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## The Determinants and the Size of International Migration in Central and Eastern Europe After 2004

### Abstract

*Migration is a very important socio-economic issue in the contemporary world. One of the interesting and pertinent research problems worth considering concerns the scale and nature of migration from countries which entered the European Union in 2004 and in the subsequent years. As a result of integration within the European Community, the citizens of member states acquired citizenship within the entire European Union (which is complementary to citizenship in the country of origin). The right of free movement led to the emergence of the migration phenomenon within the territory of the European Union. A well educated and young labour force may be an influential factor in the social and economic development of the European Union members.*

*The enlargement of the EU led to a significant increase in the number of part-time/temporary migrants. According to statistical data, the number of emigrants from the Central and Eastern European Countries (CEE) to the more prosperous European countries increased from 1,66 million in 2004 to 7,3 million in 2016. Within the context of the scale of economic migration from the CEE, questions should be asked about the determinants and economic consequences of this mobility.*

*The main objective of this article is a diagnosis and evaluation of the determinants and size of migration from the CEE. The analyses are based on Eurostat data. The determinants of migration are presented from the point of view of the push and pull factors theory and related to the situation in the European labour market. An analysis of the size of migration outflow from the CEE countries made it possible to classify them into three groups: countries with a high emigration potential (Latvia, Lithuania, Romania), a moderate emigration potential (Hungary,*

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*Bulgaria, Poland, Estonia, Slovakia) and a low emigration potential (the Czech Republic, Slovenia). The economic consequences of migration are shown from the perspective of remittances received from working abroad.*

**Keywords:** *International migration, Central and Eastern Europe, push and pull factors, remittance*

**JEL:** *F2, F22, O15*

## 1. Introduction

Spatial mobility of societies is a multi-faceted phenomenon which has always accompanied the development of the human race. Population migrations are of great significance with regards to the shaping of the social, demographic and economic situation of individual countries as well as their regions.

Contemporary migrations are connected with the process of globalization. The political and cultural transformations, as well as advancements in technology and communications, have made movements of populations easier, as a result of which migrations can assume mass proportions. At the same time, migrations have an impact on the increased dynamic of the globalization processes (Castles, Miller 2009, p. 21). Scholars conducting research on migration highlight the fact that the compression (shrinking) of the world which took place as a result of the progress of civilization led to the development of a new form of mobility, namely liquid migration. It is characterized by “a lack of geographic, temporal and functional determinism, and high unpredictability” (Grabowska-Lusińska, Okólski 2009, p. 31).

The direction and scale of migration across Europe is conditioned by the integration processes on the continent. In the 21<sup>st</sup> century, the European Union went through enlargement three times. In 2004 the biggest enlargement in the history of the Community took place, as a result of which 10 new countries joined the EU-15; namely the Czech Republic, Estonia, Cyprus, Lithuania, Latvia, Hungary, Malta, Poland, Slovenia and Slovakia (European Union 2003). Three years later (2007) the EU accepted Bulgaria and Romania. The last country to join the community of European countries was Croatia (2013).

The intensification of the enlargement of the EU meant that the principles of the single market (i.e. free movement of goods, persons, services and capital) also became binding for the Central and Eastern European countries which became the new member states. From the point of view of population migrations, of key importance is the EU principle of free movement of persons. Its aim is to

bridge the gaps concerning the state and structure of labour force resources; balancing the surpluses and deficits in the labour markets of individual states, and, in a longer-term perspective, levelling out wage differences. The freedom of movement and taking up employment in a country different than their country of origin enabled migrants to choose optimum conditions for improving their financial situation within the Community (Organiściak-Krzykowska 2013, p. 11). The European Commission supports and promotes the mobility of the labour force, treating it as a strategy for reducing the disproportions between the supply and the demand on the European labour markets. This recommendation was highlighted in the EU's guiding project titled "The Agenda for New Skills and Jobs" within the Europe 2020 strategy (Communication from the Commission 2010) and Employment Package (Communication from the Commission 2012).

As a result of implementing the rule of free movement of persons (Directive 2004/38/EC), citizens of the countries joining the Community gained the right to free movement, residence and taking up employment within the territory of the EU, taking into account transition periods used by the EU-15 countries. Consequently, the emigration inflow from new member states gradually increased. According to estimates, in 2016 about 7,3 million citizens from the 10 Central and Eastern Europe countries resided in the EU-15 countries (Eurostat data).

The present article focuses on international migration (i.e. emigrations and immigrations) in 10 Central and Eastern European countries (CEE-10). The territorial scope of the analyses conducted covers selected member states which accessed the EU in the year 2004 (i.e. the Czech Republic, Estonia, Lithuania, Latvia, Poland, Slovakia, Slovenia and Hungary) and in 2007 (i.e. Bulgaria and Romania).<sup>1</sup>

The aim of this article is to diagnose and assess the determinants and the size of migration processes in the countries of Central and Eastern Europe. In the first part of the article several theoretical aspects of causes and effects of population migration will be presented from the point of view of key economic theories. The subsequent part of the article will be devoted to an analysis and evaluation of the state of the labour market in the CEE-10 countries, which influences migration in this area, in the context of the push-pull factors theory. The third part of the article will be concerned with the size of migration in the CEE-10 countries in the years 2004-2016 and their assessment from the point of view of the funds flowing in to these countries due to working abroad (the so-called remittances).

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<sup>1</sup> The literature on the topic tends to classify Croatia as part of Central and Eastern Europe, too (Gabrielczak, Kucharski, Kwiatkowski 2015). Because full data concerning migrations and transfers of financial means due to working abroad are available only for the years 2004-2015, this article does not include Croatia, which accessed the EU only in 2013.

## 2. The Theoretical Aspects of Labour Migration

Spatial mobility of populations may be a result of various political and psychological factors. However, most of the movement is caused by economic motivations. In other words, the motivations should satisfy material needs and improve the quality of life of individuals and members of their households (Ravenstein 1889, pp. 167–235).

In the literature concerning the topic, of great significance is the issue of factors influencing labour migrations.<sup>2</sup> The neoclassical economy model emphasizes the fact that international migrations are caused by variations in pay rates, which, in turn, results from differences in the amount of supply and demand occurring in the countries receiving and sending migrants (Hicks 1932, Todaro 1969, pp. 138–148). In accordance with this approach, at the microeconomic level the decision to migrate is made up on the basis of calculating one's own profits and losses. Migrants aim at maximising the profit from working and therefore the longest possible time of residing abroad is the best strategy for them. A return from emigration is perceived as a failure (Cassarino 2004, pp. 253–279).

From the point of view of analysing the causes for labour migrations, of key importance is the push and pull factors theory proposed by E. Lee (1966, pp. 47–57). According to its basic assumptions, presented in the article entitled *A Theory of Migration*, the causes of mobility should be considered in the context of the “push” factors of the country of origin and “pull” factors on the part of the receiving country. Apart from them, when the decision concerning emigration is made, intervening obstacles and other personal factors play a significant role. The decision to emigrate is made on the basis of an analysis and evaluation of the factors occurring in the country of origin and confronting them with the factors related to the country of destination. The author emphasizes the importance of a multitude of factors, each of which can influence the attitude towards migration in a different manner – one group of individuals can be stimulated to emigrate while another will be discouraged from doing so. Lee contends that the decisive role here is played by the ways in which potential emigrants perceive those determinants. The decision is conditioned by personal factors, too, for example, the given individual's sensibility, intelligence, awareness of the situation in the country of origin and knowledge about the place of destination. The very act of making the decision to migrate is not caused by a simple profit and loss analysis. Lee stresses the fact that people are naturally reluctant to embrace mobility, and the so-called “natural inertia” can be overcome when the benefits significantly outweigh the risks. Additionally, in the process of migration of great importance are the so-called inter-

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<sup>2</sup> Labour migrations are a form of mobility connected with taking up employment or other activities aimed at making a profit (Kaczmarczyk 2005, p. 21).

vening factors, including the distance between the country of origin and the place of destination, physical barriers and immigration law (Lee 1966, pp. 47–57).

The relevance of the push and pull factors theory is confirmed by the fact that it is used by the European Commission to propose guidelines and recommendations towards the member states as regards migration and migration policies (Duszczuk 2011, pp. 24–27).

In connection with this conceptual framework, the World Bank proposed a catalogue of factors encouraging mobility. They were classified according to various reasons, i.e. economic and demographic, political, social and cultural (Table 1).

**Table 1. Motivations for Migration according to the World Bank**

Kind of motivation	Push factors	Pull factors
Economic and demographic	Poverty Unemployment Low wages High fertility rates Lack of basic health and education	Prospects of higher wages Potential for improved standard of living Personal or professional development
Political	Conflict, insecurity, violence Poor governance Corruption Human rights abuses	Safety and security Political freedom
Social and cultural	Discrimination based on ethnicity, Gender, religion, and the like	Family reunification Ethnic (diaspora migration) homeland Freedom from discrimination

Source: Migration and Remittances. Eastern Europe and the Former Soviet Union, (Eds.) A. Mansoor, B. Quillin, World Bank, 2006.

Among the above mentioned determinants, of particular importance are the economic ones, connected with the situation in the labour markets of both the sending country and the receiving country. On the one hand, a high rate of unemployment and the impossibility of finding employment may push people to decide to leave their home country in order to improve their financial situation and the situation of the members of their households. On the other hand, a favourable situation in the labour market, characterized by a high rate of employment and a satisfactory level of pay in the country of destination attract potential immigrants.

Apart from international reasons for population migrations, the economic consequences of mobility constitute an important issue, as well. Among the effects of migrations, R. King in 1986 enumerated that new skills and the returning migrants' innovative and entrepreneurial attitude may contribute to the development of the region in the country of origin. The second effect is financial capital obtained from working abroad, which comprises savings and funds transferred periodically to the home country (the so-called remittances). However, it is not the amount

of funds transferred that is the most important issue here, but their allocation for consumption and investment expenditure (King 1986, pp. 18–26).

As has been proven by numerous research studies, the bigger the distance and costs of emigration, the higher the amounts of money are that emigrants are willing to transfer to their home country. However, when migration processes enter a maturity stage (which entails a decrease in the number of emigrants and the stabilization of that number) the amount of funds transferred becomes smaller. Emigrants whose residence abroad transforms into settling emigration, show less willingness to transfer funds to the country of origin (Castles, Miller 2009, p. 84, Dasgupta 1981, p. 47).

### 3. The Situation in the Labour Market of Central and Eastern European Countries

One of the important factors pushing emigration is a difficult situation in the labour market. The problem also concerns the countries of Central and Eastern Europe which are members of the European Union. The analysis in this article refers to the 10 countries which joined the EU in the years 2004 and 2007, i.e.: Bulgaria, the Czech Republic, Estonia, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia, and Hungary (the analysis does not include Croatia, which joined the EU in 2013).<sup>3</sup> For the purpose of illustrating the situation in the labour markets of these countries, I will comment upon their employment and unemployment rates over the course of the last ten years, i.e. between 2004 and 2016 (that is why Croatia was not included: the analysis would have covered only one year).

The analyses of the labour market will be based on the rates of employment and unemployment in the above mentioned countries in comparison with the entire EU–28. Both phenomena play a key role in the shaping of the situation in the labour market. From the point of view of migration decisions, unemployment is essential (Organiściak-Krzykowska 2011, pp. 21–34). Its size will be presented in this article using the harmonized unemployment rate, calculated according to the methodology applied in all EU countries.<sup>4</sup>

Research on unemployment indicates that the phenomenon causes numerous negative consequences both from the point of view of individuals and society as a whole. At the individual level, unemployment contributes to the loss of jobs,

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<sup>3</sup> In the history of the EU, which comprised 28 countries in 2015, there were six enlargements. The largest of them took place on the first of May 2014, when 10 countries joined the Union: Cyprus, the Czech Republic, Estonia, Lithuania, Latvia, Malta, Poland, Slovakia, Slovenia and Hungary. In 2007 Romania and Bulgaria joined the EU, and in 2013 Croatia became a member.

<sup>4</sup> <http://ec.europa.eu/eurostat> from 10.11.2017.

decrease of income, worsening of living standards or even loss/out-of-date status of the unemployed individuals' qualifications (Organiściak-Krzykowska 2005, p. 199). Unemployment can lead to health deterioration of the person affected by it and marginalization of his/her status in the society. From a societal perspective, the consequences of unemployment are combined with the costs resulting from transferring labour resources from the productive area to the area of "inherent professional inactivity". Unemployment also entails not using labour resources in the economy to their fullest and a loss of budget income is related to it. The value of actual production in the economy is lower than the value of potential production (Gabrielczak, Kucharski, Kwiatkowski 2015, pp. 49–59). This leads to the deterioration of the state of public finances, and, in the long run, weakens economic growth. On the one hand, unemployment leads to a smaller state budget income; on the other hand, it is followed by an increase in public spending aimed at reducing the phenomenon of unemployment or alleviating its effects. Therefore, unemployment becomes a significant factor worsening the overall economic situation and, consequently, lowers the living standards of the given population. This, in turn, becomes a push factor encouraging the population to search for better living conditions. That is why it is worthwhile to consider the size of unemployment in Central and Eastern Europe countries belonging to the EU (Table 2).

**Table 2. The rate of unemployment in Central and Eastern Europe countries during the years 2004–2016**

Countries	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bulgaria	2.11	10.1	9.0	6.9	5.6	6.8	10.3	11.3	12.3	13.0	11.4	9.2	7.6
Czech Republic	8.3	7.9	7.1	5.3	4.4	6.7	7.3	6.7	7.0	7.0	6.1	5.1	4.0
Estonia	10.1	8.0	5.9	4.6	5.5	13.5	16.7	12.3	10.	8.6	7.4	6.2	6.8
Lithuania	10.9	8.3	5.8	4.3	5.8	13.8	17.8	15.4	13.4	11.8	10.7	9.1	7.9
Latvia	11.7	10.0	7.0	6.1	7.7	17.5	19.5	16.2	15.0	11.9	10.8	9.9	9.6
Poland	19.1	17.9	13.9	9.6	7.1	8.1	9.7	9.7	10.1	10.3	9.0	7.5	6.2
Romania	8.0	7.1	7.2	6.4	5.6	6.5	7.0	7.2	6.8	7.1	6.8	6.8	5.9
Slovakia	18.4	16.4	13.5	11.2	9.6	12.1	14.5	13.7	14.0	14.2	13.2	11.5	9.7
Slovenia	6.3	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9	10.1	9.7	9.0	8.0
Hungary	6.1	7.2	7.5	7.4	7.8	10.0	11.2	11.0	11.0	10.2	7.7	6.8	5.1
EU-28	9.3	9.0	8.2	7.2	7.0	9.0	9.6	9.7	10.5	10.9	10.2	9.4	8.6

Source: <http://ec.europa.eu/rostat> from 10.11.2017.

The average unemployment rate in the EU during the year 2016 amounted to 8,6%. Similar rates were recorded in Lithuania and Slovenia (7,9% and 8,0%, respectively). The best situation during the entire 2004–2016 period was observed in the Czech Republic and Hungary, where the rate of unemployment was in the single digits. The most difficult situation was noted in Slovakia (9,7%) and Latvia (9,6%). Those labour markets may push their populations to migrate.



The second important index characterizing the situation in the labour market is the rate of employment (Table 3).

**Table 3. The rate of employment in Central and Eastern European countries during the years 2004–2016**

Countries	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bulgaria	61.0	61.9	65.1	68.4	70.7	68.8	65.4	62.9	63.0	63.5	65.1	67.1	67.7
Czech Republic	70.1	70.7	71.2	72.0	72.4	70.9	70.4	70.9	71.5	72.5	73.5	74.8	76.7
Estonia	70.3	72.0	75.9	76.9	77.1	70.0	66.8	70.6	72.2	73.3	74.3	76.5	76.6
Lithuania	69.3	70.7	71.3	72.7	72.0	67.0	64.3	66.9	68.5	69.9	71.8	73.3	75.2
Latvia	67.9	69.1	73.2	75.2	75.4	66.6	64.3	66.3	68.1	69.7	70.7	72.5	73.2
Poland	57.3	58.3	60.1	62.7	65.0	64.9	64.3	64.5	64.7	64.9	66.5	67.8	69.3
Romania	63.5	63.6	64.8	64.4	64.4	63.5	64.8	63.8	64.8	64.7	65.7	66.0	66.3
Slovakia	63.7	64.5	66.0	67.2	68.8	66.4	64.6	65.0	65.1	65.0	65.9	67.7	69.8
Slovenia	70.4	71.1	71.5	72.4	73.0	71.9	70.3	68.4	68.3	67.2	67.8	69.1	70.1
Hungary	62.1	62.2	62.6	62.3	61.5	60.1	59.9	60.4	61.6	63.0	66.7	68.9	71.5
EU–28	67.4	67.9	68.9	69.8	70.3	69.0	68.6	68.6	68.4	68.4	69.2	70.1	71.1

Source: <http://ec.europa.eu/eurostat> from 10.11.2017.

The average rate of employment in EU countries during the year 2016 amounted to 71,1%. In the same year, the highest rates of employment were noted in Estonia (76,6%) and in the Czech Republic (76,7%). The most stable rates of employment (and exceeding 70% throughout the period under analysis, i.e. 2004–2016) occurred only in the Czech Republic. This country, in comparison to the other Central and Eastern European countries, seems to be the least inclined to push its population to migrate due to the situation in the labour market. The lowest and most stable rate of unemployment in the Czech Republic seems to confirm the above conclusion.

#### **4. The Size and Economic Nature of International Migration from Central and Eastern European Countries**

As a result of the enlargement of the European Union, the principle of free movement of persons became legally binding for the citizens of the new member states. However, in order to prevent an uncontrolled inflow of immigrants from these countries, the EU–15 countries gained the right to apply transition periods with regards to the availability of national labour markets and social protection sys-



tems to the workers from the new member states.<sup>5</sup> The transition periods were established for 7 years, including the so-called “2+3+2 formula”, which consisted of the possibility of applying a 2-year transition period (from the 1 May 2004 to 30 April 2006), a 3-year transition period (from 1 May 2006 to 30 April 2009), and a 2-year transition period (from 1 May 2009 to 30 April 2011). Each of the EU–15 countries was allowed to make a decision as to how to apply these temporary restrictions (Żukrowska 2004, p. 43). Nevertheless 1 May 2011 became the cut-off date for removing restrictions on the access to their labour markets.

At the moment of accepting new member states to the European Union only Great Britain (Boswell 2016, p. 105), Ireland and Sweden fully applied the free movement principle. Although in the course of the first transition period the labour markets of the remaining EU–15 countries remained officially closed, some countries applied individual solutions, e.g., immigration contingents (Austria), work permits for working in selected deficit jobs (France, Holland, Italy), temporary work permits (Denmark), and work permits granted to seasonal job employees (Germany) (Kurkowiak 2010, pp. 67–87).

In the course of the second transition period, domestic labour markets were made available to all EU citizens by the majority of “old EU” countries (Finland, Greece, Portugal, Spain, Italy in 2006, the Netherlands and Luxembourg in 2007, France in 2008). In the third and longest transition period, free access to the labour market was introduced in 2009 by Denmark and Belgium. The longest transition period was applied by Germany and Austria, which opened their labour markets on 1 May 2011.

Numerous inhabitants of those Central and Eastern Europe countries which became members of the EU decided to benefit from the freedom of movement and took up employment in every country in the European Union (chart 1). It is estimated that the number of citizens from these countries who reside in the EU–15 increased from 1,66 mln to 7,3 mln between the years 2004 and 2016, which significantly exceeded the predictions made by British migration researchers. According to their prognoses, the inflow of immigrants from the CEE–10 to Great Britain up to the year 2010 was predicted to be relatively small, from 5 to 13 thousand individuals. As to the total inflow of immigrants from Central and Eastern Europe to the “old EU” countries, the prognosis suggested from 700 thousand to 2,6 mln individuals up to the year 2015 (Dustmann 2003, p. 6).

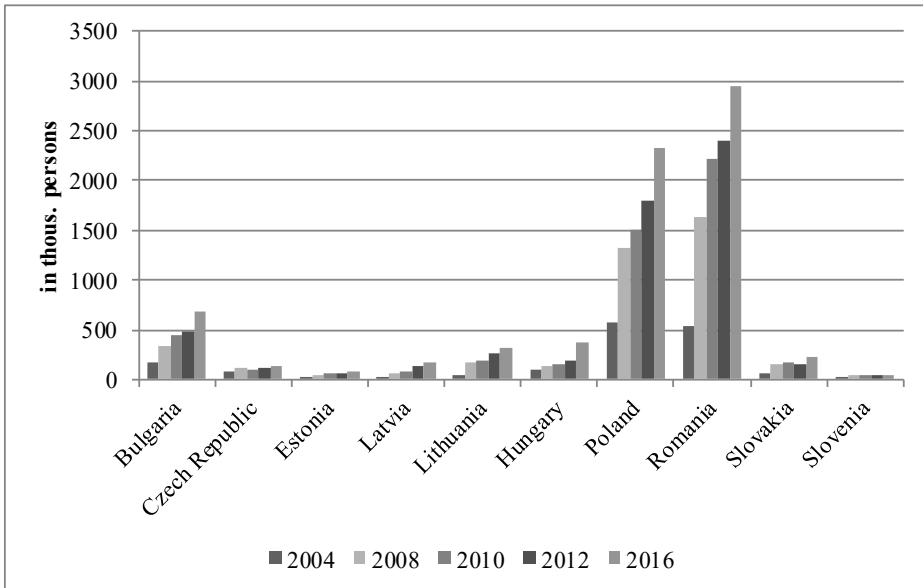
The large scale of immigration from Central and Eastern Europe has its origins in the history of that part of Europe. The political context after the 1990s, when CEE countries made the transition from a communist regime to a market economy and a democratic society, changed the migration patterns. Since then, those coun-

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<sup>5</sup> The transitional measures did not apply to the citizens of Cyprus and Malta. Once those countries joined the EU, their citizens gained full freedom of movement within the EU territory.

tries sent many emigrants to developed states in Western Europe. The EU's enlargement intensified that labour mobility (Pemberton, Scullion 2013, p. 444).

The most numerous group of emigrants from the CEE–10 countries are the citizens of Romania (more than 2,9 mln individuals in 2016), and it should be noted that Romania joined the EU only in 2007. Poland is second in the ranking with regards to the number of citizens residing within the territory of the EU–15. In 2012 the number of emigrants residing temporarily abroad amounted to 2,13 mln individuals, out of whom more than 1,7 mln resided within the territory of other EU countries. According to the currently available data, 2016 saw the highest emigration flow from Poland since its accession to the EU and it amounted to 2,515 mln people (including the 2,096 mln residing in the EU–27) (Informacja o rozmiarach 2017, p. 2).



**Chart 1. Number of citizens of the CEE countries residing in the EU–15 (in thous. persons)**

Source: Own work based on: Eurostat data (17.11.2017); Duszczek M., Matuszczuk K. *Migration in the 21st century from the perspective of CEE countries- an opportunity or a threat?*, Central and Eastern Europe Development Institute, Warsaw 2014.

Overall, taking into account the changing numbers of the CEE–10 inhabitants residing in the EU–15 countries during the years 2004 and 2016, three groups of countries can be distinguished depending on the varied migration potential:

- Latvia (660%), Lithuania (522%), Romania (444%) – countries with a high migration potential,

- Hungary (307%), Bulgaria (300%), Poland (300%), Slovakia (230%), Estonia (182%) – countries with a moderate migration potential,
- Czech Republic (86%), Slovenia (53%) – countries with a low migration potential.

An analysis of the data concerning permanent international migrations (including emigrations and immigrations) in Central and Eastern European countries in the years 2004–2015 makes it possible to distinguish two categories of countries (Table 4). The first category includes countries which show a positive net migration, i.e. the inflow of immigrants is higher than the outflow of the home population abroad (net immigration countries). The Czech Republic, Slovakia, Slovenia, Hungary and Estonia belong here. The second category comprises those emigration countries in which the size of emigration is higher than the size of immigration, with a resulting negative net migration. This group comprises Poland, Bulgaria, Lithuania, Latvia and Romania.

**Table 4. The scale of international migration for permanent residence in Central and Eastern European countries during the years 2004–2015**

Country	Year	Number of immigrants	Number of emigrants	Net migration
Bulgaria	2004	na	na	na
	2008	1 236	2 112	-876
	2013	18 570(p)	19 678(p)	-1 108
	2015	25 223	29 470	-4 247
Czech Republic	2004	53 453	34 818	18 635
	2008	108 267(b)	51 478(b)	56 789
	2013	30 124	25 894(b)	4 230
	2015	29 602	25 684	3 918
Estonia	2004	1 097	2 927	-1 830
	2008	3 671	4 406(b)	-735
	2013	4 109	6 740	-2 631
	2015	15 413	13 003	2 410
Latvia	2004	4 844	20 167	-15 323
	2008	4 678	27 045	-22 367
	2013	8 299	22 561	-14 262
	2015	9 479	20 119	-10 640
Lithuania	2004	5 553	37 691	-32 138
	2008	9 297	25 750	-16 453
	2013	22 011	38 818	-16 807
	2015	22 130	44 533	-22 403
Hungary	2004	24 298	3 820	20 478
	2008	37 652	9 591(b)	28 061
	2013	38 968	34 691	4 277
	2015	58 344	43 225	15 119

Country	Year	Number of immigrants	Number of emigrants	Net migration
Poland	2004	9 495	18 877	-9 382
	2008	47 880(b)	74 338(b)	-26 458
	2013	220 311	276 446	-56 135
	2015	218 147	258 837	-40 690
Romania	2004	na	na	na
	2008	138 929(b)	302 796(b)	-163 867
	2013	153 646	161 755	-8 109
	2015	132 795	194 718	-61 923
Slovakia	2004	10 390	6 525	3 865
	2008	17 820	4 857	12 963
	2013	5 149	2 770	2 379
	2015	6 997	3 870	3 127
Slovenia	2004	10 171	8 269	1 902
	2008	30 693(b)	12 109	18 584
	2013	13 871	13 384	487
	2015	15 420	14 913	507

*na – not available, (p) provisional, (b) break in time series*

*For 2004 and 2008 migration for permanent residence, from 2013 for a period of at least 12 months; estimated data.*

Source: Study based upon Eurostat data, Central Statistical Office in Warsaw data (10.11.2017).

However, as researchers of migration emphasize, the status of an emigration country in the long term may change from a negative to a positive net immigration country. Such a transformation has been experienced by numerous European countries, e.g., Great Britain, Germany, Switzerland, the Netherlands, Belgium, Luxembourg, Sweden, Austria, Denmark, Norway, Italy, Spain, Greece, Finland (Okólski 2009, p. 12).

Undoubtedly, the main reason for an individual decision to take up employment outside the country of origin is the wish to improve their financial situation. The tangible result of labour emigration is therefore amassed capital and other goods bought abroad which can be sent (in the course of migration) or brought to the country of origin. In international statistics and economic sources, the term *remittance* is used to define the income of households obtained as a result of temporary or permanent residence abroad. It comprises financial means and goods transferred in a formal way (e.g., electronic bank transfers) and informally (e.g., goods, financial means in cash) (IMF 2009).

In accordance with the definition recommended by the International Monetary Fund, transfers of emigrant earnings are the total inflow of:

- compensation of employees, i.e. remuneration and other benefits (in cash or in kind) of seasonal workers or other short-term migrants (staying abroad for less

than 12 months) and frontier workers, whose centre of economic interests is in the country of origin;

- workers' remittances, i.e. current transfers from migrants who are employed and stay abroad for more than a year (long term migrants);
- migrant transfers, i.e. transfer of goods and financial resources (savings), brought by migrants while they are crossing the external border (IMF 1993).

The financial means obtained from working abroad and transferred to the home country are a substantial element of the domestic balance of payments. In table 5, data has been presented concerning transfers understood as a total inflow of compensations of employees and transfers of remittances. According to the data, from 2004 to 2015 the 10 countries of Central and Eastern Europe saw a total inflow of EUR 166,6 bn from working abroad. With regards to the amount of those transfers, the biggest CEE-10 beneficiaries are Poland, Romania and Hungary. In 2007, which is the period under analysis, the highest level of transfers was noted for Poland (EUR 6,43 bn), Romania (EUR 5,76 bn) and Hungary (EUR 1,59 bn). The data also show that in subsequent years the amount of financial means transferred to Romania decreased considerably and in 2013 constituted only 35% of 2007 transfers; whereas the transfers of Polish citizens in 2013 constituted 70% of 2007 transfers. However, the amount of funds transferred by Hungarians in the years 2007–2013 remained relatively stable. Throughout the period under analysis (2004–2015) Poland saw a joint inflow of 54,8 bn EUR, Romania –36 bn EUR and Hungary –22,1 bn EUR as a consequence of their citizens working abroad.

**Table 5. Inflow of workers' remittances and compensation of employees in the Central and Eastern European countries during the years 2004–2015 (in mln EUR)**

Country	Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015*
Bulgaria		1 190.3	1 071.2	1 183.7	872.3	985.2	843.4	707.6	741.9	793.0	888.1	890	961
Czech Republic		514.3	982.0	1 147.1	1 172.5	1 172.0	1 208.8	1 296.7	1 262.8	1 371.9	1 484.2	1 675	2 126
Estonia		115.5	177.5	287.5	275.5	c	c	c	c	c	272.3	318	316
Latvia		na	na	na	c	c	na	na	na	na	na	737	713
Lithuania		5.2	7.8	15.4	17.6	18.6	651.6	889.0	673.3	501.7	860.9	722	595
Hungary		1 290.3	1 427.1	1 556.1	1 589.8	1 571.6	1 434.3	1 499.1	1 512.3	1 554.2	1 592.0	3344	3784
Poland		3 056.6	4 412.7	5 543.4	6 431.3	5 975.6	5 031.3	4 979.3	4 798.1	na	4 550.0	4789	5255
Romania		1 175.3	3 131.6	4 201.9	5 758.2	5 874.5	3 044.4	2 393.0	2 174.0	2 188.5	1 995.2	1 923	2 132
Slovenia		202.9	205.6	216.3	225.1	249.0	223.7	249.4	331.1	485.7	501.6	560	632
Slovakia		457.6	797.4	910.2	1 132.7	1 400.1	1 263.1	1 269.6	1 253.5	1 478.2	1 501.4	1 786	1 620

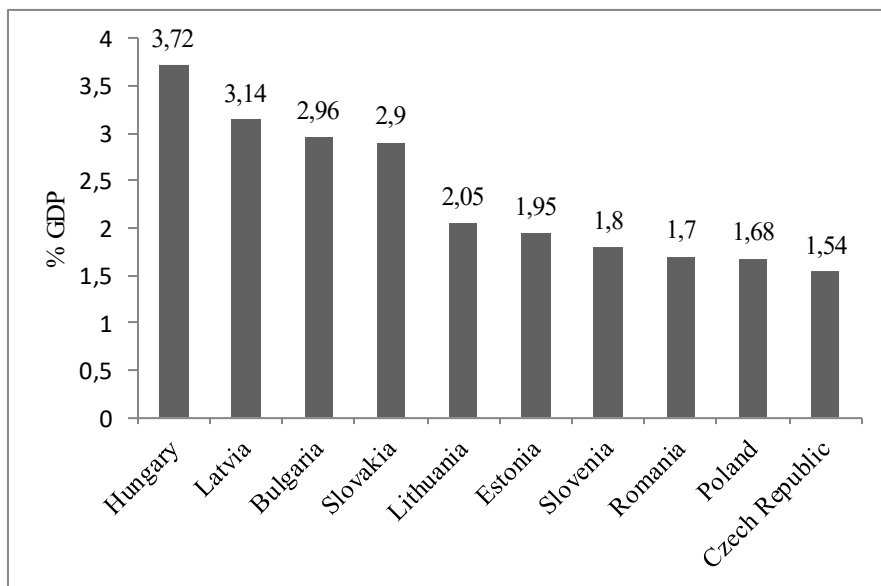
\* Data for 2014 and 2015 is based on BPM6 (Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual) methodology.

Na – not available

c – confidential

Source: Eurostat data (<http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do> 15.11.2015; 10.11.2017).

The situation in the CEE–10 countries is slightly different if the amount of transferred means is treated as a percentage of the GDP of the given country. Chart no 2 shows that the leading countries in this respect are Hungary (3,72%), Latvia (3,14%) and Bulgaria (2,96%). This means that the above mentioned countries are the most dependent on the transfer of funds of all of the EU–28 states (Personal remittances 2015).<sup>6</sup> By contrast, Romania and Poland ranked 8 and 9, respectively.



**Chart 2. Inbound remittances to Central and Eastern European countries in 2015 (in % of GDP)**

Source: Study on the basis of Eurostat data, World Bank data.

On the one hand, labour migration improves the economic situation of immigrants and members of households in countries of origin, because of the earnings and remittances. On the other hand, after economic integration with the EU, emigration from the CEE countries positively influenced the economy of the receiving countries (for example in the UK), but it could have possible negative consequences in terms of Brexit (Simionescu 2017, p. 29–47).

<sup>6</sup> <http://ec.europa.eu/eurostat/statistics-explained/>.



## 5. Conclusion

The accession of the new members to the European Union in 2004 and 2007 had a key impact on the spatial mobility of the citizens of these countries. The implicit principle of free movement of individuals made it possible to migrate to EU countries and take up employment there. The gradual opening of the labour market by the EU-15 countries led to an increase in foreign labour migration from the Central and Eastern Europe countries belonging to the European Union (CEE-10), i.e. the Czech Republic, Estonia, Lithuania, Latvia, Hungary, Poland, Slovenia, Slovakia, Bulgaria, Romania.

The analyses conducted on the basis of the push and pull factors theory show that a difficult situation in the labour markets of the CEE-10 countries is one of the significant determinants of labour migration to other EU countries. A high rate of unemployment has negative consequences both for individuals and for the society as a whole, and ultimately it leads to a deterioration of public finances and the states' economic situation. The deterioration of living conditions felt by individuals makes them choose international labour migration. The most disadvantageous situation in the labour market of the CEE-10 (resulting from a high rate of unemployment) was noted in Slovakia and Latvia. The situation in the labour markets there may continue to push people to migrate. On the other hand, the analysis of employment rates in the CEE-10 countries makes it possible to draw a conclusion that a high and consistently stable rate of employment in the Czech Republic may encourage immigrants to come to that country. This conclusion is confirmed by the fact that the Czech Republic has a positive immigration balance and, at the same time, has been classified as a low emigration potential country.

An analysis of the statistical data from Eurostat and the World Bank concerning the transfer of financial means due to working abroad made it possible to assess the economic consequences of labour migrations of the CEE-10 inhabitants. It turned out that, with regards to the amount of those transfers, the biggest beneficiaries are Poland, Romania and Hungary. However, if the share of the financial means transferred to the GDP of a given country is taken into account, Lithuania is the leader among the CEE-10 countries belonging to EU, followed by Hungary and Bulgaria.

While assessing the significance of the economic consequences of emigration in terms of financial transfers due to working abroad, one should take into account not only the benefits, but also the risks involved. Most certainly, from the point of view of migrant households, these means help improve the financial situation of their members and constitute a significant share of their income. The macroeconomic consequences of the transfers should also be highlighted. They increase the aggregate demand in the country and the related level of domestic production. The growth rate of aggregate demand depends on the size of the multiplier effects

of expenditure covered by the transferred financial means. This, in turn, depends on the allocation of the expenditure (Kwiatkowski 2010, p. 206–207).

Among the adverse effects of transferring the means, one can enumerate the so-called moral hazard problem. To be more specific, it means that the transfer of financial resources to the members of households who continue to live in the country of origin can contribute to their professional deactivation, which, in turn, may lead to a deterioration of the employment index. This happens because transfers may be treated as large enough to financially secure the family remaining in the country of origin, as a result of which the other members of emigrants' households are no longer motivated to take up employment. Consequently, it can have a negative impact on the economic situation of the given region in the long term (Kyle 2000).

With regards to the macroeconomic perspective, there is concern that countries sending emigrants may become dependent on the amount of financial means transferred, which in the case of a sudden decrease of transfers (e.g. because of an economic crisis), can lead to a deterioration of the socio-economic situation in the given country (Glystos 2001, pp. 1–38).

To sum up, the tangible effects of the membership of the CEE–10 countries in the European Union has been freedom of movement and the choice of optimal employment conditions within the territory of the Community countries. As a result of taking up employment abroad, in the years 2004–2015 citizens of the CEE–10 countries transferred financial means worth a total of 166,6 bn EUR to their countries of origin. The ways in which this wealth is distributed at the individual level influences the improvement of living conditions of members of migrant households, and, indirectly, the socio-economic situation of each of the Central and Eastern Europe countries.

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## Streszczenie

### UWARUNKOWANIA I ROZMIARY MIGRACJI ZAGRANICZNYCH W EUROPIE ŚRODKOWO-WSCHODNIEJ PO ROKU 2004

*Migracje są ważną społeczno-ekonomiczną kwestią we współczesnym świecie. Jednym z interesujących i istotnych problemów wartych rozważenia jest skala i istota emigracji z krajów, które przystąpiły do Unii Europejskiej w 2004 roku i latach kolejnych.*

*W wyniku integracji ze Wspólnotą Europejską, mieszkańcy państw członkowskich nabyli obywatelstwo Unii Europejskiej (które jest komplementarne wobec obywatelstwa kraju pochodzenia). Uzyskanie prawa do swobodnego przemieszczania się doprowadziło do intensyfikacji zjawiska migracji na terytorium Unii Europejskiej. Dobrze wykształcona i relatywnie młoda siła robocza może być wpływowym czynnikiem rozwoju społecznego i gospodarczego krajów Unii Europejskiej.*

*Rozszerzenie UE doprowadziło do znacznego wzrostu liczby migrantów czasowych. Według danych statystycznych liczba emigrantów z 10 krajów Europy Środkowej i Wschodniej (CEE) do bardziej rozwiniętych krajów europejskich wzrosła z 1,66 mln w 2004 roku do 7,3 mln w roku 2016. W kontekście skali emigracji zarobkowej z Europy Środkowej i Wschodniej, zasadne wydaje się podjęcie kwestii uwarunkowań i ekonomicznych konsekwencji mobilności.*

*Głównym celem artykułu jest diagnoza i ocena uwarunkowań i rozmiarów migracji w Europie Środkowo-Wschodniej. Analizy oparte zostały na danych Eurostatu. Determinanty migracji zaprezentowano z punktu widzenia teorii czynników wypychających i przyciągających, w kontekście sytuacji na europejskim rynku pracy. Analiza wielkości odpływu migracyjnego z krajów Europy Środkowej i Wschodniej pozwoliła na sklasyfikowanie tych krajów do trzech grup: o wysokim potencjale emigracyjnym (Łotwa, Litwa, Rumunia), umiarkowanym potencjale emigracyjnym (Węgry, Bułgaria, Polska, Estonia, Słowacja) oraz niskim potencjale emigracyjnym (Czechy, Słowenia). Konsekwencje ekonomiczne migracji zostały ukazane z perspektywy wysokości środków finansowych uzyskanych z pracy za granicą.*

**Słowa kluczowe:** międzynarodowe migracje, Europa Środkowo-Wschodnia, czynniki wypychające i przyciągające, transfery zarobków migrantów.