nationals can be improved irrespective of Member States' immigration policies. In this respect, the most important recommendation of the Panel's report is that consideration should be given to extending certain provisions of Regulation 1408/71 on the co-ordination of social security to all legally resident third country nationals. This would also make life easier for national administrations which have to apply an EU regime to EU nationals and bilateral arrangements to third country nationals. Concerning family members of a Union citizen, their status should be the same regardless of whether they are citizens of Member States or of third countries. The Panel want therefore to see the abolition of visa requirements, at least for those third country nationals members of the family of EU citizens. The Panel also recommends extending to third country nationals members of the family of all Union citizens, subject to the condition that the family group was already formed in the home Member State. Similarly, it is recommended that family members of all Union citizens should be able to take up an activity as self-employed and not just as employed workers, and that a right of residence be recognized for a divorced spouse who is a third country national.

11. It is vital that the rights of individuals are guaranteed. A key emphasis in the report is on making people more aware of their rights through campaigns such as Citizens First, and a possible new right to information in a revised Treaty. Better protection of citizens' rights lies in action at the level of Member States. Information about legal remedies is improving, but to whom do citizens' turn to protect their rights? The Panel would like to see focal points, providing information and active conciliations in Member States to solve problems when and where they occur. The report places emphasis on developing EU training programmes in this area, starting with the legal profession, but also including associations and informal advice services, and officials in Member States applying Community law on free movement. Better cooperation between Member States also lies among the key issues in this area. Finally the report recommends that the Commission should be more accountable to individual
complainants and support the work of the Ombudsman, the Petitions Committee and individual MEPs.

12. **Free movement of people should come under the responsibility of a single Commissioner.** In order to remedy the division of responsibilities in the area of free movement of persons within the Commission, it is suggested bringing under a single Commissioner responsible for questions of free movement of persons, all the services dealing directly with those questions, including the treatment of complaints brought by individuals, giving both outside and inside the Commission a central point which is currently lacking. Progress in this area also suffers from the unanimity sometimes required at the Council.
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Executive summary

‘Transnational mobility’ - denoting the ability of human beings to move across national borders - is a somewhat flexible term that is used in many contexts; not least in connection with the European Union, where the free movement of labour is one of the four cornerstones on which the construction work on the European house began with the Treaty of Rome in 1957. Since 1964 with the ‘Programme for the exchange of young workers’ there have been European mobility programmes that have provided funds for mobility projects for a number of target groups, and the debate about transnational mobility and how to facilitate this remains high on the agenda. This paper fits into that debate.

One of the main problems with the debate, however, is that the term itself has over the years been used to cover so many different types of activities that it has become difficult to discuss the matter due to the risk of imprecise communication or even misunderstandings. The first part of the paper therefore tries to untangle and describe individually the many skeins that have intertwined themselves in the single, confused linguistic knot which is ‘transnational mobility’ - in other words, to develop a proposal for a proper taxonomy for transnational mobility that can serve as a framework of reference for discussions in this paper, and - if sufficiently clear and unequivocal - in the discussions to come.

The paper distinguishes between three major forms of mobility for young people, where the lines of demarcation are drawn according to the purpose - or function - of the activity. Transnational mobility may thus occur for recreational purposes (tourism), for employment purposes (labour-market mobility), or as a learning process leading to a number of qualifications that are seen as increasingly valuable in a personal, political and not least a labour-market context. The distinction between the three functions may often be blurred in the concrete manifestations, inasmuch as e.g. any period spent abroad will entail some kind of learning process; but as ideal constructs they serve to clarify the concept and not least the many subcategories that may be identified and described. The paper argues that for historical reasons the discussion on transnational mobility often focuses on labour-market mobility, but that this issue - contrary to much rhetoric - does not play any significant role whatsoever in the economy of the European Union and is not likely to do so in the foreseeable future. The investments that have been and are currently being made to promote mobility-related projects are far from justified if seen only in this light.
The paper therefore concentrates on ‘transnational mobility as a learning process’ where it makes the proposition that any mobility project defined under this heading will contain, to varying degrees, the acquisition of four different sets of skills or qualifications (the fourth being in reality an attitude more than a skill). These are:

- international skills (foreign language proficiency and intercultural competency)
- personal (transversal) skills
- professional (concrete vocational or academic) skills
- development of European (as opposed to nationalistic) awareness

The paper describes this learning process in some detail, arguing that the qualifications obtained are of crucial importance for employees on today’s labour-market and indeed in the broader context of society as a whole. Transnational mobility for young people - whether it takes place inside or outside formal education and training systems - should thus be seen as a complex pedagogical activity with a much broader aim, and not merely as an appetizer for later life as a migrant worker. Mobility projects must have a structured, pedagogical aim, and quality - as opposed to quantity - is therefore a central issue here.

In a second section, the paper looks at the obstacles to transnational mobility for young people, dividing these into three groups: legal/administrative obstacles, practical obstacles and mental obstacles. The paper argues that the legal/administrative obstacles are of less importance in the overall picture since they have been identified - e.g. in the recent Green Paper of the European Commission on obstacles to mobility - and are being dealt with. More emphasis should therefore be placed on the less tangible, but by no means less formidable practical and mental barriers. Among the practical barriers identified, the paper points to two that have a particular significance: the difficulty of obtaining the information necessary for the planning and execution of mobility projects, and the low level of knowledge on project engineering: how to structure a mobility project so that the learning environment is optimized. The latter is seen as an absolutely vital precondition if transnational mobility is to enter the curriculum of formalized education and training courses as an integrated and recognized part. Equally important are the mental barriers to mobility. If we do not pay more attention to these, the paper argues, mobility will become yet another prerogative of the already resourceful; polarizing society even further. The paper describes these mental barriers, arguing that special emphasis must be placed on motivating particular groups of young people for a transnational experience and on structuring mobility projects so that they are attractive to these groups.

In the third and final section, the paper makes a number of recommendations for concrete action to promote transnational mobility for young people. Firstly, it argues that the availability of information for mobility projects must be improved, either by creating new structures or by coordinating and increasing the efficiency of those already existing. Secondly, it sees the need for national ‘centres of excellence’ for project engineering, which can act as a repository for experience and knowledge and help organizers of mobility projects to achieve the maximum quality in their efforts. These national centres must be backed up by a European forum for mobility, which can ensure that experience, knowledge and examples of good practice are disseminated across borders, and which can take on board especially cost-intensive research and development projects. Thirdly, it argues that funds should be made available for the creation of durable network structures between institutions across borders, instead of tying all funds to the individual participant
(quantity). Fourthly, it is suggested that certain awareness-raising activities at a European level might be helpful in order to promote mobility projects for certain target groups (e.g. vocational education and training).

Support for transnational mobility for young people

The promotion of transnational mobility among young people has been a constant priority for the movement leading to European integration since the signing of the Treaty of Rome, which (Article 50) explicitly calls for measures to promote the exchange of young workers. Such a programme (known, somewhat prosaically, as the ‘Programme for the exchange of young workers’) was set up in 1964, and has survived through several generations up to the present day.¹ This programme clearly had to be seen as an attempt to promote the free movement of labour, which was one of the four basic rights that the Treaty established (the others being free movement of capital, goods, and services). Since then, a number of other dedicated measures (or programmes) promoting transnational mobility in other segments of the youth population have seen the light of the day. For students in higher education we find ERASMUS (1987-95), COMETT (1989-95), and SOCRATES (1995- ) and (covering placements in industry) LEONARDO (1995- ); for apprentices and students in vocational education and training PETRA II (1992-95) and LEONARDO (1995- ). Covering all these target groups under one heading we have mobility strands of the LINGUA programme (1990-95); for general education there are provisions in the COMENIUS strand of SOCRATES; and for young people outside of the formal educational system we have the Youth for Europe programme (1990- ). This impressive array of acronyms represents a vast capital injection from Community coffers of well over one billion ecu, to which must be added a similar amount coming from national sources. And they represent only the dedicated youth mobility programmes. For good measure one should also consider the mobility projects in other programmes and initiatives (e.g. EUROFORM/YOUTHSTART under the Social Fund and INTERREG under the Regional Fund) as well as the mobility programmes involving the central and eastern European countries, Latin America and the Mediterranean countries (e.g.TEMPUS, ALFA).

Even though the number of young people crossing national borders inside the EU is often cited as a vital criterion of success in the evaluation of programmes, it is clear that this in itself cannot justify the investment - if only because it is not a very cost-effective way of achieving high numbers. As one commentator (speaking of the Youth for Europe programme) puts it: ‘If YFE were only to be concerned with increasing the quantity of exchanges, it would be easy to give away millions of ecu to some unscrupulous agency who would be able to move vast numbers of young people all over the place as Community-sponsored tourists’.² Community-sponsored mobility is, of course, not just concerned with quantity, but is a way of inducing certain behavioural patterns, attitudes and skills in a target group - young people³ - which is in a formative phase and therefore

¹ The programme was integrated in the PETRA programme in 1992 and is now part of the LEONARDO programme.
³ This paper uses the definition of the target group ‘young people’ as described in the European Commission’s Green Paper on obstacles to transnational mobility: ‘The Youth for Europe programme is aimed at all young people between the ages of 15 and 25 who are permanently resident in the European Union or Iceland,
open and receptive to influences. We will therefore see the type of transnational mobility promoted by the programmes mentioned above (and similar measures) as a learning process; i.e. in qualitative terms. This, in turn, raises the question as to what type of learning it is that we are sponsoring, and what it is going to be used for. Before trying to answer these, however, it is necessary to achieve clarity about the term itself in order to establish a precise framework of reference.

1. Towards a taxonomy for mobility

‘Mobility’ is a much bandied-about word in many contexts, but it is problematic to use in so far as in itself it denotes only ‘the ability to move’, and consequently can be employed (and is employed) indiscriminately to cover many different types of activity. The present study is concerned with ‘transnational mobility involving young people’, but even with these qualifying nouns and adjectives attached the term is vague and imprecise. Before we undertake an analysis of mobility for young people in Europe, it is therefore necessary to distinguish between its various forms, in other words, to establish a proper taxonomy for mobility in our particular context.

Depending on the angle of approach, one may envisage several ways of describing transnational mobility (proper migration or temporary stays, inside or outside the educational system, forced or voluntary, etc.) but for our purposes it seems most useful to draw lines of demarcation between various forms of mobility according to their purpose (or the intention). Leaving aside mobility that is caused by natural or man-made disasters we may thus, broadly speaking, distinguish three major functions of mobility, namely:

- mobility as a recreational activity;
- mobility as a labour-market issue;
- mobility as a learning process.

Another word for the first function is tourism, and this term covers a multitude of activities ranging from package tours on sunny beaches and customized Interrail holidays to historic and cultural explorations of other countries. What all these activities have in common, however, is that their main purpose is to provide recreation (be it physical or spiritual) for the participant in the activity. The activity has, in other words, a function of ‘recharging the batteries’, so that the participant can return to his daily activity (work or study) with a refreshed mind and/or body, but is not necessarily in any other way related to this (being in many cases as remote from this as possible).

Labour-market mobility denotes the ability of the workforce to find and hold employment in another country than his own, and was as such one of the major ideological issues at the

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Liechtenstein or Norway. This age group is traditionally used by the Commission to refer to ‘young people’ and ‘youth’ (Eurostat statistics). However, in the Leonardo da Vinci programme, ‘young people’ is taken to mean any person undergoing training, employment or looking for work under the age of 28. The programme targets both young people undergoing initial vocational training and young workers. In the context of support for placement programmes within companies, it may also refer to ‘people undergoing university training and graduates prior to obtaining their first job’: Such programmes are incorporated in cooperation agreements between universities and companies. The student, pupil or young person may be a member of the family of a citizen of the Union who exercises his or her right to freedom of movement, thereby being entitled to treatment on the same basis as nationals of the host country (in particular as regards the award of grants and other social benefits’ (Green Paper, pp.35-36).
time of the foundation of what was then the European Economic Community (EEC). Transnational mobility of the labour force was then believed to be a vital instrument in the economic development of the Community and would help to combat unemployment and even out regional and imbalances of wealth. Under labour-market mobility we may identify various ‘subgroups’. Labour-market mobility is not one uniform concept, and it makes sense to divide it into at least four different categories, namely:

- permanent migration;
- transnational seasonal work;
- cross-border mobility.
- temporary postings abroad for employees in multinational companies.

The first of these categories covers ‘traditional’ labour mobility; i.e. where workers from one country move to another to look for work with a view to settling there permanently. This is the type of labour-market mobility, the motivation for which is usually described in terms of ‘push’ and ‘pull’ factors, where ‘push’ factors are the events or state of affairs that induce migrants to leave their country of origin (natural disasters, social unrest, poor employment prospects, etc.) whereas the ‘pull’ factors are the phenomena in the host country that induce them to settle here (good employment prospects, good social conditions in general, etc.)

When we are talking about what we have called here ‘mobility as a learning process’ we are dealing with a very wide spectrum of activities, where at one end the individual student in higher education spending an academic year, as a part of his national degree, at a university abroad which is fully recognized (ERASMUS), and at the other end a group of young people from a disadvantaged region who visit their counterparts in another Member State for three weeks within the framework of a partnership between youth clubs (Youth for Europe). What these two forms of mobility, and all those lying between them, have in common is the they have (implicitly or explicitly) a pedagogical aim and are structured accordingly; they produce in the participant a learning process that leads to the development of a number of skills and attitudes that are increasingly valuable in Europe. The difference between this type of mobility and the two former is one of intention. To a certain extent all transnational experiences, even the package trip to Majorca, may be said to contain a learning process; but in the case of the university student and the group of youngsters this process is the main purpose of the undertaking. The intention does not necessarily lie with the participant himself - the group of youngsters may not mention the learning process and each of its constituent parts as their main motivation for going, but the adult who has organized the project will know, and so (hopefully) will the people who funded it.

The division of mobility into three groups according to function is, of course, to a certain extent artificial, and it is relatively easy to find ‘grey areas’ where there is an overlap. Take, for instance, backpacker tourism - so popular amongst young people, and in many ways radically different from traditional charter tourism. Here, a young person often spends long periods of time in one culture, and one can certainly talk of a learning process. However, there is difference in so far as the person in question is often moving from place to place within the culture (hence the ‘backpacker’ label) and therefore is not so apt to get really under the skin of the natives. There is a priori no structured, pedagogical aim with the activity. When it occurs, it occurs fortuitously, and the person in question has always the option of packing up and moving on when things do not work out.
exactly as hoped and expected. A similar example - albeit bordering on labour-market mobility - is afforded by the young people who go abroad for an extended period to do paid work, but whose main motivation is one of discovering another culture and language. This is the case in particular for au pairs, where the whole undertaking is structured and where there even exists a European au pair agreement that contains explicit provisions on the learning process in terms of language and culture. The agreement contains e.g. a clause stating that the au pair must be given the necessary time off to attend language classes.

A concept that seemingly encompasses all three functions is the term ‘working holiday’; in itself the title of a guide for young people, published by the Central Bureau for Educational Visits and Exchanges in the UK. ‘Working holidays’ can, according to the guide, take place in the areas of archaeology, au pair/childcare, community work and children’s projects, conservation, farmwork, kibbutzim (in Israel), teaching, travel and tourism, and in workcamps. In most cases it is not jobs in the proper sense of the word, but stays with non-profit organizations with little direct remuneration (often in exchange for board and lodging) with the purpose of experiencing a country and its culture in a cost-effective way. These stays may constitute work when the remuneration is high enough to become the major motivating factor, or tourism (if they take place in a holiday period and are undertaken mainly for recreational reasons), but that there is a strong learning process involved in most of them was recognized by the Commission of the European Union in 1996 when it launched the ‘European Voluntary Service’ under the Youth for Europe programme, that provides grants for voluntary stays in a local development project in another Member State for a period of 6-12 months. In the case of the European Voluntary Service and au pair work, the learning element is clearly discernible, and we may place them safely under the heading ‘mobility as a learning process’. In the case of the other, less formalized manifestations of the same type of mobility, they must be judged individually in order to classify them according to our taxonomy.

**Mobility as a learning process**

It is the contention of this paper that transnational mobility as a learning process fulfils a very important function of imparting skills and attitudes that are seen as increasingly valuable in a number of life situations. In the study ‘Transnational mobility in the context of vocational education and training in Europe’ (Kristensen, 1997) the learning process for this type of mobility is described under four headings. Transnational mobility in vocational education and training is thus seen as promoting:

- the acquisition of international skills (foreign language competency and intercultural competency);
- the development of personal (transversal) skills;
- the acquisition of vocational skills;
- the development of European awareness.

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4 The CBEVE is also National Coordinating Unit in the U.K. for mobility under the LEONARDO and the Youth for Europe programmes.
5 This study was published by CEDEFOP as part of the publication ‘Research and development in vocational education and training’, Thessaloniki, 1998.
In the study, the subject matter is as mentioned mobility in vocational education and training, but if we substitute ‘vocational skills’ in the third heading with ‘academic knowledge’, it is another contention of this paper that this process also adequately describes what takes place in a mobility project within the framework of higher education; be it in the shape of a placement in a company or a stay at an institute of higher education. In cases where the mobility project takes place outside the formal educational system (e.g. within the context of youth organizations, etc.) the aspect of vocational skills/academic knowledge is of course played down, but as these events are often organized a round a particular theme or activity, there will always be some kind of acquisition of knowledge.

It falls outside the scope of this paper to describe in detail the learning process and how the acquisition of skills takes place in each of the four components, but a few general remarks on each are necessary for the line of argumentation:

- The acquisition of international skills (foreign language proficiency and intercultural competency\(^6\)) is seen by many as the most important element of the learning process contained in a mobility project. This viewpoint is held because mobility projects - e.g. within vocational education and training - are seen by some primarily (and by others exclusively) as preparation for later labour-market mobility. By spending a period during his formative years in another country, it is argued, the young person will lose his fear of crossing borders and be willing and able to go and look for work elsewhere if the prospects are not too good in his own country (push) or if the employment conditions offered abroad are significantly better than what he can obtain at home (pull). This thinking is in line with the political goals of the European Union, where the free movement of labour was laid down as one of the cornerstones when the European Economic Community was founded in 1957 with the Treaty of Rome. The first mobility programme in Europe - the ‘Programme for the exchange of young workers’ - was undoubtedly primarily seen as some sort of training exercise to induce transnational labour-market mobility, and this line of thinking is still very much to the fore. In a recent article on labour-market mobility, ‘Pour des dispositifs d’aide à la mobilité en Europe, arguments et repères’ (in ‘Éditions Éducations Permanentes’, January 1998) Daniel Mellet d’Huart\(^7\) uses as a headline for one of the paragraphs in his article the rhetorical question ‘Peut-on former à la mobilité?’ and answers it himself by referring to experiences of what he calls ‘mobilité expérientielle’, by which he means participation in organized study and placement projects; seeing these as a preparation for ‘real’ mobility (i.e. labour-market mobility). It is a fallacy, however, to see this as the only - or even the main - raison d’être for mobility projects. As demonstrated by Heinz Werner\(^8\) in his paper ‘Mobility of workers in the European Union’ (Nürnberg 1996), the mobility of workers has never achieved the economic importance it was believed to have,\(^9\) and the argument for mobility projects as a

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\(^6\) The concept of ‘international qualifications’ - what it contains, why they are necessary and how they are acquired - has received considerable attention in recent years. For an exhaustive overview of status quo in the field, see Wordelmann, Peter (ed.): ‘Internationale Qualifikationen - Inhalt, Bedarf und Vermittlung’, BIBB, Berlin 1996.

\(^7\) Daniel Mellet d’Huart is working in the AFPA, Direction Technique, in the R&D department (Paris). He was attached to the ‘Euroqualification’ project in Brussels from 1992-96, which promoted labour market mobility with support from the EUROFORM initiative (Social Fund).

\(^8\) Dr Heinz Werner is attached to the research unit of the German labour market authority (Bundesanstalt für Arbeit, Institut für Arbeitsmarkt- und Berufsforschung).

\(^9\) These views are fully shared by the Directorate-General responsible for employment (DG V). In the Commission’s yearbook ‘Employment in Europe’ for 1993, a short passage on transnational mobility on the labour market ends
learning process preparing for later labour-market mobility thus cannot in itself justify the investments in mobility projects made e.g. at the European level in the various mobility programmes. But in an age where international trade is increasing, where production processes are split up temporally and spatially and where mergers, acquisitions, relocations and joint ventures across borders are the order of the day, the ability to act transnationally becomes a key qualification for large parts of the labour force, even though it does not entail actual physical mobility across borders. Contacts with foreign countries are multiplied, requiring linguistic proficiency and intercultural competency; i.e. broadly speaking the ability to interact, on a semiotic level, with persons belonging to other cultures. The focus has therefore shifted from physical mobility (workers moving across borders) to one of ‘virtual mobility’, where workers have to cope with an international environment even though they do not physically leave their country of origin.

Transversal skills - also known as core skills, personal skills, life skills or key skills - are defined in contradistinction to narrow vocational or academic skills by not being tied to one particular profession or trade, but being applicable across a wide range of situations in private as well as working life. The term covers many different skills and aptitudes that may be roughly divided into entrepreneurial skills (creativity, risk-taking, self-reliance, determination, the ability to take an initiative), communicative skills (including foreign language skills) and interpersonal skills (tolerance, flexibility, conflict-handling, team-building, etc.), as well as a mixed bag of other skills (adaptability, quality awareness, the ability to learn new things constantly and unlearn old, etc.). These are skills that are becoming increasingly valuable on a labour-market which is in a state of constant change, where there is a need to adapt to new developments in technology and working methods and where concrete, vocational skills may become obsolete almost overnight. A great deal of effort has been put into finding methods of developing these skills in (young) people, and while there are many views on the matter, there seems to be a general understanding among educationalists that these competencies cannot be taught in the traditional way, but that it is possible to create frameworks in which they can be learned. Kristensen and de Wachter\textsuperscript{10} have in the paper ‘Promoting the initiative and creativity of young people - the experience of the PETRA programme’ (Luxembourg 1995) demonstrated how a transnational experience may serve as a very effective framework for the acquisition of those skills, as the participant will have to call on all those resources to ‘survive’ in an alien environment where things are done differently and where he is in some cases thousands of kilometres away from his usual sources of support and comfort.

The least complicated issue to explain in this context is the acquisition of vocational or academic skills that take place in a mobility project. Language students may study the language in its virginal environment, the law student may spend time at a university abroad where a particular legal speciality has been cultivated, apprentice car mechanics may go on a placement in the factory where the cars are produced that they will later repair for a living, chefs may learn the Italian or French cuisine on site, forwarding agents may get a first-hand knowledge of the markets in which they will later operate, etc. In the mobility projects that are organized outside the formal education and training system (e.g."

\textsuperscript{10} The publication is part of a series of very instructive papers evaluating the outcomes of a number of aspects of the PETRA programme.
as in the Youth for Europe programme) the event is often organized around a theme or an activity, where some kind of learning takes place.

The term ‘European awareness’ is more an attitude than a particular skill, and it is also a very tangible political issue. Mobility is here seen as contributing to the development of a European consciousness as opposed to a narrow nationalistic one, in this way creating bonds of friendship and mutual understanding that will prevent another August 1914 or September 1939 (see Robert Schumann 1950: ‘Nous ne coalisons pas des Etats, nous unissons des hommes’). Instead of ‘European’ we might equally well write ‘global’ in the cases where the exchange schemes cover a geographically larger area. Moreover, the idea of intercultural contact as a means of preventing war and strife was what gave rise after the First and Second World Wars to major exchange organizations like American Field Service (AFS), Youth for Understanding (YFU), International Christian Youth Exchange (ICYE) and others. Official government policies have produced such institutions as the Deutsch-Französisches Jugendwerk/Office Franco-Allemand pour la Jeunesse (DFJW/OFAJ), the Carl Duisberg Gesellschaft, the Deutsch-Pölnisches Jugendwerk and indeed most of the activities of the European Youth Centre within the framework of the Council of Europe, etc.

A very pertinent question concerns how this learning process takes place - or why it takes place. This is a question worthy of a separate paper itself, and we shall not pursue it in any greater detail here, but merely presume that it happens first and foremost through constant exposure to the mentality and culture of the host country and its enterprises or educational institutions. Another characteristic (which we will again not prove but merely mention) of this type of mobility is that it is not only the participant who acquires new knowledge and skills; his environment in the host country will also benefit from the contact with a foreign element. These two characteristics lead us to identify two distinct subgroups of this main type of mobility.

One is the study tour, which is characterized by being short (often one or two weeks), aimed at shedding light on one particular issue in the host country, involving professional people and with only little or no interaction with the natives of the host country. Another distinct subgroup is the popular foreign language courses (typically of 1-4 weeks’ length) that are often organized at private language schools for a fee. The courses offered are tailor-made for foreigners, and the environment is often an international one where students from many different countries are gathered.

What these two forms of mobility have in common is that they focus almost exclusively on one particular aspect of the learning process (the acquisition of vocational/academic knowledge or foreign language competency). Even though they may incorporate elements of the other learning aspects (the language course may be combined with home stay with a host family; the participants on a study tour may fraternize with colleagues from the host country). These are optional extras and not an integrated part of the whole. Moreover, the relationship with the culture and mentality of the host country is one-dimensional: the participants are studying certain aspects, but do not themselves leave anything behind (apart from - in the case of the language school - a sum of money).

**Age groups involved**

Although *a priori* there are no age limits for this type of mobility (other than where the funding programmes stipulate that participants be in a certain age bracket), we find that the overwhelming majority of cases involve young people - i.e. in the age bracket 15 - 27.
This is understandable in so far as most types of mobility that take place within a learning context happen within or in connection with the formal educational system - in upper secondary or in higher education where the student population is young. Even though there are many examples of mature students who have spent a period at the labour-market and have now returned to the educational system, instances of such students participating in, for example, transnational placement are very rare as most mature students will have a family and/or financial obligations to consider that effectively prevent them from going abroad for any extended period.

Another reason for the insistence on this target group is that young people - being still in a formative period - are more open and receptive, and therefore more likely to absorb these experiences and incorporate them into their personality.

**Length**
As a further characteristic of this type of mobility we will argue that the benefits generally accrue on a scale in direct proportion to the length of the stay. The reason for this is to be found in the nature of the learning process required when the aims involve foreign language acquisition, development of personal skills, the promotion of intercultural understanding, the acquisition of vocational or academic skills, etc. An illustrative (and typical) statement from a participant in a placement project thus reads:

‘Three weeks are of little avail. You should at least stay for six weeks in order to learn anything at all’.\(^{11}\)

This is, of course, a somewhat elitist viewpoint, in that many young people do not have the resources in terms of money, time, skills and mentality to be able to cope with an extended period in an alien environment far from home. And to say that a stay of two or three weeks are of no importance is a statement that many mobility project organizers - and participants - will hotly contest. A placement organizer from the same project framework as the participant quoted above does not agree with him:

‘We distinctly felt that also a short stay abroad, for example two or three weeks, did leave its marks on the young people. For most of them, this was the only possibility at all. But of course much depends on the intensity with which a participant makes his experiences, and on the frame of mind he is in when he is is working over mentally the important moments’.\(^ {12}\)

But as is evident from this statement, the preparation process, the day-to-day programme and the evaluation (or debriefing) of the participants afterwards become even more crucial elements. There is no time to correct a bad first impression, and there is always the risk that the participant will return home with his prejudices confirmed rather than dispelled.

**‘Free movers’ versus organized mobility**
As is the case with recreational mobility, we may under the heading ‘mobility as a learning process’ also distinguish between individual arrangements and those travelling inside an organized framework or even in a group. When we speak about individually arranged

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\(^ {11}\) From ‘Augenblicke verändern uns mehr als die Zeit - transnationales Erlebnislernen in der Europäischen Berufsausbildung’ p. 47 (see bibliography).

\(^ {12}\) From ‘Augenblicke verändern uns mehr als die Zeit - transnationales Erlebnislernen in der Europäischen Berufsausbildung’ p. 53 (see bibliography).
itineraries and organized tours (‘package tours’) in tourism, we can talk about ‘free movers’ (borrowing a term that has been coined under the ERASMUS programme) versus the mobility that takes place within frameworks that have been set up explicitly for the purpose (e.g. exchange agreements between universities).

In the Commission’s Green Paper on the obstacles to transnational mobility, this type of mobility is designated as ‘spontaneous’ mobility (in inverted commas), but this is a misnomer inasmuch as such mobility needs much more careful planning and execution than mobility in organized settings.

‘Free movers’ and organized mobility are not mutually exclusive. Rather they are two different modes of mobility which are both indispensable and which supplement each other. Organized mobility (e.g. in the framework of inter-university agreements) has the advantage of being available to persons who may not be suited for the more strenuous and insecure existence as a ‘free mover’, whereas this offers the possibility of a ‘tailor-made’ (individualized) learning process. Indeed, participation in a mobility programme may function as a preparation for later forays as a ‘free mover’.

There is an important difference between the two, however, in that they require two different forms of project engineering. A free mover is making a move on his own initiative and has - in principle - only himself to fall back on when difficulties arise. There is no project organizer to assume responsibility and to take over when the going gets tough. The first requirement of a free mover is therefore effective and competent information and guidance structures in both the home and host countries that can deal with his requirements and offer him the information and help he needs in order to implement his individual mobility project. It is not always easy, however. Very often free movers are forerunners who break new ground with their aspirations as these cannot be satisfied in any of the existing arrangements - opening up new geographical vistas for mobility or pioneering new combinations of either study or vocational training. The problems they encounter are therefore often also new or uncommon, but on the other hand the free mover is a person possessing more than an ordinary amount of initiative, daring and perseverance who will - as the old Chinese saying goes - build windmills where others take cover from the storm. It is important for any system wishing to increase mobility to gather and evaluate the experiences of these free movers, as they may break new ground that later proves fertile soil for mobility projects of a more regular kind - i.e. what we have called organized mobility.

In organized mobility, the paths have been cleared already, and there is in any case a placement organizer - somebody who is not himself a participant - who has assumed responsibility for all the technical aspects of the project. In the case of inter-university cooperation projects (where we find the most developed examples of organized mobility), agreements have been made covering recognition of study periods; funding has been made available; very often accommodation is provided; sometimes an introductory language course is held at home or upon arrival in the host country; and accurate and detailed information is at hand from the students who were there last year, and the year before last. The student will have a coordinator at home to turn to in case of problems, and there will also be a similar person appointed at the receiving end who is ready to step in whenever problems crop up. All the student will have to do, so it seems, is to take the decision and make travel arrangements. We are not quite there yet in vocational education and training, but there are - as in the Danish PIU programme - examples that come very close to this.
With this type of mobility, the challenge afforded by the practical arrangements as such is limited once the contacts have been made, the agreements concluded and the teething problems overcome by a trial run or two (even though the wise organizer will always be prepared for the unexpected). But we have here a scheme which makes mobility available to a larger group of participants - in many cases people who would not otherwise dare take the plunge or even contemplate a transnational experience - or who are simply not equipped to organize a personal mobility project on their own initiative. This is in particular the case in vocational education and training, where the thought of a transnational experience is one that does not necessarily come naturally to the students/apprentices. Therefore the role of the organizer is a different one: namely that of motivating, selecting and preparing for mobility, so that this becomes a realistic opportunity for all and not just a prerogative for the most resourceful.

The number of young people involved
The precise number of young people engaged in mobility schemes for learning purposes in Europe at any given time is very difficult to assess, as it will involve computing figures from many different sources which are not directly comparable, with all the elements of uncertainty and error that this entails. The numbers of people participating in the Community programmes promoting mobility may be used as an indicator, though this also entails a large element of uncertainty. For do the increased number of grant holders really reflect a larger number of participants in transnational mobility projects? Or could it be that the numbers are static, and that those who previously financed their stay from their own resources or from other sources of funding now take advantage of this new source of funding? Everything seems to indicate, however, that the numbers are rising at a rate comparable to the rise in numbers of participants in the EU mobility related programmes over the years - from the numbers of E 111 forms issued by the social security authorities to the reports from educational establishments.

In the first year of the ERASMUS programme (1987/88), some 3 000 students received grants from the programme. In 1995/96 this number had risen to 170 000. The PETRA programme supported during its existence placement activities involving a total of 23 556 young people in initial vocational education and training, and 13 053 young workers. Over against this, the LEONARDO programme in its first year of operation (1996) managed to shift across borders 10 925 young people in initial vocational education and training and 4 700 young workers. In the Youth for Europe programme, the number of participants per year had reached 50 000 by 1995.13

Historic roots
Transnational mobility as a learning process is not a new pedagogical method. There is - with mobility as with so many other things in life - nothing new under the sun. Mobility for learning purposes has almost always existed and it is not a twentieth century invention. Since mediaeval times - in fact, since the first universities were established in the twelfth century - students have travelled within Europe in order to do all or parts of their studies in a country other than their own. Also within vocational education and training mobility for learning purposes is a familiar phenomenon which is at least as ancient as the mobility of university students. Under many of the mediaeval guilds, nobody was allowed to set up as

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13 Figures taken from the Commission’s Green Paper on obstacles to transnational mobility and S. Kristensen’s study ‘Transnational mobility in the context of vocational education and training’ (see bibliography).
a master craftsman until he had travelled abroad with his trade for a set period (up to three years) - hence the expression ‘journeyman’. This was, in fact, the major vehicle for the transfer of technology in the days before the printed book or even the Internet. Thus the German Crafts and Trade Congress stated in 1848:

‘Journeying abroad provides for every person a school of training and experience of the most manifold nature and is for the craftsman and tradesman all the more indispensible in that only through his own observation of alien conditions and circumstances can he make comparison with such as are familiar to him, thereby forming a correct perception of truth, beauty and usefulness and at the same time educating himself as as individual and craftsman. Exemption from the obligation of journeying may be granted only on the most imperative grounds.’

2. Barriers to mobility

When dealing with barriers to mobility - and especially when proposing solutions and making recommendations - we should distinguish sharply between those that are best solved on a national basis and those that should be addressed at the supra-national level. In late 1996 the European Commission published a Green Paper on obstacles to transnational mobility, which is an inventory of barriers that can be addressed at the European level, either through legislation (directives, regulations) or by offering financial incentives (e.g. by creating programmes, initiatives and budget lines) that can help steer developments in the right direction. However, we do not have any updated studies of national barriers to mobility. In the case of vocational education and training, such studies were made under the auspices of the PETRA programme in 1994, but they were not published at the time and have not been reviewed since. It falls outside of the scope of this paper to go into a description of barriers that are peculiar to one or more Member States and in this section we will focus on the types of barriers that are shared by all, or at least by a majority of Member States. Secondly, the paper will take as its point of departure the abovementioned Green Paper in the sense that it will adopt a complementary function in relation to and will concentrate on the barriers to which it devoted less attention, if any.

We have previously divided the various types of mobility for learning purposes into several groups, but when we turn our attention to barriers to mobility, it is necessary to take the process of differentiation slightly further and draw a demarcation line between stays at educational establishments (which we might call school-based stays) and placements in companies. The latter type of mobility is, of course, especially prevalent in vocational education and training, but is also increasingly popular in higher education (e.g. the type of mobility promoted by the former COMETT programme) and outside of the formal educational system (e.g. exchanges of young workers in the LEONARDO programme or in the European Voluntary Service scheme launched by the Commission in 1996).

There are some particular problems in relation to placements that are best treated separately, since they have to do with labour-market legislation. They concern the lack of

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14 Quoted from ‘Transnational placements: Impact and potential’ p. 11, l. 8-13 (see bibliography).
legal status for students/apprentices or others participating in transnational placements that are not remunerated at all or only partly remunerated (‘pocket money’) in comparison with the nationally agreed wage scales for workers or apprentices. In a number of Member States, these participants can neither be counted as students since they are not enrolled in an educational establishment in the host country, nor as workers since they do not receive any remuneration. This lack of legal status impinges on all aspects of social security, but has especially dire consequences in the event of a work-related accident, where they may find themselves not covered by the employer’s industrial injuries insurance scheme. The problem was raised in a study on barriers to mobility commissioned by the Commission under the PETRA programme in 1994, and in its Green Paper on the obstacles to transnational mobility from 1996, the Commission proposes as the solution the establishment, at the European level, of a special ‘European apprentice/trainee’ status that would confer on the beneficiaries the right to adequate cover under the social security schemes. However, at the time of writing it has still not been implemented.

Another major barrier to the expansion of transnational placement projects is the lack of host companies willing and able to accept a foreign apprentice/trainee for a period. Michael Adams of Cedefop has highlighted this problem in an article in ‘Le Magazine’\(^{15}\) (a Directorate-General XXII publication) where he points out that, due to unemployment levels and the high cost of training, many Member States are finding it increasingly difficult to find placements even for their own young people. These difficulties are by no means reduced when it comes to finding placements for young people from another country, equipped as they are with another language, another vocational background - and who furthermore often leave again when they begin to become really useful to the host company.

Having dealt with these barriers that are peculiar to placement projects, we may for the purposes of this paper - which must necessarily treat the subject on a very general level - describe the other barriers without reference to any one particular type of mobility. For the sake of convenience, however, we may divide the various barriers to mobility into three categories. These are:

- legal/administrative barriers;
- practical barriers;
- mental barriers.

Whereas the first contains everything that can be attributed to legal and administrative rules or procedures (both at the national and European levels), the second deals with barriers of a practical nature: lack of information and know-how, housing problems, lack of funding, etc. The third concerns barriers inside the individual participant himself (‘mobilité entre les oreilles’): inadequate language skills, lack of motivation, fear of the unknown, prejudices, etc.

**Legal and administrative barriers**

An exhaustive description of all the types of legal and administrative barriers to mobility in all 15 Member States falls outside of the scope of this study. We will therefore restrict

\(^{15}\) ‘Le Magazine’, December issue 1996.
ourselves to mentioning the most common types of legal and administrative barriers; especially since a more thorough description will involve some complex legal issues. Most of the problem areas mentioned below are also mentioned in the Commission’s Green Paper on obstacles to mobility:

- no legal status for young people participating in unremunerated transnational placement schemes (mentioned above);
- inability to incorporate, for legal or administrative purposes, a transnational mobility element in the curriculum of formal educational courses;
- inability to take national study grants across borders;
- problems of obtaining work and/or residence permits for nationals of non-member countries legally resident in a Member State of the European Union wanting to participate in transnational mobility projects;
- participants in mobility projects who are unemployed may lose their right to unemployment benefit;
- inconsistent taxation regulations may restrict participation in transnational mobility projects (especially in remunerated placement projects).

The recognition of study or placement periods in other Member States is, of course, in some cases a legal/administrative problem in so far as it is directly prohibited or made difficult by aspects of educational legislation. It is, however, perhaps more often a matter of lack of information/transparency in the education and training systems of the various Member States of the European Union. Thus it can also be described as a practical problem.

The recognition of study or placement periods abroad is not the same as the recognition of qualifications (diplomas) acquired abroad. The latter is essentially a labour-market issue - necessary if the free circulation of workers inside the European Union is to become more than a lofty ideal. The former deals with shorter or longer periods of full study or apprenticeship spent abroad and subsequently recognized as an integral part of the participant’s course in his home country. The question of recognition of study or placement periods in other countries is an important one if we want to see any substantial growth in mobility of the type we are dealing with here. Young people may not be keen to spend a period of time in another country if it means that the length of their course is increased correspondingly.

The problem of recognition is, on the whole, less of a barrier in higher education where study programmes are often more flexible and allow for a transnational experience lasting a semester or two. Moreover, many subjects contain so many identical elements from one country to the other that it is relatively easy to substitute one for the other across borders. This transnationality has been institutionalized with the European Credit Transfer System (ECTS), which was introduced in Europe within the framework of the ERASMUS (now SOCRATES) programme. The actors in the ECTS system are institutes of higher education all over Europe that have entered into a voluntary agreement to recognize study periods from one institution to another across borders. For this purpose they exchange information about their curricula and every institution appoints a special ECTS coordinator to help students organize their period of study abroad. Within vocational education and training, however, differences between the systems of the various Member States can be fundamental, and it is consequently a lot more complicated to recognize
study periods from one Member State in another. The systems that are alternance based (the apprenticeship model) have an advantage here, as periods in an enterprise on the whole are easier to recognize than the theoretical elements of the courses. Another approach takes its point of departure in what G. Hanf from the Bundesinstitut für Berufsbildung has called ‘the internationalization of technology’, namely the fact that as production processes, standards and practices are harmonized all over Europe, the contents of VET courses in these fields must necessarily reflect these changes and thus (for certain elements at least) resemble one another to the point where a direct comparison is possible. This process (which has been termed ‘convergence’\(^\text{16}\) will not come about as a result of a top-down decision (harmonization), but will take place on a voluntary basis, as the result of the course of development coupled with good ideas, good practices and mutual influence. In both the PETRA and the in LEONARDO programmes there are many examples of how bodies responsible for recognition in several Member States have come together to construct joint modules that may be taken in any of the Member States involved and will be automatically recognized in the other. This approach is similar to the ECTS system, but is more difficult to implement as the recognition of VET is often made by national bodies and not the institutions themselves.

Thus in many cases the core of the problem of recognition of study or placement periods abroad is ultimately not really one of rules and procedures, but of information and the interpretation of this information - i.e. a problem of creating, as it were, a situation of transparency between the education and training systems of Europe in which the national bodies responsible for recognition can feel confident that the overall quality of their training courses will not be compromised because of the integration of the possibility of participation in a mobility project somewhere along the line. This problem has been tackled in higher education with the NARIC centres (National Academic Recognition Centre) - special centres set up in each Member State to deal with matters of academic recognition - but is still largely overlooked in vocational education and training. Thus Jens Bjørnåvold and Burkart Sellin write in their paper ‘Recognition and transparency of vocational qualifications; the way forward:’ ‘… educational institutions or employers and unions often lack the information and support to enable them to translate and interpret these same ‘foreign qualifications’.

**Certification**

Outside the formal education and training system, we have a somewhat different problem with mobility of the ‘European Voluntary Service’ type or the young workers’ exchanges that are organized by numerous organizations in Europe (often with funding from the LEONARDO programme). Since these are not part and parcel of a recognized study or VET course, anybody with the interest and ability is free to participate without requiring prior consent. However, they may need some sort of record (certification) of the experience afterwards, either when looking for employment, as an ‘extra’ when seeking admission to an educational establishment, or - as may sometimes be the case - to have it recognized as prior learning as part of a course leading to formal qualifications.

\(^{16}\) See ‘Recognition and transparency of vocational qualifications; the way forward’, p. 7-8.

\(^{17}\) See ‘Recognition and transparency of vocational qualifications; the way forward’, p.
With the ‘EUROPASS’ initiative, the Commission has come up with a proposal on how this barrier may be overcome with regard to transnational placements. The proposal is a very interesting one in that it involves the signature not only of the participant and his host company, but also of the relevant accrediting bodies in the host home countries. Such a certificate - uniform and therefore identifiable all over Europe - may become an important milestone in this area, but the real test is whether the accrediting bodies will accept the idea and use the certificates.

**Practical barriers to mobility**

Under this heading we will treat the following barriers:

- lack of funding;
- lack of information;
- lack of know-how on project engineering and support for network building.

**Lack of funding**

When organizers and other actors in the field are asked about barriers to mobility the first - and sometimes the only - issue they raise is a lack of mobility grants. It is no doubt a great impediment, but it is also a very facile answer, and one that may also be only partially correct: unlimited funding does not produce unlimited mobility. Even though one should be very wary of using examples from one particular Member State as an indication of the situation in the whole of Europe, it is nevertheless illustrative to look at the Danish PIU programme, which offers funding for all apprentices who wish to undertake a placement period in another EU or EFTA country. When the programme was introduced in 1992 it was confidently expected that several thousand apprentices would take advantage of the opportunity even in the first year, thus providing a solution to the problem of a lack of placements for apprentices on the home market. However, in the first year only 60 apprentices went abroad, even though the programme provided not only for funding but also for recognition of the periods spent abroad. After 6 years of the programme’s existence, the number of young people going abroad last year (1997) only just passed the 1000 mark for the first time. One should be cautious in drawing conclusions about this as matters are much more complicated than these few lines can express, but at least it may indicate that mobility is dependent upon many factors, of which funding is only one.

That there is a connection between the funding available and the numbers of young people involved in mobility projects is indisputable. However, the only point being made here is that the two elements in this progression are not necessarily directly proportional one to another. More funds will eventually increase the number of participants in mobility projects, but transnational mobility is only one issue in a complex political reality in which funds are scarce and many good causes compete for a slice of the cake. Instead of sitting idly with outstretched hands for funds that may or may not come, it is perhaps more constructive to take a critical look at how the funds available are distributed now, and perhaps identify more appropriate procedures.

In past and present programmes, it has been an almost universal principle that the money available for mobility projects should follow the individual participant rather than the
project as such, and that this money should go primarily towards direct expenses such as travel, accommodation and subsistence. Only a small fraction of the grant went towards the general expenses (or infrastructural costs) of the project itself: e.g. preparatory visits by the project organizers, telephone and postage, office supplies, preparation and debriefing of participants (even though some programmes allow such costs to be divided up among all participants), not to speak of the time spent writing reports and in general disseminating the results of the project. The principle that the grant should follow the individual participant rather than the project is basically a sound one, since it makes the financial arrangements much more transparent and easy to monitor. The scarcity of funds for all aspects of the budget other than travel, accommodation and subsistence does have some less fortunate consequences for many projects - especially those which contain numerous innovative features (and thus also more imponderables in the planning and execution). Many of those projects have difficulties in accessing other sources of funding. The only available co-financing is often the work that they themselves are prepared to put into the project and consequently some of the first things to go are the often absolutely crucial preparatory visits and the whole process of setting up the partnership and planning the programme. The result is a project of distinctly inferior quality - in extreme cases the participants may return prematurely or return with a bad feeling about the host country and their prejudices confirmed rather than dispelled.

**Lack of information**

In order to organize a successful mobility project it is necessary to have access to a wide range of information and know-how. The needs range from details about tenancy law in the host country to organizational know-how about how mobility projects are engineered.

Under the heading ‘lack of information’ we can also include issues like partnership search or the search for adequate work placements in the host country, as it is very often a matter of obtaining the right contacts, and not a matter of hard work. Placement organizers get this information and knowledge from a variety of sources. In many cases the majority of the general information is, of course, freely available from written sources (publications or on databases accessible via the Internet) that can be easily obtained from the home country - provided that you know where to look. But much of the information that is needed in the planning of the individual mobility project is of a regional or local character and is very hard to come by.

An effort to provide this information was made under the PETRA programme and has been continued under the LEONARDO programme. Here, funding was made available to set up ‘national resource centres’ for guidance in each of the Member States. One of the tasks of the centres was to provide mobility-related information. In a written instruction of 23 May 1995, the centres were given the following tasks:

- to serve as centres providing information about other Member States to guidance counsellors and other organizations in the field of education and training;
- to provide information, advice and specific or individualized guidance on the placement of those young people who wish to undertake a period of study or training in another Member State;

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19 Letter of 23 May 1995 from A. Mitsos, Director, Directorate-General XXII, Directorate B, Unit 1.
• to provide information, advice and specific or individualized guidance on the placement of those young people who wish to undertake a period of study or training in the country in which the centre is based;
• to develop information material and publications on the possibilities of training in other Member States;
• to take part in collaborative projects with other Member States which aim to develop new guidance methods and to disseminate examples of good practice;
• to network existing databases of national guidance services and to develop the study and exchange of information on guidance and the continuing training of centre staff in the use of the national databases;
• to ensure that the centres are represented in the principal training and guidance fairs and exhibitions with a view to making their services more accessible to the general public;
• to develop a source of information and communication on the activities of all the centres.

The idea of a Europe-wide network of national resource centres in charge of providing mobility related information is a brilliant one, provided that all centres have uniform goals and standards of quality. It is so much easier for placement organizers and ‘free movers’ to have one place only where to go for the information they need. And it is so much easier for this place not to be compelled to chase this information from all kinds of obscure sources in the host country in question, but to be able to use one contact point which will provide them with what they are looking for.

The activities of the centres as sources of information on mobility are hampered by the fact that not all of them - a minority in fact - are located within structures that do not have the necessary organizational structure and general purpose to deal with the dissemination of mobility-related information on a larger scale. This stems from the fact that the centres being set up under the PETRA programme were not originally intended as information centres, but rather as ‘centres of excellence’ for guidance in general and in all parts of the educational system. The centres were accordingly placed in only a few Member States (notably Finland and the UK) in structures that focused on information provision rather than the qualitative aspects of guidance in general. As ‘centres of excellence’ for guidance, however, the centres have made an important impact and in some cases filled a vacuum.

Another problem is that the funds allocated to this activity do not seem to bear much relation to the importance attached to mobility projects elsewhere in the programme, especially when compared to what is made available to the EURES system (see below). To perform the abovementioned tasks within the field of initial vocational training each Member State may receive up to ECU 40 000 and a further ECU 20 000 (maximum) may be allocated if the centre extends its activity to cover continuing training. Both sums presuppose national co-financing of at least 50%. A sum of ECU 80 000 - or even ECU 120 000 - will not go very far towards providing ‘information, advice and specific or individualized guidance’, as a few difficult cases may block the centres for weeks.

However, there are also other structures where information which is useful for mobility purposes may be obtained for various types of mobility projects:
EURES stands for European Employment Service and is a Commission initiative linking the national employment services in all the Member States. EURES (formerly SEDOC) was set up to facilitate transnational labour-market mobility by offering a transnational labour exchange service, a database on living and working conditions in all Member States, and the information and guidance services of specially trained ‘Euroadvisers’ (staff who have participated in a special transnational training programme). There are at present some 450 EURES outlets in Europe.

ORTELIUS (the name derives from a fifteenth century Flemish geographer who compiled the first world map) is an information service for mobility-related information on higher education. The service is based in Italy, but services the whole Community and is financed by the Commission. The service consists of electronic databases that can be accessed on-line, and a number of handbooks.

EURODESK is a project funded by the Youth for Europe programme. It was set up by the Scottish Community Education Council (SCEC) in 1990 as a transnational information network for youth organizations and others working with young people primarily outside of the formal educational system. Access to EURODESK is obtained through a number of outlets in all Member States.

ERYICA - the European Youth Information and Counselling Association was set up in 1985 as an umbrella organization for youth information centres all over Europe (not limited to the European Union). The association has published the series ‘Guide for Young Visitors to...’, a series of handbooks covering 15 different countries in Europe and intended for young people who wish to work or study here. The publication of the guides (which have now been made available on CD-ROM) has been grant-aided by the European Commission through the Youth for Europe programme.

Know-how on project engineering

There is - in the opinion of the author of this paper at least - a remarkable discrepancy between the investments made in transnational mobility in terms of mobility grants on one hand, and the investments made in securing the level of professionalism in mobility project organizers on the other. This seems to go hand in hand with the line of thinking that places quantity (i.e. numbers of people shipped across borders) as the supreme goal of all mobility activities. But if we do accept the idea of mobility as a learning process, it follows that the criterion for success must be the quality of that learning process - whether it succeeds in imparting the intended skills and attitudes or not. Especially if the mobility project is to be incorporated as an integral part of the curriculum of the educational system, we must perform as well, in terms of quality assurance, as in any other part of the course.

Much of the effort that has been made in this area focuses on the practical side of things. To organize a mobility project is obviously no straightforward matter, and the exercise calls for skills in many different areas - and not least a generous capacity for dealing with the unexpected. Like so many other things in life, the quality of a mobility project improves

20 A good (and very voluminous) example is the ‘Transnational student placements: the COMETT experience. The step-by-step guide for placement organizers’ compiled by the AUEF Picardie and published by the Commission. A slimmer version is the guide ‘Managing Placement Projects: A guide to best practice’ by Subha Ray of the CBEVE in the UK. Both contain very little about the actual learning process, but concentrate on practical arrangements.
in direct proportion to the experience and knowledge of the organizer. Many organizers spend an inordinate amount of time on their first projects until they have amassed enough experience to get things right; and many projects could have been improved drastically if the organizer had been trained in how to avoid the most common errors in the planning and execution of a mobility project. The practical arrangements are only one side of the coin, however. The main priority must be to ensure the success of the learning process, and this does not come about by itself if only the practical framework is in place. With the possible exception of the Youth for Europe programme, this issue has not been tackled in any coordinated and coherent way in any of the mobility programmes. Writing in the ‘YFE training guide’ in 1992, Hendrik Otten and Mark Taylor state: ‘The limited number of research papers dealing with European-level youth exchanges over the last 15 years are only now being seen as somewhat more important. The YFE programme has a pioneering role here, because, for the first time in EC mobility programmes, clear criteria for content and quality are set out in the context of a pedagogical background. The difficulties in implementing this in practice are related, on the one hand, to the fact that there is a lack of theoretical foundation and legitimization, and on the other hand, to the fact that many people working in the area of European youth exchange have a practical rather than a theoretical background to their work due to their career development. It is therefore clear that considerable practical experience is unavoidable (sic), but that this practical experience should not prevent the input of innovative elements. In view of the complex social problems facing young people today, knowledge of the fields of education and the social sciences should be used more systematically.’

The professionalization of transnational mobility calls for a multidisciplinary approach that encompasses elements of law, history, sociology, geography, demography, political science, psychology, pedagogic and linguistics and combines these in the framework of the practical arrangement of a project.

**Mental barriers**

It is a common experience among organizers of mobility projects that the presence of funds, information and concrete placement/study opportunities may not in itself guarantee an increase in transnational mobility. True, for many young people even a small opening is all they need, but for an infinitely greater number of people mobility is not something that they would readily jump at, even if they are free to go or perhaps even face bleak prospects at home. Directly questioned, many of them would probably have a number of plausible explanations for not seizing the opportunity: a boyfriend or girlfriend, unwillingness to give up new apartment, finances, any element of uncertainty in the planning, etc. All organizers of mobility projects have also come across people who enthusiastically seize the opportunity to go abroad, only to back out two days before their intended departure with excuses such as those given above. They simply lack what Jordi Planas of the University of Barcelona/Cedefop has termed ‘le mobilité entre les oreilles’ - the spirit of mobility; the desire and/or willingness to uproot oneself for a period of time and stay in a country other than one’s own.

In some cases there are obvious reasons for this unwillingness to move. If the person in question has difficulties in seeing what he or she stands to gain from a transnational experience, then he or she will probably prefer to stay at home. Similarly, if due to lack of

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information or belated or faulty planning the element of uncertainty becomes too great, the prospective participant may be seized by fear of the unknown and back out - the unknown being, to the majority of people, always populated by dragons, monsters and psychopaths. Thirdly, the presence of negative prejudices concerning the inhabitants, the culture or the landscape of the host country may persuade the timorous participant to entrench himself at home instead of leaving.

The Danish PIU Centre in its publication ‘Forberedelse til praktikophold i udlandet - inspirationskatalog’ (Ringsted 1997) - a handbook on how to prepare young people for transnational placement projects - has taken a close look at the preparation process that ideally precedes any transnational mobility project. In the handbook, the preparation - or training - process is divided into three elements: motivation, selection and preparation. What interests us here is the first element - motivation - where the point of departure is that not everyone who is suitable for participation in a transnational mobility project and who stands to benefit from it will actually come forward and present themselves at the earliest opportunity. It is therefore necessary to instigate a process whereby the recalcitrant may be encouraged to participate in a mobility project. Or, in other words, to cultivate the ‘mobilité entre les oreilles’.

It is not the purpose of this paper to reiterate the arguments and the techniques described or mentioned in the handbook of the PIU Centre, but a few examples may suffice to convey an overall idea of what is meant. The handbook stresses the importance of commencing with the motivation process as early as possible in order to give the target group the chance to think over the situation at its leisure and with no pressure. A year in advance is not too soon. If asked to take a decision at too short a notice, the negative images will almost invariably prevail, and the prospective participant pull out. It is also important, according to the handbook, to provide the target group with as much and as detailed information as possible about the host country, in particular about the normal, everyday situations that he is likely to find himself in (e.g. using text, photos, video). In this way, he is able to make himself familiar with the surroundings well in advance of his departure, and some of the ‘fear of the unknown’ that participation in a transnational mobility project always engenders is thus removed. The handbook also mentions that - according to the experiences gathered in Denmark - one of the best methods of motivating (and preparing) young people is to let the would-be participants speak to someone from their own peer group who has had a transnational experience of the same kind as they are about to undergo.

The evangelist Matthew noted that if nothing is being done, everything will go those who are resourceful and strong already (‘Unto every one that hath shall be given’). Since transnational mobility is such a powerful pedagogical tool for the acquisition of qualifications that are seen as crucial on the labour-market as well as in other aspects of life, it is problematic to offer it as an optional extra only to those who would probably have gone anyway. In this way, it becomes just another mechanism of exclusion.

3. Recommendations

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22 See bibliography.
The following section contains a number of recommendations on how to overcome some of the barriers to mobility that have been defined in the last section.

**Better access to mobility-related information**

For mobility purposes, two types of information are necessary: one that is related directly to the practical implementation of mobility projects (e.g. living and working conditions, information about specific regions, etc.) and one that is concerned with the question of recognition and mediates contents and structure of educational systems (curricula) of the host country. The two types of information are distinctly different, and each requires specialists with insight and knowledge in the field - in particular the second (recognition). At present, both these information needs are insufficiently catered for in most countries, even though there is - in the case of the practical information - a possible solution in the shape of the National Resource Centres under the LEONARDO programme (for vocational education and training) and EURODESK and ORTELIUS for youth organizations and higher education respectively.

In relation to the recognition issue, there are also in all Member States institutions and/or organizations that have the knowledge to deal with these issues. Again, higher education is well catered for with the NARIC Centres, where it is possible to obtain information on the recognition of study periods. For vocational education and education, however, no such structures exist. In all Member States there are focal points with knowledge on structure and curricula of VET courses, but knowledge is in almost all cases structured for use in a national context only, which means that it is not directly available for use in a mobility (transnational) context. It is only available in one language, and - even where translations exist - there is no expertise available for an interpretation in relation to the system of another country. The needed transparency is therefore simply not present and needs to be cultivated over a period of time in order to come into being. A system of NARIC-type focal points networking with each other across borders on matters relating to study and placement periods abroad could boost the expansion in this field considerably.

Another type of structure that is missing in VET in comparison to higher education is a system similar to the universities' European Credit Transfer System (ECTS). In their paper ‘Recognition and transparency of vocational qualifications: the way forward’, Bjørnåvold and Sellin from Cedefop point to a number of projects funded by the LEONARDO programme where national structures responsible for accreditation (and vocational schools) have entered into a close collaboration with similar structures in other Member States in order to develop jointly recognized modules of vocational education and training for a number of courses. They do this off their own bat, however, and there is no support from above in the shape of an ECTS-type framework. This is one of the recommendation of the Commission’s Green Paper on obstacles to transnational mobility, and it is therefore to be hoped that some action in this field is forthcoming within a foreseeable period.

**National centres of excellence for mobility**

Most first time placement organizers have an unnecessarily hard time setting up their project because there is no place they can turn to where all the available knowledge and experience with mobility projects is gathered and disseminated. The term 'centre of excellence' is chosen to indicate the difference between this function and the function of information provider referred to above. The centre of excellence should not just gather and disseminate knowledge and experience, but also actively produce this in the cases where it is not forthcoming from other sources, i.e. assume a trail-blazing role when this is
needed. One could imagine a situation where a certain group of people (socially disadvantaged, from certain vocational/study areas, peripheral regions, etc.) do not benefit from the advantages of a transnational experience and where a pilot project could provide both an example for others to follow and concrete knowledge for those with a capacity for emulating the experience. It would also be natural for this centre of excellence - given its central position - to use its knowledge for the production of tools to facilitate the life of placement organizers: modules and material for preparation courses, training seminars for placement organizers, manuals for certain aspects of placement activities, etc. The centre should also step in to solve any juridical, administrative or practical barriers that placement organizers may encounter at home and abroad, and initiate research projects on particular aspects that are in need of further elucidation.

This role is sometimes assumed by the National Coordination Units for the EU mobility programmes, with varying degrees of success. The funds available for project coordination and monitoring are not sufficient to run a centre of excellence on the scale envisaged here, and there may furthermore be an inherent dilemma in running grant awarding and help, information and advice in the same place. Would-be organizers may prefer to keep their ignorance and blunders to themselves for fear of jeopardizing their chances for a grant under the programme. Lastly, the limited lifespan of the programmes can make it problematic to tie the existence of such centres to a specific programme, and it may also be advantageous not just to serve one type of mobility but to combine knowledge and experience from several areas involving several European and national programmes. Every time a programme ends, there is the risk of losing a large body of experience and knowledge, unless this has been anchored in time in structures that do not depend for their existence on the programmes.

**European forum for mobility**

In analogy with the need on national level for a centre of excellence focusing on mobility, there is also a need for a European forum for mobility where information can be exchanged, examples of good practice from one Member State transmitted to the others, and research and development projects on European level can be initiated on issues that are best dealt with on a joint basis.

Even though there are many research and development environments throughout Europe where issues of relevance to the mobility question are treated, there is no centripetal force bringing together these results in a joint forum under the heading of mobility, making sure that all results, materials and examples of good practice are being disseminated and brought to the attention of all the actors in the field, thereby ensuring a process of mutual enrichment. As it is now, much work is being duplicated and - much worse - many efforts wasted simply because the studies, reports and materials are being allowed to gather dust on the shelves of e.g. now defunct programme administration offices.

A likely place for such a European forum could be Cedefop, since it is a structure with its own budget, independent of any one Member State, and with a huge network of contacts in the research and development area in the educational system.

**Support for transnational partnerships**

In order to promote organized mobility, it is necessary to create among educational establishments transnational networks or partnerships where binding agreements offer possibilities for student mobility both on an individual and a group basis. The activities of
these partnerships could be developing joint modules, finding placements/study places for each other, and collaborate on quality assurance (monitoring). There are at present many of these partnerships already in existence, and more are in the pipeline, but a major obstacle is that it is difficult to obtain funding for the process of network building, which is often both costly and lengthy. The funding available is in most cases tied to a concrete project (e.g. a mobility project), and there is only little money available for the process of network building.

One could envisage a special budget line within a mobility programme which gave away limited grants for the process of network building, i.e. to cover some of the expenses for preparatory visits and perhaps an inaugural seminar where agreements are made and signed. Once these networks are up and running, they will often remain in place for a long time and serve as the framework that will enable many young people to visit another Member State that otherwise would not have been given the chance. In connection with such transnational partnerships - structured much like the UETPs (university Enterprise Training Partnerships) of the now defunct COMETT programme, only with a transnational composition - it might also be of great value if these had the possibility to apply for funding for integrated projects, i.e. projects that encompass not only just the mobility activity itself, but also the preparatory visit, the joint development work on, for example, common modules, a training course for the organizer, and preparation activities for the participants. As it is, in most cases these activities have to be applied for separately, and it is by no means certain that all applications will be successful, quite apart from the fact that writing three applications (with three individual sets of interim and final reports) can be very time consuming and frustrating. Given the stable nature of those networks, it could furthermore be an advantage if it were possible for networks to apply for budget frameworks for mobility activities instead of individual projects, i.e. for a sum of money to implement, e.g. 50 individual placements over a period of time within the network, instead of five separate projects with 10 participants in each. This would give increased manoeuvrability as well as better possibilities for long-term planning.

Motivation through awareness raising

Some strands of the educational system - especially the vocational education and training system - suffer from a status deficit vis-à-vis other types of education (e.g. university education). When promoting mobility on European level it is important to demonstrate that the measures adopted are aimed at the entire spectrum and do not just constitute yet another privilege for those already privileged. It is therefore necessary to underline this both on the practical and the symbolic level, and one way of achieving the latter could be to create for young people in vocational education and training the same possibilities for placements within the services of the European Commission as those that exist for university-level students. For these, a special scheme - known as the stagiaire programme - offers students 4-6 months' paid placement in the Commission, and in connection with this practical help with accommodation, etc. from a special stagiaire office. This programme is very popular and receives much attention, and to extend it to other groups of young people would have a symbolic effect that repays many times over the rather limited investment it entails.
REFERENCES

The following works have either been used directly in the paper or have provided significant background material.


The establishment of the right to freedom of movement for European citizens plays both a practical and symbolic role in the process of the construction of the European Union.

In spite of a legal and political environment which encourages the free movement of persons, and in spite of the Commission programmes to promote mobility and eliminate any obstacles in its way, there is still little transnational mobility among EU countries - less than in the past - and it is highly concentrated on special groups.

This situation raises a number of questions about the present and about the future. With regard to the present, it immediately raises a number of questions: why is there so little mobility today in spite of a legislative framework which should facilitate it? What novel elements go to make even southern Europeans no longer mobile today whereas thirty years ago they were highly mobile? What are the existing forms of mobility and migration? What are the obstacles standing in their way? Why does the low level of transnational mobility in training go hand in hand with an even lower level of vocational mobility?

The future of mobility also raises many questions: what will be the impact of European monetary union on the future of the European dimension to the labour and training markets? What policies should be adopted to allow, facilitate or encourage mobility for European citizens on those markets? What do economists have to tell us about the need for mobility or about the reasons for the existence of labour mobility? What will be the European policy choice in the field of the transnational mobility of labour in Europe? Will transnational mobility be regarded simply as a right for Europeans, which must be upheld, or will there be a policy to actively promote it? Will younger generations have a greater tendency to become mobile in the professional field, as is already the case with training? Which categories of young people will or will not be able to take advantage of this right to mobility in the course of their training for a career? Which measures would make it possible to extend to all young people the ability to take advantage of the right to mobility? And under what conditions?

This work was thus conceived within the framework of CEDEFOP’s work programme with the aim of helping to answer the above questions. In order to do so, it first of all provides in Part I a general framework of reflection and in Part II formulates proposals for action to support the right to mobility for all young Europeans.