

TRENDS AND REASONS FOR EAST-EUROPEAN LABOUR MIGRATION  
TO IRELAND AND THE UK IN THE FIRST YEARS OF ENLARGEMENT

*TENDENCIAS Y CAUSAS DE LAS MIGRACIONES DESDE EL  
ESTE DE EUROPA HACIA IRLANDA Y REINO UNIDO  
DURANTE LOS PRIMEROS AÑOS DE LA AMPLIACIÓN*

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ABSTRACT

As is well known, the UK, Ireland and Sweden opened their labour markets already at the time of the accession of the eight East-European Member States i.e. on May 1, 2004. The main objective of the article is to examine free circulation of labour five years after the first round of EU enlargement. Although the second round of 2007 brought about also important changes, time is too short to analyse their trends. Therefore, the main focus is on immigration pattern of the 8 East-European Member States to those destinations, where as a result of their 'open door policy', the inflow was substantial, i.e. Ireland and the UK. Up to 2007 major impact on overall labour market outcomes in the host economies could not be found (for example, Irish data confirmed that in the first years of 2000s immigration was primarily demand-driven). It remains to be seen, however, what the impacts of the current economic and financial crisis would be. Whereas it seems likely that the inflow would decline, the impacts on the composition of migrants are still unclear.

*Keywords:* Labour Migration ; EU Eastern Enlargement.

## RESUMEN

Como es bien sabido, Reino Unido, Irlanda y Suecia abrieron sus mercados de trabajo a la vez que se producía la ampliación de la UE a los ocho nuevos estados miembros, es decir, el 1 de mayo de 2004. El principal objetivo de este artículo es analizar la libre circulación de trabajadores cinco años después de la primera ronda de ampliación de la UE. Aunque la segunda ronda de 2007 también produjo importantes cambios, ha pasado muy poco tiempo para poder analizar sus consecuencias. Por ello, nos centramos en el patrón de emigración de los ocho nuevos estados miembros, destacando como destinos Reino Unido e Irlanda, debido a su “política de puertas abiertas”. Desde 2007 no se observan grandes impactos en el mercado de trabajo de los países receptores (por ejemplo, los datos de Irlanda confirman que durante los primeros años del 2000 la inmigración fue principalmente fruto de la demanda). Aún queda por ver, sin embargo, cuáles serán los efectos de la actual crisis económica y financiera. Aunque parece que el flujo de inmigrantes decrece, los cambios en la composición de las migraciones aún no están claros.

*Palabras clave:* Migraciones de la fuerza de trabajo; Ampliación al Este de la UE.

*JEL Classification:* J61.



## 1. INTRODUCTION

Before Central and East-European countries (CEEC) joined the European Union in 2004, in the EU15 there had been widespread fears of large inflow of workforce from these new members. Although various research studies confirmed that this would not happen (some commissioned by EU decision-makers, see for example: Boeri and Brücker, 2001), a 7-year transition period was introduced, similarly to previous arrangements when less developed countries joined the EU (in the case of the Mediterranean countries, in the 80s). Nonetheless, some countries of the EU15 opened their labour markets already at the time of the accession of the eight East-European Member States i.e. on May 1, 2004. These were the UK, Ireland and Sweden (especially the former two are well known of their deregulated labour markets). Over the past five years since the accession most countries followed their examples, and only two, Austria and Germany apply still restrictions. In light of the fact that for the majority of migrants from these East-European countries Austria and Germany were destination countries, the fears from mass migration after opening is understandable. (Even those papers which did not foresee large influx, acknowledged that some regions of Austria and Germany, especially those neighbouring with one of the East European members, could be over-proportionally affected by free movement of labour within the enlarged EU).

As shown below, East-European workers have not flooded the 'old' members' labour markets after the accession of 2004. Some authors have, however, concluded that "actual migration flows have increased more than was expected in the UK and Ireland while the inflow was less than expected in Sweden". (Zaiceva et al., 2008:11)<sup>1</sup>. Large inflow into these countries may have contributed to the fact that even those which pursued an "open door" policy in 2004 (Ireland and the UK) proved more cautious when Bulgaria and Romania joined in 2007: they apply certain "restrictions with simplifications"<sup>2</sup>. Initially, apart from Sweden,

<sup>1</sup> For example, in the UK, an inflow of about half a million was expected. Instead, according to estimates, around 1 million persons entered the UK labour market (although official figures, derived from registration, are also available and show the same order of magnitude).

<sup>2</sup> See: *Overview on Policies towards the New Member States*, European Commission, May, 2009.

only Finland (which had lifted its restrictions towards NMS 8 after 2004) kept its labour market open also towards the two new East-European members. From 2009 on, however, four other countries have joined this open door policy (out of the EU15). Therefore, Bulgarian and Romanian nationals have also a free access to labour markets in Denmark, Greece, Spain and Portugal.

The main objective of the paper is to examine free circulation of labour. After five years of the first wave of the EU's Eastern enlargement, the trends are of particular importance. Due to the short period since the second wave of enlargement, the trends can only be examined in the case of the NMS 8 countries. Therefore the main focus is on their immigration pattern to those destinations, where as a result of their 'open door policy', the inflow was substantial, i.e. Ireland and the UK. Although the main characteristics will be examined in some detail only in the case of these host countries, it is important to see a more general picture of the scale of inflow also to other countries and to investigate more recent developments, including also the mobility direction of nationals of the two newest member states.

Therefore, first a general overview is given, based on some recent data, then characteristics of labour flows are to be described in the case of NMS 8 countries, later key motives of migrants will be discussed and finally the most topical issues for policy will be presented in order to draw some conclusions at the end.

## 2. MAIN TRENDS AND PATTERNS OF LABOUR MIGRATION WITHIN THE ENLARGED EU

As is well known, free circulation of labour (and persons in general) constitutes one of the core values of the European Union (and this has been so since its foundation in the late 50s). Despite this, although mobility has undoubtedly increased as a result of the two most recent waves of enlargement, if it is compared to that in the United States<sup>3</sup>, it has remained relatively low. Previously, around 2% of the EU labour force worked in another Member State, after the two waves of enlargement, this figure stands at 2.4% (Eurostat, Labour Force Survey of 2007). This figure, however, does not include those migrants who are not registered (for example, in the UK) and other measurement problems<sup>4</sup> also arise. Undoubtedly, language diversity in Europe plays an important role in explaining the difference. Although this barrier is generally acknowledged in the literature, much less attention is focused on cultural differences between

<sup>3</sup> In the US, 32% of the population was born outside of the state where (s)he currently lives. At the same time, according to findings by the Eurobarometer survey of 2005, only 4% of respondents (EU25) have ever lived in another country. Hubert Krieger, however, rightly points out that "due to different settings within larger EU Member States, it may [...] be more appropriate to compare interstate mobility in the US with the percentage of the EU population that has ever lived in a different state or a different larger region within a Member State. For 2005, Eurobarometer shows a figure of 21% of the EU25 population" (Krieger, 2008). So according to more comparable figures, the difference is lower.

<sup>4</sup> For example, it is a dilemma how to include temporary and/or seasonal migrants.

the individual Member States in the EU, which could be much larger than interstate differences in the US.

In most EU member states the majority of foreign labour is derived from non-EU nationals. This has an important effect even on intra-EU labour flow. Whereas NMS account for more than one third out of the aforementioned 2.4% of EU nationals working outside their home countries (i.e. 0.9%), share of non-EU nationals stands at a much higher level, being 3.7%. (Source: Eurostat, Labour Force Survey, 2007).

Dominant presence of non-EU nationals in most EU member states is due to geographical, historical and other reasons. Undoubtedly, post-colonial ties play an outstanding role. They are still very strong both in the case of the major traditional destination countries, like the UK and France, and also in the newly emerging receiving countries, mainly in Spain. In the case of the UK, this is reflected in the still heavy inflow of Commonwealth citizens, mainly from India, whereas in the case of Spain, large inflow from Latin America shows this (for example cooperation within the framework of Mercosur illustrates the strong relationship). In the case of Spain, it is this recent large inflow (also from North Africa) which largely explains why East-European migration, even if it was quite considerable, had a relatively smaller impact on the composition of migrants than in other receiving countries (for example in Ireland). Italy's case is similar because it is also recently affected by large inflow from South America and North Africa. (In Italy, the four main groups of migrants are East-Europeans, Latin-American, Asian and North-African citizens).

If, however, the investigation is restricted purely to effects of the two waves of recent enlargement, it is clear that they are undoubtedly significant not only in Ireland and the UK but also in Spain and Italy (see Table 1). Whereas the two former have become important destination countries for East-European labour as a result of mainly the first wave of enlargement, Spain and Italy are receiving countries of nationals from the countries of the second wave (mainly Romania). According to data<sup>5</sup>, more than 70% of net inflow from NMS 8 has been received by Ireland and the UK since the accession, whereas Italy and Spain absorbed 80% of net migration flows from the second wave countries (i.e. NMS 2) since the early 2000s.

Within the context of the migratory consequences of Eastern enlargement, it is interesting to see the example of a traditional receiving country, the UK. According to its National Insurance data (NINO), where not only employees, but also self-employed are included, before the accession even Poland has not appeared among the top ten countries of origin (see Table A1). Later, however, from 2004/2005 it has jumped to the first place, preceding such traditionally very important labour exporting countries to the UK, like India and Pakistan. Since then Poland has not only retained its position, but other Central and East-European members have also joined the group of the top ten. They include Slovakia, Lithuania, and from 2007/2008 on, Romania as well. Latvia

<sup>5</sup> See: IAB-presentation.

also appeared among the top ten, but only once, in 2005/2006. Since the accession, Poland has even strengthened its first place: whereas in 2004/2005 the number of those adults who entered the UK from this country was just almost double of that of the second on the list, India, in the subsequent years the inflow of Polish nationals was about four times higher.

In Ireland, the national composition of migrants from the most important Central and East-European sending countries is very similar: according to the Irish Central Statistics Office (census of 2006)<sup>6</sup>, Poles, Lithuanians (and also Latvians) belonged to the 10 largest nationality groups living in Ireland. As regards direct effects of the enlargement, their importance is shown by the fact that over 44% of citizens of countries which joined the EU in 2004 came to Ireland in 2005 or later (see: CSO, 2008).

It is remarkable that a small country, Lithuania ranks among the top ten countries of origin both in the UK and Ireland. Indeed, already in 2005 (i.e. just one year after the accession), it had especially high share of taking up work abroad: with 3.5% of active working age population, it is an NMS where propensity to migrate seems to be the highest. (Even in the case of Poles the respective figure was 2.1% whereas 2% for Slovakia, which is also an important sending country, as shown below).

## 2.1. CURRENT SITUATION AND TRENDS

When the current situation is examined, it has to be taken into account that two such countries joined in 2007, which have quite high migration potential (because of the sheer size of its population in the case of Romania, low GDP per capita especially compared to EU15 in both countries, and recent large emigration waves from Bulgaria). First a snapshot on the scale of migration from Eastern European Members is presented (based on the most recent available data), and the trends are described later.

As seen from Table 1, share of non-nationals in employment of the EU15 has become highly diversified by 2007: it ranges between 15.6% (Ireland)<sup>7</sup> and 1.4% (Finland). (Luxemburg is not taken into account because this is a special case). Presence of labour from the New Member States (NMS) is evident, though it varies by countries to quite a large extent. It is remarkable that their share is the highest in Ireland, which used to be a sending country before joining the EU. Similarly, Italy and Spain have recently become important destination countries, although, as mentioned before, due to large inflows from non-European countries East-Europeans have contributed to this to a lesser extent than in the case of Ireland.

<sup>6</sup> Source: Central Statistics Office (CSO), Census 2006 Non-Irish Nationals Living in Ireland. June, 2008, Dublin <http://www.cso.ie/census/Non-Irish%20Nationals.htm>

<sup>7</sup> Although strict comparability of Irish data could be questionable because they are derived from national statistics and concern the 4th quarter only, in the order of magnitude there should not be a major difference.

TABLE 1 : FOREIGN EMPLOYMENT AS COMPARED TO THE NATIONAL AND TOTAL IN EU15 BY COUNTRY GROUPS: EU15 NON-NATIONALS, NATIONALS OF NEW MEMBER STATES (NM10 AND NM2) AND THIRD COUNTRY NATIONALS (2007 , IN 1000 , AND SHARE OF TOTAL EMPLOYMENT)

Country	EU15 Non-nationals		NM10 Non-nationals		NM2_ Non-nationals		Nationals		Third country nationals		Total employment	
	Count (1000)	Share (%)	Count (1000)	Share (%)	Count (1000)	Share (%)	Count (1000)	Share (%)	Count (1000)	Share (%)	Count (1000)	Share (%)
Austria	92,931	2.3	54,117	1.3	11,189	0.3	3617,12	89.8	252,457	6.3	4027,81	100
Belgium	240,416	5.5	14,475	0.3	7,660	0.2	4035,96	92.1	81,767	1.9	4380,28	100
Germany	808,009	2.1	181,480	0.5	43,233	0.1	35640,93	93.3	1477,978	3.9	38204,60	100
Denmark	28,903	1.0	5,702	0.2	1,105	0.0	2687,63	95.9	78,887	2.9	2803,83	100
Spain	314,009	1.5	29,912	0.1	484,834	2,4	17587,45	86.4	1939,743	9.5	20355,95	100
Finland	7,892	0.3	7,501	0.3	0,358	0.0	2456,33	98.6	19,585	0.8	2491,66	100
France	554,801	2.2	13,455	0.1	21,334	0.1	24287,26	94.8	738,784	2.9	25620,71	100
Greece	9,843	0.2	12,579	0.3	36,056	0.8	4188,32	92.9	260,913	5.8	4509,81	100
Italy	56,996	0.2	44,259	0.2	238,127	1,0	21719,42	93.5	1163,036	5.1	2321,84	100
Ireland*	85,900	4.0	167,700**	7,8**	....	....	1804,20	84.4	81,000	3.8	2138,90	100
Luxembourg	86,668	42.7	2,502	1.2	0,364	0.2	106,73	52.6	6,630	3.3	202,89	100
Netherlands	137,972	1.6	13,600	0.2	2,319	0.0	8072,23	96.5	135,854	1.7	8364,07	100
Portugal	19,534	0.4	1,258	0.0	12,032	0.2	4974,65	96.2	162,225	3.1	5169,70	100
Sweden	91,434	2.0	10,639	0.2	0,815	0.0	4359,11	96.0	78,665	1.7	4540,67	100
United Kingdom	507,946	1.8	423,461	1.5	25,022	0.1	26265,91	92.8	1092,975	3.9	28318,45	100

Source: Eurostat Labour Force Survey for all countries, with the exception of Ireland.

\* Source of the data for Ireland: Quarterly National Household Survey, 4<sup>th</sup> Quarter, 2007 (ILO definition of employed persons). [http://www.cso.ie/qnhs/main\\_result\\_qnhs.htm](http://www.cso.ie/qnhs/main_result_qnhs.htm).

\*\* The data include also the number of NM2 Non-nationals for this period, the two groups of NM Non-nationals were no longer separated).

The effects of restrictions on employment of East-European labour is also clear from the table: despite their traditionally large inflow into Germany and Austria, their share is lower than either in Ireland or in the UK. The heritage of mainly the large guestworker programmes of the 50s and 60s, however, is reflected in the high share of non-EU nationals.

As mentioned, UK is a major host country also of East-European workers, where, according to the Worker Registration Scheme (WRS)<sup>8</sup>, since 2004 a total of almost 900 thousand persons from these countries have registered to work<sup>9</sup>. (See Table 2 below). Therefore, it is worth to have a closer look at trends of registrations within the UK.

The numbers of registrations reflect similar country pattern mentioned above, namely that workers from Poland, Slovakia, Latvia and Lithuania are overrepresented. Almost four fifth (79%) of all approved applications originate from these four countries out of the eight which joined the EU in 2004. At the same time, there are quite wide fluctuations by years in case of Latvia, Estonia and Poland. Whereas in the former two incidental effects may be at work, in the case of Poland increasing role of network migration seems likely. Out of the overrepresented four countries the special case of Lithuania has already been mentioned, but it is worth emphasising that unemployment rate stood at a high level, 11% even in the year of accession, 2004. Although since then the situation has improved (and the number of immigrants has declined), it is remarkable that their inflow to the UK alone accounts for almost 1% of the total employment in Lithuania (their inflow has been higher in each year since the accession than that of Hungarians, which is a much bigger country and employment there is 2.5 higher). One of the reasons might be that unemployment rate in Lithuania was high for a long time, it was two-digit level between 1998 and 2004 (ranging between 16.5% and 11.4%) and this caused a feeling of instability within the population. The situation is similar in Latvia, as are the assumed reasons for high outflow. In the case of Slovakia, inflow to the UK did reach 1% of whole employment in the country (or even slightly exceeded it) in three consecutive years after accession: in 2005, 2006 and 2007. Although labour market performance has improved also in this country after accession, unemployment remained on a two-digit level up to 2007. Poles are generally regarded as highly mobile people, but in fact the sheer size of its population (close to 40 million) well explains its dominance. In addition, unemployment is also high here (it decreased to one digit level, to 9.6 only in 2007, from a rate of 13.8% of previous year).

Beyond labour market performance, wage differentials clearly provide further explanation for the outstanding role of these four countries in labour inflow to the UK. As can be seen from A2 Table (in Appendix),

<sup>8</sup> Under this scheme, nationals from EU-8 are allowed to have an access to UK labour market.

<sup>9</sup> Until March 2008 from Bulgaria there have been 10,540 and from Romania 22,080 worker registration. (Blanchflower et al., 2008, p. 2).



TABLE 2: NUMBER OF APPROVED APPLICANTS BY NATIONALITY IN THE UK, IN EACH QUARTER FROM 2007 AND BY YEAR OF APPLICATION, MAY 2004 – 2008

Period		Czech Rep.	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia	Slovenia	Total
2004	Total	8.255	1.860	3.620	8.670	19.275	71.025	13.020	160	125.885
2005	Total	10.575	2.560	6.355	12.960	22.990	127.325	22.035	175	204.970
2006	Total	8.345	1.475	7.060	9.490	17.065	162.495	21.755	180	227.875
2007	Q1	1.825	275	1.965	1.835	3.740	35.800	4.835	45	50.320
	Q2	1.800	210	2.085	1.635	3.690	37.290	5.600	40	52.355
	Q3	1.990	275	2.305	1.545	3.715	41.195	6.235	50	57.310
	Q4	1.900	210	2.520	1.275	3.115	35.975	5.780	55	50.820
	Total	7.510	965	8.800	6.285	14.265	150.255	22.450	190	210.800
2008	Q1	1.735	205	2.620	1.450	2.770	32.365	5.450	50	46.645
	Q2	1.850	245	2.785	1.750	3.105	28.625	5.410	60	43.830
	Q3	1.725	250	2.650	1.810	2.980	25.130	4.590	50	39.185
	Q4	1.205	245	2.805	1.950	2.685	16.895	2.860	40	28.680
	Total	6.520	945	10.865	6.960	11.535	103.015	18.310	195	158.340

Source: Accession Monitoring Report May 2004 - December 2008, A8 countries, Home Office UK Border Agency WRS (Worker's Registration Scheme).

Note: These figures reflect approved applications and refers to initial applications only (i.e. not multiple registrations).

The most recent inflow data already show the impacts of recession: in the first quarter of 2009 the outflow to the UK from most of the countries has been at the lowest level since the accession. Decline in Polish and Slovak inflow was particularly significant because in both cases it was reduced to one third of some previous quarters.

It is understandable that like in case of all migrants, also in case of workers a similar pattern of inflow emerges in Ireland (because, as seen below, the overwhelming majority of migrants consist of workers). The data clearly show the country's attractiveness since there is not much difference even in scale of the inflow, although the Irish labour market is about 15 times (!) smaller than that of the UK<sup>10</sup>. Obviously, the main reason for this lies in the fact that the long-lasting economic boom in Ireland still prevailed when the accession took place in 2004. The "celtic tiger" effects seem to have faded away, however, already by 2007, when the inflow from almost all the new members (EU8) declined, especially from the previously important sending countries (Poland, Slovakia, Lithuania, Latvia). It is clear that the trend continued also in 2008. (See Table 3. below).

<sup>10</sup> Total employment in Ireland amounted to 2116 thousand, whereas the respective figure stood at 31547 thousand in the UK (Source: European Commission, 2008, Employment in Europe, <http://ec.europa.eu/social/main.jsp?catId=119&langId=en> (accessed on December 15, 2008).

TABLE 3: NUMBER OF CENTRAL AND EASTERN EUROPEAN APPLICANTS TO WHOM PERSONAL PUBLIC SERVICE (PPS) NUMBERS\* ARE ALLOCATED IN IRELAND BY NATIONALITY (2000-2008)

Country of origin	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total
Bulgaria	160	512	427	374	104	98	267	1008	772	3722
Czech R.	641	1428	1144	831	3298	4505	4458	3838	2762	22905
Estonia	212	858	463	546	1788	2011	1407	648	572	8505
Hungary	167	511	259	185	1839	3086	4330	5046	4562	19985
Latvia	1046	3023	1538	1230	6266	9328	7954	4674	3727	38786
Lithuania	642	2735	2782	2379	12817	18717	16039	10728	6443	73282
Poland	570	2259	2649	3828	27295	64731	93787	79816	42554	317489
Romania	920	2416	2667	1387	591	813	3336	14525	6752	33407
Slovakia	111	328	252	248	5187	9258	10687	8375	4994	39440
Slovenia	3	1	2	7	64	76	101	63	87	404
Total	4472	14071	12183	11015	59249	112623	142366	128721	73225	4472

Source: Department of Social and Family Affairs, Statistics on the Number issued [http://www.welfare.ie/EN/Topics/PPSN/Pages/ppsn\\_all\\_month08.aspx](http://www.welfare.ie/EN/Topics/PPSN/Pages/ppsn_all_month08.aspx) (access: 12th of June, 2009).

Note : \*The only precondition for getting these numbers is to have a permanent residence in Ireland. The PPS number is a prerequisite for getting a job in Ireland.

So the data suggest an exceptionally high absorbing capacity, confirming conclusions of some researchers, who argue that “immigration to Ireland is primarily demand-driven” (Zaiceva et al., 2008). In light of the recent financial crisis, however, this is most likely to change in the future and its signs are already visible. It remains to be seen whether this will lead to large scale return migration<sup>11</sup>, or the inflow would largely decline (depending, of course, how long the recession in Ireland and other members would last and how deep it would be).

## 2.2. PATTERNS AND CHARACTERISTICS OF MIGRANTS FROM EAST-EUROPEAN NEW MEMBERS

One of the most important characteristics of those persons who came from the East-European new members is that most of them are at work. Research based on UK data shows that compared with natives, those, who came from the ten new East-European members after accession have an even higher probability to work than those who arrived pre-accession (although the latter group also had a higher probability than natives –see: Blanchflower, 2008:6).

The pattern of the East-European labour flow is basically similar to the one generally characteristic to labour migration. Both the British and the Irish data confirm that the most typical migrant is male, young (in their twenties)

<sup>11</sup> The Irish media reported of large scale return migration over the second half of 2008 (according to some rumours, about 200 thousand Poles returned home, but in light of the data, this figure seems largely overestimated).

and well educated. In the UK, according to WRS, the majority are young: 43% fall within the age bracket of 18-24 and 39% ages 25-34. More than half are males, i.e. 57.4%. Both Labour Force Survey data and another survey show that they are highly educated. According to results of the former, average age of finishing full time education for all East-European migrants, including Romanians and Bulgarians, stood at 20.1, compared with only 17.6 for natives. Another survey for the 8 new East-European members concluded that almost 30% had a university degree and a further 22% had an under-graduate level qualification (Blanchflower et al., 2008, p. 4). The Irish data show the whole population (so it is not directly comparable with the British data), according to which majority (close to 70%) has secondary education and a further about 28% had tertiary. The three largest East-European nationalities, belonging to the top ten non-Irish nationalities (i.e. Poles, Lithuanians and Latvians), have also similar characteristics to the aforementioned data of the UK<sup>12</sup>.

Employment by sectors also shows a similar pattern to migrant labour in general, although in Ireland share of those Latvians who are employed in agriculture is very high, being 10% (see table 4).<sup>13</sup> This is, however, clearly an exception because East-European nationals are employed in the following sectors: hotels and restaurants, construction, wholesale and retail, manufacturing and business services (real estate, renting). This pattern follows very closely those where other foreign nationals are employed, although in Ireland, there is one notable exception: East-European labour is clearly underrepresented in the health and social work sector (their share does not reach 3%, whereas shares of each other group of foreigners, including the UK nationals, well exceeds this, not mentioning the third country nationals where in most cases this share well exceeds 11%). So the sectoral pattern of East-European labour is very different from that of the total employment, which is illustrated in Table 4.

TABLE 4: TOP FIVE SECTORS WHERE LATVIANS, LITHUANIANS AND POLES\* WERE EMPLOYED IN IRELAND, 2006 (NUMBER OF EMPLOYEES AND SHARE IN THEIR TOTAL EMPLOYMENT)

Sectors	Latvians		Lithuanians		Poles		Total	
	Persons	%	Persons	%	Persons	%	Persons	%
Construction	1 804	20	3 592	23	10 122	22	265 200	13
Manufacturing	1 877	21	3 346	21	10 095	22	290 700	14
Wholesale and retail	1 621	18	2 918	18	7 661	17	283 400	14
Hotels and restaurants	1 181	13	2 133	14	7 314	16	122 800	6
Business services	...	...	1 230	8	4 332	9	...	..
Agriculture, forestry or fisheries	891	10	...	...	....	....	113 200	6

Source: CSO, Census, 2006. and Foreign Nationals: PPSN Allocations and Employment in 2007, CSO.

Note: \*These are nationalities which belonged to the top ten of non-Irish nationals in 2006.

<sup>12</sup> For example, in 2006 in Ireland the male/female ratio of Lithuanians was 56:44, their average age was 27.7 years only, almost 25% of their working-age population –those above the age of 15– had tertiary education and 80% at least secondary –source: CSO, Census, 2006.

<sup>13</sup> Only 2.2% of foreign nationals are working in the sector (CSO, Ireland).

In the UK, sectoral composition does not differ too much, although at first sight, it seems, as if the biggest sector would have been administration, business & management. This is, however, due purely to statistical reasons, since the majority of workers in the sector are actually employed by recruitment agencies who could actually be employed by a variety of sectors<sup>14</sup>. Nevertheless, data in Table 5 could be regarded as indicative and shows strong resemblance to the Irish pattern. The only notable difference is the relative importance of the health and medical sector, which has much lower weight in Ireland. (Here this sector employs rather other nationalities than Central and East-Europeans, mainly non-Europeans who are dominating it<sup>15</sup>, having a share of 20.8 as opposed to 10.8% of Irish, 11.8% of UK, and the new members have a mere 2.4% share – see: CSO, Census, 2006).

TABLE 5: TOP TEN SECTORS WHERE CITIZENS OF EAST-EUROPEAN NEW MEMBERS WORK IN THE UK, BETWEEN MAY 2004 AND SEPTEMBER 2008 (CUMULATIVE TOTAL)

	<i>Czech Rep.</i>	<i>Estonia</i>	<i>Hungary</i>	<i>Latvia</i>	<i>Lithuania</i>	<i>Poland</i>	<i>Slovakia</i>	<i>Slovenia</i>	<i>Total</i>
Administration, business and management	12.255	2.295	9.575	16.075	30.335	240.265	42.205	200	353.215
Hospitality and catering	10.265	1.520	11.085	5.295	12.335	105.955	19.325	215	165.995
Agriculture	2.630	780	1.210	10.020	16.150	53.560	6.075	15	90.440
Manufacturing	2.535	700	1.440	3.245	6.060	43.990	5.765	50	63.785
Food/fish/meat processing	1.455	25	610	2.775	5.000	28.470	4.070	15	42.820
Retail	2.010	365	1.765	1.095	2.700	26.570	3.970	75	38.550
Health and medical	2.470	470	2.075	700	2.080	25.320	4.155	60	37.325
Construction and land	1.440	220	1.205	1.185	3.295	25.680	2.625	25	35.685
Transport	1.090	200	1.125	355	1.115	17.750	1.270	20	22.920
Entertainment and leisure	1.190	175	1.155	515	975	7.750	1.585	25	13.370
<i>Total in Top 10 sectors</i>	<i>37.340</i>	<i>7.160</i>	<i>31.240</i>	<i>41.255</i>	<i>80.045</i>	<i>575.310</i>	<i>91.045</i>	<i>705</i>	<i>864.110</i>
Other occupations /not stated	2.450	335	2.400	875	1.925	19.195	3.140	150	30.480

Source: WRS.

Note: The table shows registered workers, not the number of applications made. The figures reflect initial applications only (not multiple registration, made by individuals aiming to work with more than one employer simultaneously, or re-registration where an individual has changed employers).

<sup>14</sup> The overwhelming majority of them works for temporary employment agencies, which is confirmed by WRS data. According to them their share is as high as 53% (Blanchflower et al., 2008).

<sup>15</sup> For example, not less than 29% of Nigerian workers, who also belong to top ten non-Irish nationalities, can be found in this sector (Source: CSO Census, 2006).

In contrast to their high educational level, workers from the new member CEECs tend to work longer hours and are paid lower wages (there is ample evidence for this in the UK – see: Blanchflower, 2008:7-8). The Irish data show that even compared to other non-Irish nationals, they are those who have the highest share of working as unskilled workers (around 10%). Many of them are semi-skilled or skilled manual workers. It has to be noted that in all other non-Irish nationality groups the majority works either in managerial positions, or as professionals, or as non-manual workers. For East-Europeans, however, this figure is only around 25% (and out of this, the majority work as non-manual workers, for example in the case of Poles, this figure stands at 23%).

### 3. KEY MOTIVES AND OTHER IMPACTS ON MIGRATION DECISIONS

Reasons for propensity to migrate and migration itself are very complex and there is a vast literature dealing in details with this topic partly from a theoretical perspective, partly analysing evidence (i.e. case studies or using econometric models). This is obviously a very important topic from a policy point of view, and information is needed not only about factors generating migration intentions, but also on those factors which lead to realising them. Migration intentions in various European countries have been analysed recently by many papers which rely “on a high correlation between migration intentions and their realisations”. Other studies found, however, that “intentions data provide very valuable information, but are only imperfectly correlated with future behaviour and have to be treated with caution”<sup>16</sup>. Reasons for the disagreement could lie in the fact that those circumstances which influence realisation vary to a large extent, depending on the countries involved (both home and host countries), on economic climate, the type of migration (economic vs. political) and many other things.

One can draw conclusions about key motives and determinants of migration from the composition of migrants. It is clear from the above analysis for example, that the main objective of the overwhelming majority of migrants from the East-European new members is to work in the host country concerned and this points to mainly economic motives. This is understandable in light of the high income differentials, expressed for example in their GDP per capita. It would be important, however, to know what explains the differences in scale of outmigration from these countries. For example, due to the sheer size of its population, it is understandable that Poles dominate the outflow of East-Europeans. Even the fact that they are overrepresented can be easily explained by their high migration propensity (migration history) and the well known network effects. Large inflow from the two Baltic states, Lithuania and Latvia is less clear. It is also an open question why relatively many persons from Slovakia take up a job abroad (not only in

<sup>16</sup> See: Zaiceva et al., 2008, p. 7. and see a list of the referred papers there.

the neighbouring Czech Republic). These cases are all the more interesting, because there have been rapid growth in these countries recently. Slovakia was even regarded as a success story over the last few years, and it even managed to meet the Maastricht criteria and therefore to introduce the euro in 2009. Despite this, unemployment stood at one of the highest levels until recently (Poland had similar level). Apart from a lack of available jobs, highly educated young people may find insufficient opportunity for their career advancement (although the country attracted a large inflow of foreign capital recently, they might not offer such jobs which would provide them with sufficiently promising opportunities).

Although it is clear that outflow was large from those countries where unemployment stood at the highest level, besides macroeconomic conditions, people's own perceptions also matter (and they could be different from what the macro-data would suggest). For example, in 2005 although unemployment was higher in Poland than in Lithuania, there was not much difference in how people evaluated the prospects of their own jobs: for the statement, "I might lose my job in the next six months", 26.5% of Polish respondents answered positively, whereas this figure was just 3.2 percentage lower for Lithuanians (i.e. 22.3%). In fact, there was a large difference in answering this question positively: whereas only 11.3% of EU-citizens did that, the figure was definitely above 20% for the 10 East-European new members countries. According to results of this survey<sup>17</sup>, job satisfaction is also lower in these countries.

Further investigations would be needed to explain high outflow from the two Baltic states, but the fact that life satisfaction is among the lowest in these countries, might also give us some hint at least (see results of a recent survey in Appendix, Figure A1., as an example, but other surveys, like Eurobarometer carried out also in 2007, basically confirm these findings – see in Blanchflower, 2008). Although there are other countries where life satisfaction is even lower (Bulgaria and Hungary), other factors in Lithuania and Latvia may also play an important role in generating high outflow<sup>18</sup>. It has to be added that the level of life satisfaction is certainly relevant when key motives are examined, shown also by the example of Bulgaria (outmigration was particularly large from this country over the last few years, even well before the accession). In addition, in case of workers, satisfaction with salary is certainly an important element when life satisfaction is rated. This element was found as significant. In case of citizens of the new member states both before and after enlargement (see: Zaiceva, 2008. p. 9). As regards household

<sup>17</sup> Source: European Working Conditions Survey (EWCS) 2005, Eurofound. The EWCS asked about working conditions. Results of Eurobarometer carried out also in 2005 (see: Blanchflower, 2008., *ibid*) also confirmed these findings.

<sup>18</sup> It is a relevant question for example, what rapid GDP growth really meant for these countries, whether this was a signal of a real, unusually quick catching up process, or rather other factors were at play, producing misleading statistical figures.

income, a survey of 2007 found that it is the lowest precisely in those new members from where outflow is significant<sup>19</sup>.

As mentioned, knowledge of languages plays certainly an important role in motives and selection of destination countries. Young generation in Central and Eastern Europe mostly speak English<sup>20</sup> and this could also explain “migration diversion” towards the UK and Ireland (but restrictions by Germany and Austria the traditional host countries of East-Europeans, where 60% of NMS 8 migrants went in before the accession, have certainly contributed also to the diversion). It is also clear that the emergence of budget airlines reduced the costs migration, making more frequent family contacts less expensive (this even led to a relative decline in the significance of geographical distance within Europe; although role of this development should not be overestimated because other important factors are also a play, it could open new perspectives towards higher mobility in the ‘old continent’). At the same time, experiences of the free flow of East-European labour so far seem to confirm the importance of languages, especially the costs of investment in learning them, which is illustrated for example by the large inflow of Romanians to Spain or Italy (their native language is also Latin and for Romanians learning Spanish or Italian would certainly require much less effort than another non-Latin European language). In addition, it is interesting that although Sweden has been pursuing a liberal policy towards East-European labour since the accession, it has not proved a popular destination (neither have other Scandinavian countries<sup>21</sup>, or the Netherlands).

#### 4. CONCLUSIONS: POSSIBLE IMPACTS AND POLICY IMPLICATIONS

The literature on this specific issue (i.e. impacts of East-European labour) has a consensus that major impact on overall labour market outcomes cannot be found. For example, as regards the impacts on the UK labour market, some authors say that the least skilled could be affected, if there is any impact at all. They found “a small negative relationship between the change in the annual rate of wage inflation of those in elementary occupations...between 2005 and 2006 and the change in the share of A8 workers one year earlier...”. Other authors found the same (i.e. also a small negative relationship), but in the case of the semi-skilled and the unskilled services sector (Blanchflower et al., 2008:12).

<sup>19</sup> Mean equalised household income (which means that different sizes and compositions of households can be compared and they are measured in PPS). Ranking of countries according to this is the following: Bulgaria (lowest), Romania, Poland, Latvia, Lithuania and Slovakia. Source: EQLS, Eurofound, 2008.

<sup>20</sup> A factor which is emphasised also by Zaiceva et al. 2008, and Blanchflower et al., 2008.

<sup>21</sup> There is only one exception, but this also confirms the importance of languages: for Estonians, Finland seems to be a preferred destination (this might explain their much lower inflow than that of citizens of other Baltic states to the UK, for example).

As regards unemployment, although there was a coincidence between substantial increase in inflow from NMS, and rising unemployment, one of the authors who examined the issue found no statistically significant link between increased migration and the rise in the number of claimants for unemployment benefit<sup>22</sup>.

Similarly, research on Irish data concluded that the immigration between 2003 and 2005 was primarily demand-driven which has not generated “displacement effects on the aggregate level” (Zaiceva et al., 2008, p. 6). It can be assumed that in other countries the inflow of Eastern European labour during the first years of enlargement was also mainly demand-driven: an indirect proof for this is that, in their model, based on Eurobarometer 2006 data, Zaiceva et al. found that unemployed people did not find migration as an important issue (see: Zaiceva, *ibid*). This might again point to lack of displacement effects.

From policy perspectives (especially at EU level) the most interesting and relevant question is what the impacts of the transitional arrangements are, whether a restrictive and selective immigration policy makes sense nowadays in intra-EU labour flow. By now, in principle, this should have become a topical issue because this year, 2009 marks the end of restrictions without justifying labour market disturbances. In reality, however, as a direct consequence of the current crisis, it is not difficult to prove the presence of these disturbances. There is already some evidence for this. For example, although the Migration Advisory Committee in the UK recognised that the impact of lifting restrictions on employment of nationals from Bulgaria and Romania “would be small, but the risks to the labour market are mainly on the downside”. In a later report (in April 2009) their conclusion, “the UK labour market is seriously disturbed”<sup>23</sup>, was supported by some data.

As mentioned above, host country economies have not been adversely affected by the East-European inflow. Therefore it is relevant to ask whether those countries which applied restrictions have benefited from “migration diversion”, and whether the restrictions helped to achieve their objectives. Although overall it is difficult to assess it (for this, a counter-factual analysis would have been needed), the available evidence shows that in the UK presence of high skilled labour from Eastern Europe has become more pronounced than in Germany (see Zaiceva, 2008, p.10). It seems likely that this is the consequence of the UK’s liberal policy, presumably because workers from the new members could take up such skilled jobs, which they are unable to occupy in Germany due to the restrictions (these jobs may not require very high and specific skills but they prove useful in helping to accumulate substantial human capital by enabling workers to gain considerable experience in host country labour market which could lead to fill in more high skilled jobs in large demand). Although in principle when the restrictions are lifted, the ‘balance’ could be restored, i.e. more high skilled people could be attracted

<sup>22</sup> Gilpin et al., 2006 is quoted both in Blanchflower et al., 2008 and Zaiceva et al., 2008.

<sup>23</sup> See: MAC (2008), p.131. and MAC (2009) p. 6.



also to Germany, network effects are important, so this process might be relatively slow.

An important issue is what could be the more indirect impacts of the recent financial crisis (not only direct effects on migration policy). There are already strong signs of much less demand in the most important host countries (Ireland, UK). It remains to be seen, however, whether more return migration would occur or the majority of current migrants follow another strategy, for example they move to another destination. (Return migration in a large scale seems quite unlikely since situation in home countries could turn to even worse than in host economies). At the same time, as a consequence of allowing free movement in more countries, the destination countries could be more diversified (though, as mentioned, language barriers could restrict this). Although some diversification can already be seen, (on the example of Romanians' high inflow to Spain, and Italy), it is an important question what would happen if liberalisation is slowing down or even some (further) restrictions would be (re)introduced (there have already been attempts for applying restrictions for example in Italy –in case of a protracted, deep recession its probability could increase).

Composition of migrants could also be expected to change. High skilled workers (mainly with specific skills) may remain, but those with less skill have to leave. Again, the pace of this process will depend on the economic climate. If there is no quick recovery from the current economic downturn, less new migrants will come (which can be observed already, as shown in the paper) and the younger ones will return or migrate elsewhere.

It is difficult to predict even the order of magnitude of future migration because there are too many factors (including unforeseeable events, like the current financial crisis) influencing the actual inflow. Although general determinants of migration are well known from experience and the literature, if migration potential of so many countries are examined, there could always be 'outliers', due mainly to their very specific conditions, therefore they could behave in an unpredictable way. For example, whereas strong impacts of migrants' network on increase of migration are well documented, and this could explain the constantly high Polish inflow, much less is known of those specific conditions which Lithuania, and to a lesser extent also Latvia, Slovakia, have. In order to inform policy (mainly to establish whether short-term or longer term effects are at work), it would be important to explore these conditions.

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## APPENDIX

TABLE A1: NATIONAL INSURANCE NUMBER REGISTRATION TO ADULT FOREIGN NATIONALS ENTERING THE UK: TOP TEN COUNTRIES BY YEAR OF REGISTRATION (THOUSANDS)

	2002/03		2003/04		2004/05		2005/06		2006/07		2007/08	
India	24,80	India	31,52	Poland	61,12	Poland	171,08	Poland	220,43	Poland	210,66	
Australia	18,70	South Africa	18,53	India	32,47	India	45,93	India	48,82	India	49,76	
South Africa	18,46	Australia	17,34	Pakistan	20,19	Rep of Lithuania	30,94	Slovak Rep	28,60	Slovak Rep	29,99	
Pakistan	16,73	Pakistan	16,84	South Africa	19,19	Slovak Rep	27,51	Pakistan	25,01	Pakistan	24,83	
France	13,73	Portugal	14,08	Australia	16,47	South Africa	24,03	Australia	24,21	Australia	24,10	
Philippines	11,64	China Peoples Rep	13,40	Rep of Lithuania	15,54	Australia	23,83	Rep of Lithuania	23,92	Romania	22,95	
Spain	11,61	France	13,13	France	13,18	Pakistan	22,29	France	20,01	France	21,77	
Zimbabwe	10,10	Spain	11,97	China Peopl. Rep	12,55	France	17,23	South Africa	16,80	Rep Lithuania	19,03	
Iraq	9,96	Poland	11,26	Portugal	12,20	Rep of Latvia	14,40	Germany	15,07	Germany	15,53	
Portugal	9,63	Philippines	10,86	Slovak Rep	11,11	Germany	13,39	China Peopl. Rep	13,00	Italy	15,40	

Note: Years are shown as financial years (1 April – 31 March).

Source: Department for Work and Pensions (DWP) – National Insurance Number Allocations to all adult Overseas Nationals entering the UK (

<http://www.dwp.gov.uk/asd/tabtool.asp>).

TABLE A2: RELATIVE INCOME LEVEL IN A8 COUNTRIES, AS COMPARED TO THE UK BETWEEN 2004 AND 2008 (PURCHASING POWER STANDARD, UK = 100)

	GDP per capita by year				
	2004	2005	2006	2007	2008
United Kingdom	100	100	100	100	100
Czech Republic	60.8	62.3	64.3	67.3	69.8
Estonia	46.3	50.2	54.2	57.0	56.1
Latvia	37.0	39.9	43.6	48.6	48.2
Lithuania	40.9	43.4	46.1	49.9	51.9
Hungary	51.1	51.9	52.8	52.5	53.2
Poland	41.0	42.1	43.2	44.8	47.0
Slovenia	70.0	71.8	72.8	74.9	77.3
Slovakia	46.2	49.4	52.7	56.2	59.8
A8 average (weighted by population)	47.4	48.8	50.4	52.2	54.1

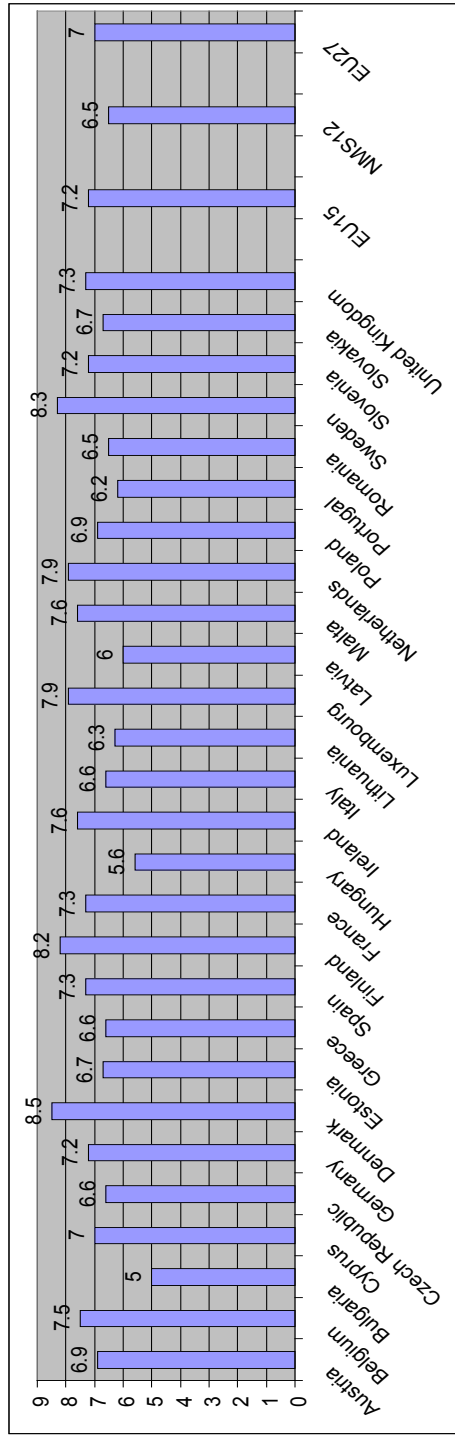
Source: Eurostat, 2009. Quoted in: MAC, 2009, p. 39.

TABLE A3: NATIONAL INSURANCE NUMBER REGISTRATIONS TO ADULT FOREIGN NATIONALS FROM THE NEW MEMBER COUNTRIES (NIMS12), BY QUARTER OF REGISTRATIONS AND NATIONALITY (THOUSANDS)

	All	Malta	Rep of Estonia	Rep of Latvia	Rep of Lithuania	Bulgaria	Hungary	Poland	Romania	Cyprus	Rep of Slovenia	Czech Rep	Slovak Rep
Jan 02 - Mar 02	3,64	0,07	0,04	0,07	0,30	0,90	0,17	1,07	0,36	0,10	0,07	0,26	0,23
Apr 02 - Jun 02	2,95	0,02	0,03	0,05	0,23	0,78	0,12	0,90	0,35	0,07	0,04	0,19	0,16
Jul 02 - Sept 02	4,62	0,06	0,05	0,10	0,45	1,11	0,21	1,48	0,45	0,08	0,07	0,29	0,26
Oct 02 - Dec 02	4,12	0,07	0,04	0,12	0,44	0,92	0,18	1,29	0,41	0,07	0,05	0,31	0,23
Jan 03 - Mar 03	5,98	0,05	0,05	0,14	0,69	1,14	0,22	2,22	0,64	0,09	0,06	0,36	0,32
Apr 03 - Jun 03	4,83	0,03	0,03	0,10	0,55	0,90	0,17	1,88	0,55	0,05	0,05	0,24	0,28
Jul 03 - Sept 03	6,97	0,06	0,05	0,15	0,97	1,17	0,21	2,86	0,74	0,08	0,05	0,28	0,34
Oct 03 - Dec 03	6,57	0,07	0,06	0,19	0,93	1,12	0,25	2,52	0,70	0,08	0,04	0,29	0,33
Jan 04 - Mar 04	10,35	0,06	0,09	0,29	1,38	2,00	0,36	4,00	1,17	0,09	0,08	0,37	0,47
Apr 04 - Jun 04	11,92	0,08	0,12	0,45	1,72	1,64	0,37	4,97	1,01	0,10	0,21	0,55	0,70
Jul 04 - Sept 04	23,58	0,13	0,34	1,29	3,10	1,08	0,71	11,96	0,68	0,17	0,18	1,54	2,40
Oct 04 - Dec 04	33,13	0,12	0,50	1,67	4,52	1,00	1,12	17,51	0,76	0,22	0,20	2,21	3,28
Jan 05 - Mar 05	48,21	0,14	0,73	2,91	6,21	0,80	1,61	26,68	0,84	0,29	0,22	3,06	4,73
Apr 05 - Jun 05	57,56	0,13	0,75	3,63	7,74	0,89	1,83	32,21	0,70	0,26	0,15	3,17	6,10
Jul 05 - Sept 05	71,98	0,16	0,89	3,76	8,20	0,85	1,99	44,19	0,82	0,23	0,12	3,51	7,27
Oct 05 - Dec 05	66,38	0,17	0,63	3,20	6,95	0,57	2,27	41,66	0,64	0,29	0,09	3,29	6,61
Jan 06 - Mar 06	80,77	0,16	0,76	3,80	8,05	0,52	2,48	53,02	0,72	0,33	0,13	3,28	7,53
Apr 06 - Jun 06	57,62	0,11	0,46	2,58	5,25	0,45	1,87	38,19	0,54	0,21	0,12	2,30	5,53
Jul 06 - Sept 06	70,77	0,13	0,42	2,51	5,44	0,41	2,06	49,70	0,56	0,19	0,10	2,62	6,62
Oct 06 - Dec 06	73,36	0,18	0,52	2,53	5,46	0,56	2,51	51,30	0,61	0,27	0,11	2,76	6,55
Jan 07 - Mar 07	115,75	0,23	0,65	3,41	7,76	1,43	4,30	81,24	2,26	0,39	0,20	3,97	9,91
Apr 07 - Jun 07	75,98	0,12	0,35	2,12	4,84	2,96	2,85	48,05	5,53	0,22	0,10	2,47	6,37
Jul 07 - Sept 07	97,27	0,17	0,35	2,00	5,04	5,05	3,13	63,37	6,27	0,21	0,15	3,14	8,40
Oct 07 - Dec 07	78,85	0,16	0,32	1,79	4,59	2,81	3,59	49,88	5,11	0,33	0,13	2,72	7,41
Jan 08 - Mar 08	80,33	0,14	0,35	1,88	4,55	3,14	3,74	49,37	6,05	0,34	0,16	2,81	7,82
Apr 08 - Jun 08	73,16	0,13	0,36	2,05	4,21	4,42	3,82	40,75	6,73	0,30	0,14	2,53	7,71

Source: National Insurance Recording System (<http://www.dwp.gov.uk/asd/tabtool.asp>).

FIGURE A1 : LIFE SATISFACTION INDEX BY EU 27 COUNTRIES AND COUNTRY GROUPS (2007)



Source: European Quality of Life Survey (EQLS) 2007, <http://www.eurofound.europa.eu/areas/qualityoflife/eqls2007/results.htm> (access: December 15, 2008).  
 Question 29: All things considered, how satisfied would you say you are with your life these days? Scale from 1 ('very dissatisfied') to 10 ('very satisfied').