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Fafo

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Innhold

Preface

Aspects of labour migration will be of interest to all the Nordic countries, since they share a history of extensive labour market regulations, similar social security regimes and a labour market open to all Nordic citizens, but with strict restrictions on immigration from non-Nordic countries. Over the past few years, all Nordic countries have become aware of the possibility that in the future they could possibly experience a deficit in their national labour supply. Despite somewhat different adaptations to the EU, all Nordic countries will be heavily influenced by developments in the common market. This report deals with the possible effects of the forthcoming enlargement of the EU on the migration of Baltic labour towards the Nordic countries.

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Oslo, 30.5.03
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Sammendrag

Fra mai neste år utvides EU med 10 medlemsland. Det vil innebære at borgere og virksomheter i disse landene får en helt annen adgang til arbeidsmarkedene i EU/EØS området enn de tidligere har hatt. I denne rapporten har vi sett spesielt på de baltiske statene, og vurderer potensialet for økt bevegelse av arbeidskraft og tjenester fra de baltiske statene til Norden. Analysen baseres på levekårsdata fra Baltikum, statistikk over migrasjon fra Baltikum til de nordiske landene fram til nå, samt data som illustrerer forskjeller i levekår mellom Norden og Baltikum.

De nordiske arbeidsmarkedene framstår i hovedsak som velregulerte. Gjennom lov og ikke minst gjennom avtaler mellom partene i arbeidslivet er det satt krav til arbeidsmiljø, lønninger og øvrige arbeidsbetingelser. I tillegg finnes et relativt sjenerøst velferdsstatlig inntektssikringssystem, som skal ivareta også de som faller ut av arbeidsmarkedet. De nordiske landene har dessuten hatt en nokså restriktiv arbeidsinnvandringspolitikk. Sammenliknet med blant annet Sveits og England, er innvandringen til de nordiske landene i større grad basert på familiegjenforeninger og flyktninger enn på import av arbeidskraft. De nordiske arbeidsmarkedene har fremstått som relativt eksklusive før oppholds- og arbeidstillatelse er gitt, men er til gjengjeld svært inkluderende for de som er innenfor. De betingelsene som gjelder i de nordiske arbeidsmarkedene er klart bedre enn i de baltiske landene, og det er grunn til å tro at betingelsene vil virke spesielt attraktive for arbeidstakere med lite formell utdanning. Det betyr likevel ikke nødvendigvis at vi vil få en strøm av arbeidssøkere fra de baltiske landene til Norden. For det første er det ikke nødvendigvis så enkelt å finne arbeid: Allerede i dag er arbeidsledigheten blant innvandrere (også vestlige) høyere enn i de "innfødte" nordiske befolkningene. Dessuten er ikke arbeidskraft utpreget mobil. I første omgang tror vi interessen vil være størst for ulike varianter av korttidsmigrasjon. Dette kan være både i form av individuell migrasjon - interessen for å komme til Norden på sesongarbeidstillatelse har vært betydelig allerede før EU-utvidelsen – og i form av utstasjonering av arbeidstakere. Utstasjonering av arbeidstakere er en konsekvens av bestemmelsene om fri flyt av tjenester: Virksomheter i Baltikum vil få full mulighet til å utføre entrepriser i Norge, for eksempel innen bygg og anlegg, og medbringe sine arbeidstakere. Denne typen migrasjon innebærer ikke i samme grad en migrasjonsbeslutning, og vi har tro på at denne formen for arbeidsvandring vil øke betydelig.

Vi tror altså på en viss økning i arbeidsinnvandringen. Likevel vil vi peke på et par viktige forhold som kan bidra til å dempe arbeidsvandringen til Norden. For det første er Norden langt fra førstevalg for de baltiske innbyggerne som selv sier at de kunne tenke seg å emigrere. I den grad Norden vil ha et udekket behov for arbeidskraft i årene framover kan det altså tenkes at vi vil tape kampen om den mest attraktive arbeidskraften for mer attraktive land som Tyskland, England, USA – og i denne sammenheng Russland. For det andre vil de nye medlemslandene sannsynligvis oppleve en økonomisk vekst i årene framover. Bedrede arbeidsmuligheter og økte lønninger i de baltiske statene vil gjøre det mindre attraktivt å emigrere. Selv om det vil ta tid før de har nådd igjen de nordiske landene, kan selv en moderat bedret levestandard være nok til å demme opp for migrasjonsønsker.

De baltiske statene har fortatt betydelige problemer knyttet til arbeidsledighet og fattigdom. Likevel er det ingen stor interesse for migrasjon. I Estland og Latvia er interessen for å emigrere klart større innenfor de etniske minoritetene (i hovedsak russere). Dette gjenspeiler trolig manglende borgerrettigheter for russere i disse landene, samt deres vanskelige situasjon på arbeidsmarkedet. Generelt er unge mennesker mer tilbøyelige til å ville emigrere enn eldre, og det er en svak tendens til at personer i ytterpunktene av inntektsfordelingen er mer tilbøyelig til å emigrere enn de som befinner seg i de midlere inntektslagene. Alt i alt er interessen for migrasjon spredt utover store lag av befolkningen.

Konsekvensene av den forventede økte arbeidsmigrasjonen vil selvsagt avhenge av hvem og hvor mange som kommer, noe som selvsagt er høyst usikkert. I tillegg vil de avhenge av hvor velfungerende de nordiske arbeidsmarkedene er i utgangspunktet. Innledningsvis i denne oppsummeringen pekte vi på at de nordiske arbeidsmarkedene *i hovedsak* er velregulerte. Det er imidlertid noen unntak. Eksempler på omgåelser av bestemmelsene i arbeidsmiljøloven, lønninger langt under tariff, skatteunndragelser og bruk av illegal arbeidskraft finnes i enkelte bransjer. Spesielt utsatte bransjer er bygg og anlegg, hotell og restaurant samt renhold. Økt tilgang på arbeidskraft som er villig til å jobbe for under tarifflønn vil kunne forsterke disse problemene, og bidra til økte problemer med sosial dumping innen disse bransjene.

For Norges vedkommende vil manglende registrering av hvem som kommer til landet og bortfall av krav om at lønn og andre arbeidsvilkår skal følge norsk standard også bidra til å komplisere innsatsen mot sosial dumping. Allerede i dag er kontrollen med at sesongarbeidere får lønn etter norske vilkår nesten fraværende. I realiteten er det kun politiet som har myndighet til å gjennomføre slike kontroller. Det er liten grunn til å tro at det vil bli en prioritert oppgave for politiet. Det viktigste kontrollapparatet i dag er tillitsvalgtapparatet i fagorganisasjonene. Norsk LO er nå for første gang i ferd med å kreve at lov om allmenngjøring av tariffavtaler skal tas i bruk. Fagbevegelsens innsats for å sikre generelt ryddige forhold i alle bransjer, samt for å overvåke og rapportere brudd på lønns- og arbeidsvilkårene ved bruk av utenlandsk arbeidskraft, vil få stor betydning for utbredelsen av sosial dumping også etter EU-utvidelsen. De største probemene med sosial dumping vil fortsatt komme i bransjer og arbeidsplasser med lav fagorganisering. Det vil være av stor interesse å følge fagbevegelsens innsats og erfaringer på dette området i årene framover.

Vi tror ikke arbeidsinnvandringen fra de baltiske landene vil få noe dramatisk omfang. Utfordringene som vil følge med EU-utvidelsen vil høyst sannsynlig bli todelt: På den ene siden må det gjøres en innsats for å hindre sosial dumping. Dette problemet vil høyst sannsynlig bli størst innenfor yrker med relativt lave krav til formell kompetanse, og der hvor det er utstrakt bruk av entrepriser og underentrepriser. På den andre siden kan konkurransen om den mest etterspurte arbeidskraften bli hard, og det er slett ikke sikkert at det utvidete EU vil kunne tilfredsstille det økende behovet for slik arbeidskraft i Norden.

1 Introduction

The historic changes in the former Eastern Bloc countries during the 1990s put migration firmly on the agenda in the West. While the communist area had been marked by severe restrictions on foreign travel, the fall of the Iron Curtain and the democratisation of the former socialist regimes made possible the kind of migration that could not be foreseen only a few years before. In the second half of the 1990s, it started to become clear that the expansion of the European Union could open European labour markets to millions of citizens of the new Member States, people presumed to be eager to take advantage of their newfound mobility in Europe.

The consequences of the changes were unclear, but it seems the expectation was that there would be a rather massive inflow of migrants from the east hoping to improve their earnings and access to better employment opportunities. These expectations were strengthened by the high social costs of the transition in the former communist regimes. However, it was established fairly early that such expectations of mass migration were largely without foundation. Numerous studies from the latter half of the 1990s have come to more or less the same conclusion: the East European population did not collectively pack up and go when given the chance (see, for example, Knudsen 1996; Okolski 2000).

Now, it is the dawn of a new era for Eastern and Central European countries because they expect to be included in the European Union. The questions surrounding the need to control east to west migration are again pertinent. Although the initial changes in Eastern Europe did not cause mass migration, the coming decades will bring new conditions, the consequences of which are not entirely clear. Several issues are of importance, both from the perspective of the receiving countries in the west, and also with regard to the consequences of migration for the countries in transition to the east. Is there reason to expect a large inflow of migrants seeking improved living conditions and higher earnings? Will the Western European labour markets be able to absorb an inflow of migrants from the new members of the EU? These events are taking place at a time when several European labour markets are experiencing shortages in skilled labour and specialists in certain areas, coupled with a need for low-skilled labour. Can this gap be filled by migrants from the east? Although unemployment has risen in the east, in some instances quite dramatically, those countries are in transition, and they face the same needs for skilled labour and experts. Will the ability of western countries to offer better conditions of employment for specialists cause a brain drain with detrimental consequences for the economic development of these countries?

These questions are also highly relevant to the Nordic countries. The geographic and cultural closeness to the Baltic States raises the question of what will happen once those states become members of the EU. The issue of migration from the east has been raised several times, the focus varying between active attempts to recruit labour, and warnings of new pressures on the Nordic welfare states.

International migration research identifies a series of factors that are believed to encourage or deter migration. The most common factors are related to unemployment in sending and host countries, the income gap, and economic development. These factors are sometimes difficult to measure precisely, and they may also interact in complicated ways, making assessments of future migration difficult (see for instance Kielyte & Kancs 2002). Still, some aspects of the potential for migration from the Baltic States towards the Nordic countries may be illuminated. Below, we will attempt to give some indication of some important features of the Nordic labour markets, as well as assessing the potential for mobility in the Baltic States.

2 The Nordic labour markets and labour immigration: An overview

General features of Nordic labour market regulations

The labour markets in the Nordic countries are, despite some national differences, characterised by extensive agreements between the parties in the labour markets and comprehensive regulations to protect workers' rights. At the same time, all countries have extensive and well functioning social security systems that secure a basic income for people who lack other income sources. It can be argued that the social benefits also function as a wage floor, as wages below the norm for social benefits are hardly negotiable. The centralised negotiation systems are also believed to play an important role in obtaining decent pay for low skilled workers (Moene 2003). Well-regulated labour markets, low unemployment and social security systems that include all citizens give signals of prosperity and economic security. It is therefore believed that the Nordic countries will attract job seekers from countries without the same regulations and economic security. However, the thresholds for entering the Nordic labour and welfare systems have been high. In order to maintain their strong negotiating position and a balanced labour market, the workers' unions have been inclined to demand strict restriction on immigration. The major concern is that immigrants from less prosperous countries may be willing to accept lower salaries and poorer working conditions, and therefore contribute to a downward pressure on the favourable working conditions enjoyed by Nordic citizens as well as their displacement by workers of other nationalities. This would represent increased pressure on the the universal social security systems in Nordic countries. These concerns are shared by a broad political constellation, and the unions have a strong position on the official immigration and integration policy in all Nordic countries and exert considerable influence in this matter. Consequently, the strict labour immigration policy has a strong foundation.

In this chapter, we will discuss some general features of the Nordic labour markets, which have consequences for the immigration and integration policies in these countries. The Nordic labour markets will in many cases be regarded as one, partly due to the Nordic Passport freedom that has been valid for nearly 50 years.

Citizens of one Nordic country may work and settle in any other Nordic country without prior approval, and only minor border restrictions exist between the Nordic countries. The labour market regulations and the relationship between the parties in the labour markets have different structures, but the practical consequences are similar in all Nordic countries. Denmark, Finland and Sweden are members of the EU, but both Iceland and Norway have signed the European Economic Community (EEC) agreement, and will therefore face similar challenges and enjoy similar opportunities as the other EU Member States after the forthcoming enlargement of the Union.

Regulations and agreements in the Nordic labour markets

One common denominator in the Nordic labour markets is the close coalition between the political institutions, parties and labour organisations. Numerous laws and agreements heavily regulate the labour markets. This also has implications for the politics of labour immigration from residents from countries outside the Nordic or EU countries. Also, the parties in the labour markets (employers and workers) in the Nordic countries have developed a form of co-operation that entails a certain level of interdependency.

One example is how both parties agreed upon the “solidarity alternative” in the late 1980s/early 90s in Norway. During the economic crisis in Norway at that time, workers were threatened by mass termination of employment. In order to secure continued employment for their members, labour organisations did not raise demands for high salary increases. This eased the situation for employers, who were able to keep labour costs at a stable level and thereby reducing the need for mass termination of labour contracts. Through collective bargaining, large groups retained their work and their purchasing power remained relatively high, which in turn mitigated a further acceleration of the crisis. The close co-operation between the parties in the labour market softened the consequences of economic turmoil and eased economic recovery in the 1990s. It is thus also in the interest of employers to maintain close co-operation with labour organisations. By taking the labour organisations’ demands into consideration, it is more likely that these organisations will be supportive in times of economic decline. Contrary to what had been expected, collective bargaining has been revived in all Nordic countries through the 1990s, and has “shown surprising resilience and capacity for adjustment and renewal” (Dølvik 2003:42). Although it follows different patterns in the various Nordic countries, it has been shown that collective bargaining reduces social inequality

(Moene 2003). The labour organisations have considerable power in the Nordic countries and they have significant influence on the politics of labour immigration.They are likely to influence the implementation of the transitional arrangements related to the forthcoming enlargement of the EU.

The combination of centralised labour regulation, extensive social security systems and strict restrictions on labour immigration may have prevented the development of a widespread low paid work sector in which salaries faller under the social security norm or people work without employment contracts. However, there are some problems with social dumping, despite the efforts made by the national unions. There seem to be a concentration of immigrant workers in a few sectors, with the hotel and restaurant sector being the most notable (www.ssb.no/emner/06/01/innvregsys/tab-2002-12-19-04.html) A recent example from Norway is the alleged breach of the labour law committed by subcontractors to the one of the major construction projects of Statoil (Statoil Mongstad). The national authority responsible for surveillance of the labour law (Arbeidstilsynet) reported the case to the regional police authorities in February 2003, after being tipped off by a union (EL&IT-forbundet) (*Bergens Tidende*, 21.2.2003). The case is still under investigation. In Sweden, inspections by the unions have uncovered Baltic construction workers being paid 20-30 SEK per hour (Junesjö 2002). A report from a working group put together by the Nordic Council gives a number of examples of social dumping in the Nordic countries (Nordisk Ministerråd 2000). There is also insufficient information about the extension of the use of family members in small businesses like family-run snack bars, kiosks and food stores. The latter may recruit family and close friends to work under conditions which do not adhere to the central regulations, income guarantees and wage agreements. As a consequence of this, labour union Norwegian LO (2003) argues, workers in these sectors remain poorly paid. Citizens of those countries have avoided the insecure working conditions prevalent in these sectors, so the concentration of immigrants in these sectors has increased. A high level of unregulated working conditions and unregistered labour in these sectors may lower the threshold for entry in this segment than is the case in more regulated areas of the labour market, thereby making them more attractive to new immigrants.

Social security

The Nordic social democratic regimes are characterised by welfare systems in which principles of universalism and de-commodification of social rights have also been extended to the middle classes (Esping-Andersen 1990:27). Full employment has been a major ideal, but there is still a close link between work and welfare. Esping-Andersen (1990:28) writes about the type of social democratic welfare:

> It is at once genuinely committed to a full-employment guarantee, and entirely dependent on its attainment. One the one side, the right to work has equal status to the right of income protection. On the other side, the enormous costs of maintaining a solidaristic, universalistic and de-commodifying welfare system means that it must minimize social problems and maximize revenue income. This is obviously done with most people working, and the fewest possible living off of social transfers. ()

In general, much weight has been put on securing workers' rights, minimum wages and income compensation for persons who, for various reasons, are not employed. Although private pension funds have been established in all Nordic countries over the past decades, the foundation of the pension systems is still based on public pension agreements. Through various economic and social security arrangements, people who are not working are still assured of a basic income.

The extensive social security system depends on high taxation. Maintaining the universalist income security systemrequires keeping the unemployment rate as low as possible, in order to secure sufficient tax revenue. To control public expenditure it is important that households are able to cover their private expenses with labour income. If the labour market is opened up for too many immigrants, the balance between labour participation and social benefit disbursements may be disturbed in two ways. Low-skilled immigrants from low cost countries may be more disposed to accept lower salaries, and thereby oust nationals who demand higher pay. Another consequence may be a downward pressure on salaries, pushing some households below the level where they are able to meet their basicneeds. This would result in an increase in social benefits expenditure, and in weakened incentives for labour participation, which could lead to higher unemployment.

Profile of immigration policies

Grounds for immigration permits

Following the waves of labour immigration that took place to Nordic countries as well as to other European countries in the 1960s and 70s, the economic recession of the early 70s resulted in these countries imposing strict regulations on labour immigration. The Nordic countries have developed an immigration policy that can be described as exclusive before entry but inclusive after entry, in the sense that legal entry implies access to a number of civil and social rights. With a few exceptions, residence over a period of two to three years entitles immigrants to a permanent residence permit. In contrast, other western countries, for example, Germany and Switzerland, have pursued "guest worker" immigration regimes (one-year-permits, day-to-day commuting and seasonal workers), based on changing domestic needs for labour. These immigrants have had few civil or social rights in their host country. Still, even the guest-worker regimes have experienced an increase in permanent foreign residents. (Econ 1999; LO-notat 4/2000 – *Litt om innvandring og det fremtidige arbeidsmarked*). The figure below shows the percentage of immigrants to the Nordic countries who have been given residence permits for work, family reunification or as refugees, compared with the figures for the UK and Switzerland. It is evident that labour immigration constitutes a much larger part of total immigration in the UK and in Switzerland.

Relatively few guest workers have been given access to the Nordic labour markets and then only within certain sectors (for example, the agricultural sector), where seasonal workers from countries outside the EU or from other Nordic countries have been permitted to stay for a maximum of three months. In Finland and Sweden, where permanent inflows have declined the past few years, "The decline in permanent inflows is accompanied, however, by a marked increase in the number of temporary visas issued, in particular to skilled workers" (Sopemi OECD 2001:19). A similar trend of increase in temporary work permits can be observed in Norway, although the country has not experienced the same decline in permanent inflows as Finland and Sweden. Both Norway and Denmark have made special regulations to facilitate recruitment of foreign workers in some sectors, especially construction and health care. In 1999, 118 doctors mainly from Germany, Austria and France and 300 nurses from Finland were recruited to work in Norway (Sopemi OECD 2001).

Figure 2.1: Percentage of immigrants by main categories and country of immigration, 1999. Permanent or long-term immigration

(Source: Sopemi OECD 2001)

Integration policies

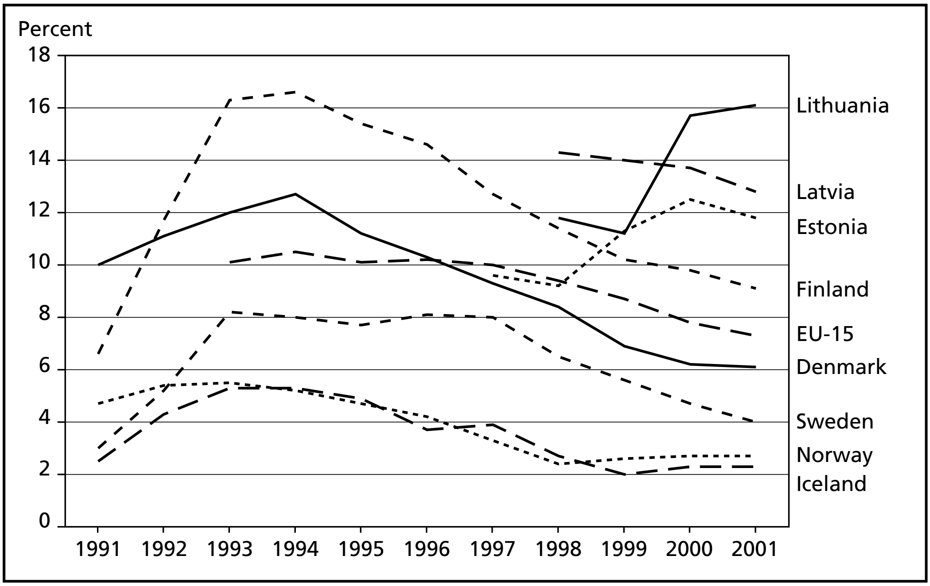
Integration policies in the Nordic countries have to a great extent focused on the needs of refugees, who constitute a large group and often have more need for qualification training programmes. generally, all immigrants have access to some free language training. The barriers to labour market participation for refugees, immigrants who have come on grounds of family reunification, and even former labour immigrants who have lost their jobs have proven to be high. Lack of formal qualifications, strict and slow regimes of recognition of education obtained in other countries, the lack of language skills and scepticism and prejudices from citizens all add to the difficulties immigrants from countries outside the EU and North America face in the Nordic labour markets. Processes of clientification have also been identified as an important explanation for low labour market participation in some immigrant groups, as the combination of high thresholds for labour market entry and generous welfare benefits discourage welfare clients from trying to enter the labour market (Wikan 1995; Djuve 2002). In several Nordic countries, special acts or programmes were launched in the late 1990s to ease immigrant integration processes. In Denmark, the Act on Immigration was launched on 1 January 1999, Finland set up a new legislation on integration and asylum in May 1999, a legal working group to propose changes in the education and training system available to new immigrants has been created in Norway, and numerous changes have occurred in Sweden's migration policy in the recent years (Sopemi OECD 2001).

Overall unemployment

Unemployment has declined in all Nordic countries the past few years and, compared to the average unemployment in the EU and Baltic countries, unemployment in the Nordic countries has been and remains low. However, Denmark and Finland have experienced a higher rate of unemployment than Iceland, Norway and Sweden. In 2001, the unemployment rate in all Baltic countries was higher than in both the Nordic countries and the EU-15. Among the Nordic countries, only Finland experienced a higher unemployment rate than the average EU unemployment rate in 2001. Figure 2.2 show the overall levels of unemployment in the Nordic countries over the past decade. Figures for the Baltic countries and the average unemployment rate for the EU member states are added for comparison.

The relevance of overall employment rates is however reduced by the significant national variations in labour demand by industry and skills. As illustrated below, the national employment rates also show considerable variation between national workers and immigrant groups.

Figure 2.2: The unemployment rate in the Nordic countries, Baltic countries and EU-15



(Sources: Statistics Databanks of Denmark, Finland, Iceland, Norway and Sweden, Eurostat)

Employment among immigrants

The employment problems experienced by immigrants in the Nordic countries indicate that the overall national employment rates are not necessarily decisive for the employability of foreign workers. The unemployment rates among immigrants from countries outside the EU and North America are generally higher than for national workers in all Nordic countries. In Norway and Denmark, immigrants from the EU and North America experience unemployment at about the same level as domestic citizens (Statistics Norway; Statistics Denmark).

The average unemployment rate for foreign citizens living in Finland has been three times the unemployment rate for the population as a whole, and stood at 34% in 2002. Unemployment among immigrants from Estonia and other former Union of Soviet Socialist Republicswas no different to the high unemployment rate for immigrants (Sopemi Finland 2002). In Sweden, the unemployment rate among non-Nordic citizens was three times the unemployment rate for the population as a whole, but unemployment among foreign nationals decreased in the late 1990s, partly due to increase in labour demand at the same time (Berggren 2000).

As has been mentioned above, unemployment among immigrants with permanent residence permits is explained by a number of factors that are not necessarily relevant for new potential immigrants. The issuing of work permits to workers from non-EU countries is in itself proof of work opportunities for foreign workers, as these

Table 2.1: Registered unemployment among immigrants in Norway, February 2003

Registered unemployment, February 2003	3,9
First generation immigrants, total	9,8
Nordic countries	4,6
West Europe	4,8
East Europe	11,1
Estonia	3,5
Latvia	5,0
Lithuania	6,3
North America and Oceania	5,4
Asia	12,8
Africa	17,8
South and Central America	10,7

(Statistics Norway)

permits are normally conditional on an existing job offer. The number of residence permits issued for employment purposes is, however, low. In Sweden, only 343 residence permits were given for employment purposes, mainly to highly skilled workers and tradespeople (Sopemi OECD 2001).

The great differences in employment between Nordic, EU and North American immigrants and immigrants from other parts of the world are partly due to the different immigration histories of these groups. People from Nordic countries, EU member states and North America migrate to Nordic countries mainly for work or education, and their stay is often temporary. Most immigrants from other parts of the world belong to one of three groups: refugees, labour immigrants who entered the Nordic countries before the "immigration-stop" in the early and mid-seventies, or family unifications with the first two groups. All three groups face more severe barriers for employment than recent labour immigrants (Drøpping & Kavli 2002).

Residence and work permits regulations in the Nordic countries

Regulation of temporary work permits varies slightly between the Nordic countries. Hiring foreign workers has in general only been permitted after it has been proved that the qualifications needed for a particular job cannot be found in the domestic labour market. Some countries issue a work permit that is valid only for employment at a specified employer for a specific job, while other countries may be open to issuing more flexible seasonal work permits that are not restricted to a single employer.

However, as general rule, an agreement with an employer must be in place prior to the application for a work and residence permit. Different rules apply for citizens from EEC countries. Denmark, Finland and Sweden are members of the EU, while Iceland and Norway are part of the EU/EEC agreement. Nordic citizens may reside and work in any Nordic country without prior permits, while citizens of the EU/EEC Member States may reside and work in another Member State for up to three months without residence or work permits. For employment agreements/contracts exceeding three months, a residence permit must be obtained, too.

The conditions for the regulations described in this section will change after the EU enlargement. Some of the Nordic countries have declared that special transitional arrangements will be made to avoid the entry of an unmanageable wave of job seekers from the former Eastern Bloc countries. However, other countries have declared that the workers from the new EU Member States will have full access to the domestic labour markets from the first day of their accession. Measures are also being made to ease processes for recognition of qualifications. (For a description of transitional arrangements and new procedures for recognition of qualifications, see Appendix 1.)

Below we will give a brief description of national labour immigration regulations. Due to different statistical sources and official information gathering and dissemination strategies, the descriptions of each country are not fully comparable.

Denmark

A residence and work permit must be issued to foreigners who want to work in Denmark before they arrive. A contract with an employee must be in hand before applying for a work permit, which most often is given for a maximum of one year. Denmark has made a "positive list" of qualifications that are especially sought after in that country, in order to facilitate and ease entry of workers with qualifications in information and communication technology (ICT) engineering, natural and technological sciences, as well as doctors and nurses. The list of qualifications is continuously revised, taking into account the changing needs of the national labour

Table 2.2: Number of employment based residence permits given to citizens from Baltic countries to Denmark 1999–2001

	1999	2000	2001
Estonia	65	76	65
Latvia	213	304	267
Lithuania	198	419	463

(Statistics Denmark 2003)

market. Potential immigrants who possess these qualifications will, providing a concrete job contract exists, receive a work permit without further consideration.

Persons with vocational qualifications that are common in Denmark are generally not granted work permits. From 1999 to 2001 there has been a rapid growth in residence permits for employment reasons to Lithuanian citizens.

Finland

The situation in Finland differs slightly from the other Nordic countries. It has the lowest percentage of foreigners from EU Member States, but has accepted a considerable number of returnees of Finnish descent from Russia and Estonia. Many residence permits have been issued for other reasons than work. After suffering from heavy unemployment in the mid-1990s, Finland is currently experiencing rapid economic growth, something which probably cannot be sustained without increased labour immigration. In 2000, the Ministry of Labour took steps to make work permit application procedures more flexible, faster and predictable, partly due to increased recruiting problems within the building and information technology sector. (Sopemi Finland 2001).

In 2001, 15 000 work permits were granted to foreign citizens. Of these, 5 000 were extensions. All work permits must be issued prior to arrival in Finland. Work permits are generally issued for no longer than a year, and for even shorter periods if the work will be complete in less time. Employees may bring in family members if they obtain a work permit lasting at least one year, provided they are able to maintain them.

In 2002, a total of 2 422 work permits were given to citizens of the Baltic countries, within a variety of branches. As for the other Nordic countries, garden and agricultural work drew a large number of workers from Estonia, Latvia and

Table 2.3: Finnish work permits by occupational group and country

	Estonia	Latvia	Lithuania
Garden/agricultural workers	756	155	80
Drivers	106	0	0
Electronic/IT	12	11	2
Welders, gas cutters, house building workers	253	0	0
Chefs, cooks and cold buffet managers	5	1	0
Stage artists/musicians	35	1	0
Animal carers	88	1	2
Others	865	21	28
Total	2 120	190	112

(Source: Ministry of Labour, Finland 28.03.2003)

Lithuania. By far most of the work permits for garden/agricultural work were issued during the summer season (Finnish Migration Affairs 2003).

Iceland

Residence permits may be granted to foreigners who have a steady income or show financial independence, and are issued on a temporary basis (in most cases these are valid for one year), and must be renewed every year. A residence permit does not guarantee the holder a work permit. Also, people who do not work are personally responsible for purchasing a health insurance policy before applying for a residence permit. After six months of residence in Iceland, the national Social Security Institute will insure residents. The Directorate of Labour, which is obliged to act according to the current employment situation, issues work permissions. A rise in unemployment can therefore result in a decrease in the granting of new work permits. This policy is central to all aspects of the laws on the employment rights of foreigners. (Intercultural Centre, Iceland).

Three levels of work permits are issued in Iceland. Temporary work permits (Red Cards) are issued to employers, and the holders are not allowed to terminate the work contract before the specified contract period ends. If the employee wishes to return to his/her home country after residence in Iceland, the employer is obliged to pay his/her fare back to the home country. The work permit can be renewed for up to two years. Permanent work permits are issued to individuals, and are more flexible than the Red Cards. The employees are not bound to one specific employer, and the length of the contract and the terms regarding contract termination may be negotiated and agreed upon in a specific contract between the employer and the employee. Students may be given work permits for jobs connected to the studies, but also these permits are conditional on the unemployment rate.

In Iceland, the majority of Baltic immigrants are Lithuanian. There are slightly more women than men, but the differences in numbers are not as great as in the other Nordic countries. Iceland was the first country to recognise Lithuania as a nation after the liberation from the Soviet Union, and it is assumed that the bonds between those countries have remained strong partly as a consequence of this.

Norway

In Norway, seasonal work permits are by far the most common work permits given to residents of the Baltic countries. In general, applications for residence permits are not processed in the case of immigrants with temporary/three month work permits. Temporary workers are therefore obliged to leave the country upon

Table 2.4: Work permits issued to people from Baltic countries to Norway 2002

	Estonia	Lithuania	Latvia	Total
Working guests	1	42	16	59
Au pair/caretakers	59	149	130	343
Season workers	240	3 143	712	4 095
Specialists	76	111	26	213
Sum	376	3 445	884	4 705

(Norwegian Directorate on Immigration (UDI), Norway)

termination of the work contract, after a maximum of three months. New permits are then not granted until six months later.

Recent amendments (1 January 2002) to the immigration legislation have made handling of applications for work permits, particularly for specialists and seasonal workers, more efficient. The amendments have in general made it easier to recruit labour from non-EU/EEC countries. Persons with special qualifications can be granted a work permit as a specialist, and permits granted to specialists may constitute grounds for permanent residence in Norway when he or she has resided continuously in the country for three years.

The agricultural sector is an example of a sector that utilises the flexibility of temporary or seasonal workers from countries outside Nordic or EU countries (Sopemi Norway 2002). Until 2002, seasonal work was only permitted during late spring, summer and early autumn in Norway. After the recent changes, temporary work is now permitted through the year. The workers are obliged to return to the home country after no more than three months, and are not permitted to re-enter for a new job contract until one year later.

Sweden

In Sweden, guest entertainers constituted the largest group of people who were given a temporary work permit in 2001. However, temporary working permits issued to people from Estonia and Lithuania were mostly granted to people with care taking or cleaning jobs. In addition to the 13 000 temporary work permits issued, about 7 000 seasonal work permits were granted to employers in the agricultural sector (for a maximum of three months). The seasonal work permits are issued by regional officials, who take the regional work force situation into consideration before deciding whether to give work permits to foreigners. For work or residence permits lasting less than a year, no access or rights to social security is given. (Citizens of other Nordic countries are excluded from these numbers, as they do not need a work permit to work in Sweden.)

Table 2.5: Issued residence permits, by citizenship reason and gender (M= men, W= women)

	Total		Family reunions		Work		Studies		Other/missing information		Total
	M	W	M	W	M	W	M	W	M	W	
Estonia	86	210	47	174	22	18	17	12	3	6	296
Latvia	51	110	31	89	6	10	10	7	4	4	161
Lithuania	71	170	38	137	18	14	13	15	2	4	241

(Swedish Migration Board, Sweden 2003)

A total of 296 Estonians, 241 Lithuanians and 161 Latvians were given residence permits in Sweden for various reasons in 2002. The majority of these were women, who were mostly given residence permits for family reunion purposes.

Nordic and Baltic nationals in the Nordic countries

Any Nordic citizen is entitled to work and live in any other Nordic country. Citizens from other Nordic countries make the largest groups of foreign citizens in all Nordic countries. Freedom of movement, work and residence in any Nordic country for Nordic citizens has been guaranteed for about 50 years through the Scandinavian passport agreement. Nordic freedom of movement has been continually assured through establishment of regulations compatible with the Schengen Agreement. Following the ratification of the Treaty of Amsterdam in May 1999, Norway and Iceland signed co-operation agreements with Member States of the Schengen area. These agreements came into force in Norway on 25 March 2001 (Sopemi OECD 2001:85).The freedom to work and reside in any Nordic country was retained when Sweden, Finland and Denmark became members of the EU.

As for residents from the Baltic countries, there are some differences in the number living in each Nordic country. Finland has far more Estonian residents than the other Nordic countries, while Lithuanian residents are more prevalent in Iceland than citizens from Latvia and Estonia. In Finland, immigrants from Sweden, Russia and Estonia constitute a little less than 50% of all immigrants. Many of these are of ethnic Finnish origin, and special returnee programmes have been launched for Finnish descendants who want to move to Finland from Russia and Estonia.

The number of Nordic and Baltic citizens resident in the Nordic countries was relatively small in 2002. The total Baltic population in the Nordic countries is less than 20 000 persons, of which Estonians constitute the by far largest group, namely 13 577 persons, of which 11 270 lived in Finland. A total of 2 400 Latvians and 3 601 Lithuanians resided in a Nordic country in 2002. The number of Nordic citizens resident in another Nordic country was much higher.

Table 2.6: Nordic and Baltic nationals in the Nordic countries. 2001.

		Resident in				
Citizens from	Total population	Denmark	Finland	Iceland	Norway	Sweden
Denmark	5 368 354		580	898	19 653	28 091
Finland	5 194 901	2 034		96	6 121	96 306
Iceland	288 201	6 185	126	-	3 992	4 208
Norway	4 552 200	13 034	585	327	-	34 672
Sweden	8 940 788	10 731	7 887	305	25 140	-
Total Nordic	24 344 444	31 984	9 178	1 626	54 906	163 277
Estonia	1 416 000	515	10 839	67	388	1 768
Latvia	2 377 383	834	227	84	397	858
Lithuania	3 483 972	1 558	204	368	528	943
Total Baltic	7 277 355	2 907	11 270	519	1 313	3 569

(Sources: Statistics databanks of Denmark, Finland, Iceland, Norway and Sweden)

Gender differences

The migration to and settlement of Baltic citizens in Nordic countries follow a trend of feminisation in all forms of migration.

The trend towards increased female migration actually affects all components of migration flows. In recent years, women have formed an increasing part of employment-related migration and refugee flow, whereas earlier female migration to Organisation for Economic and Co-operation (OECD) countries was largely via family reunion. But family reunification still remains the chief vector of female immigration in most OECD countries (between 50 and 80% of the total for this category of flow) (Sopemi OECD 2001:27). Family reunification is a major reason for residence permits given to Baltic women in Sweden (see Table 2.9). The inclination of women to migrate from the Baltic countries is discussed with further depth in next chapter.

Table 2.7: Population in the Nordic countries by country of birth, gender and citizenship in 2002. (M= men, W= women)

	Denmark		Finland		Iceland		Norway		Sweden	
	M	W	M	W	M	W	M	W	M	W
Estonia	130	403	4 306	6 533	21	46	75	313	524	1 244
Latvia	313	620	81	146	41	43	82	315	264	594
Lithuania	597	957	75	129	183	185	111	417	309	634
Total	1 040	1 980	4 462	6 808	245	274	268	1 045	1 097	2 472

(Sources: Statistics databanks in Nordic countries)

Conclusion

The Nordic labour markets appear to be thoroughly regulated and well organised. Wages for low-skilled work are relatively high, and most workers enjoy a safe and secure work environment. At the same time, there are measures to ensure that people outside the labour markets have dignified living conditions. This system has been developed through years of collective bargaining and political struggle. Massive immigration is believed to be a threat to the system, and this perceived threat has motivated the development of a strict immigration regime. Contrary to several other countries in Europe, the Nordic immigration and integration policies have been focused on providing shelter to refugees rather than facilitating labour immigration.

In a few sectors (mainly construction, food and restaurants/hotels), unregulated working conditions and wages below the minimum are more widespread than in others. The threshold for entry to the labour market may be lower to these sectors for immigrants without formal qualifications, and these sectors employ a larger proportion of immigrants than other, more regulated sectors.

At the moment, the number of Baltic immigrants to the Nordic countries is small, only up to a few thousand immigrants in each country. Finland is the one exception, with a large group of Estonian residents (many of whom are believed to be of Finnish descent). A considerable number of Baltic citizens are entering the Nordic countries for seasonal work, but must leave after a maximum of three months. This is partly due to the present restrictions on immigration. The situation is likely to change after the enlargement of the EU.

3 Mobility in the Baltic States

The previous chapter addressed the issues of the Nordic labour markets, immigration policies and the presence of Baltic nationals in the Nordic states. In this chapter we will look into the issues of whether the populations of the Baltic States are willing to migrate, what motivates a wish to migrate, and what destinations are seen as the most favourable. Further, we will also attempt to describe the potential migrants – are some groups more likely to migrate than others? We will also look into the characteristics of the Baltic labour markets and living conditions, particularly with regards to issues that may influence the propensity to migrate. Before moving on to these issues and the analysis, we will give a brief introduction on the recent history of migration in the area and a description of the Norbalt living conditions data that form the basis for this part of the analysis.

Former trends in mobility in the Baltic States

The recent history of the Baltic States involves movement of people on a large scale. Hundreds of thousands of refugees fled following the German and Soviet occupations of World War II, and the process of heavy industrialisation during Soviet times involved importing labour from other areas of the Soviet Union. This development is reflected in the fact that, according to Norbalt data, one in five people in the populations of Estonia and Latvia were born in a different republic in the former Soviet Union; this was the case for one in ten in Lithuania. The Baltic States were attractive during the Soviet times, and enjoyed a higher living standard than the other republics. Migration within the Soviet Union was not entirely free, for instance the so-called *propiska* system limited migration to urban centres to those with special permission to settle, on grounds of marriage or other special reasons. Still, it was considerably easier to move between the Soviet republics than to a country outside the Soviet Union.

Although Latvia in particular was never an ethnically homogenous country, there were dramatic changes during the Soviet times. This heritage has left Estonia and Latvia with the complicated issue of citizenship for those who migrated to the countries during the Soviet period. In 1999, 13 per cent of the population in Estonia and 25 per cent in Latvia were left without citizenship, and *de facto* statelessness.

Since 1991, when independence from the Soviet Union was declared, there has been an enormous mobility, primarily from Estonia and Latvia, of Russians and other Slavs going to Russia and other former Soviet republics. This, combined with a negative natural increase, has diminished the size of the populations quite dramatically. Today, the combined populations of the three Baltic States amount to approximately 7.4 million people. Estonia has a population of 1 415 681, Latvia 2 366 515, and Lithuania 3 601 138.

The Norbalt living conditions surveys

The history of the Norbalt living conditions surveys goes back to 1990, before the dismantling of the Soviet Union, when Fafo and local partners undertook the first living conditions survey of its kind in Lithuania. The same type of survey was repeated in 1994 in the Norbalt I survey in Lithuania, which this time included Estonia, Latvia, and two regions in Russia: St. Petersburg and Kaliningrad, and in 1999 with Norbalt II, performed in the Baltic States only. This last survey, the Norbalt II, forms the main basis for the analyses in this report, though we do at times make reference to Norbalt I as well when relevant.

The Norbalt I and II surveys were conducted concurrently in Estonia, Latvia and Lithuania during the autumn of 1994 and 1999. More than 10 000 respondents were interviewed each time (see Table 1). Interviews were conducted in both the national language of the country concerned and in Russian.

The sample consists of a combination of single-stage stratified samples in the larger cities, and two-stage stratified cluster samples in smaller cities and rural areas. When primary sampling units had been identified within the different strata, randomly selected individuals (RSIs) were identified within the unit. The sampling of RSIs was based on population registers. These registers only included individuals over the age of 18, meaning that all RSIs were above this age.

The sample design defined three types of respondents: RSIs, the household, and the individual within the household. The inclusion probabilities are not the same for the three types of respondents, and the sample is also not self-weighting within a respondent group. The estimates in this report are therefore weighted. For detailed information about the sample and weights, see Pedersen 1996.

The response rates were very high in all three countries in both surveys. Overall there was a non-response due to frame imperfections (non-existing or vacant buildings) of between 2 and 6 per cent. Non-response due to refusals and no contact was below 10 per cent in all three countries, in all waves, but higher in 1999 than in 1994 (see Table 3.1).

The response rates were consequently high in both surveys, in 1994 between 89 and 91 per cent, and in 1999 between 87 and 89 per cent.

The goal of the Norbalt surveys, based on the Scandinavian tradition of living conditions studies, was to obtain reliable information about living conditions across a broad range of indicators, both at the individual and the household level. The survey design, both in 1994 and 1999, involved three units of analysis, and the questionnaire consisted of three parts. Part one concerned general information about the households, such as housing conditions. Part two consisted of a household roster, containing information about all household members, such as demographic data and labour market status. The final and third part covered among other aspects income, working conditions and migration. In the section of the questionnaire concerning migration, a series of questions were asked regarding former migration (country of birth, time lived in present community, where one had lived before moving to the present community, reason for moving) as well as regarding intentions to move within the next three years (intention to move, where one would want to move and why one would want to move).

While predictions are at times difficult to make for researchers, this is no less true for the general public. The questions concerning whether the respondents intended to move to a different community within the next three years, and if so where, cannot be taken as indication of what the respondents actually ended up doing. Also, we cannot presume that the answers would be the same today as they were in 1999. Consequently, the results presented in the following cannot be presented as "evidence" of the actual behaviour. It is important to remember that the general circumstances may have changed in the years that have passed since 1999. For instance, the prospects of the Baltic States becoming members of the European Union were of a more hypothetical nature in 1999 than they are today. Consequently, caution is imperative in interpreting data of this kind.

Table 3.1: Description of sample and non-response.

Country	Year	Sample size (no. of households)	Non-response due to frame imperfections	Refusals and no contact
Estonia	1994	4 883	(see next column)	8.8 % (total non response)
	1999	5 500	5.0%	7.2%
Latvia	1994	3 500	3.4%	7.1%
	1999	3 500	4.0%	9.4%
Lithuania	1994	2 700	3.3%	7.2%
	1999	3 159	2.0%	9.3%

Still, several issues of relevance to migration and mobility in the Baltic States may be illuminated through the Norbalt data. These issues especially concern the general interest in foreign migration in the Baltic States, who the potential migrants may be presumed to be, why they would wish to migrate abroad, and which areas seem to be more attractive for migrants from the Baltic States. Further, the Norbalt living conditions surveys contain detailed information about several of the aspects that are relevant for understanding the mechanisms of migration; such as the characteristics of the labour markets, poverty, and general living conditions.

In this analysis we include the working age population in the three Baltic countries, as this group will have most relevance for the potential of labour migration. All data referred to in the figures are from the 1999 Norbalt II survey, unless otherwise indicated.

Potential migration from the Baltic States

In this section we will present the analysis of migration related data in the Norbalt II living conditions study. The issues under investigation concern the inclination of the Baltic populations to migrate, which groups are more likely to want to migrate abroad, self-reported motivation to move abroad, and finally, which are the most favoured destination countries.

Expected determinants for migration from the Baltic States

The presumed most important pull factors for Baltic migration to the West is the wage gap between Eastern and Western Europe, and the prospects of a higher salary and a higher level of welfare (Persson & Neubauer 2002:2). Further, many were faced with difficulties in the Baltic labour markets following the transition to a market economy. The drastic changes in the economic structure meant that thousands of jobs were lost during the 1990s, in particular in the parts of the industries suited to fill the demands in the centrally-planned Soviet economy. Young people are generally more inclined to migrate than older people. In the Baltic States there is substantial youth unemployment, which may be presumed to encourage young people to leave It may also seem that young people in particular may have trouble getting into a tight labour market, and at present, the reward for receiving an education is rather small in terms of wages and job opportunities. An expectation of being able to transfer money to family back home is also an encouraging factor.

At the same time, there are factors that can be expected to curb an outflow of migrants. Economic growth implies that people will have reason to expect a higher standard of living in the future, and may discourage taking the initial economic and social costs of moving to a different country. Further, a high level of education in a country will in general discourage migration, as migrants – apart from the case of specialists – are usually most able to compete for jobs not requiring special skills. In addition, a higher level of unemployment in a potential receiving country will also act to discourage migration, as will high initial costs of migration. The direct costs of migration must also be seen in connection with the purchasing power of foreign earnings that are transferred home. According to migration researcher Marek Okolski, the purchasing power of foreign earnings for Central and East Europeans have substantially decreased during the past years – while before 1990 $1 000 could be equivalent to 30 monthly wages in a Central or East European country, the situation today is quite different, and the sum may be equivalent to little more than four or five monthly wages in several of the countries. The benefits of migration could then be presumed to be considered too small for many potential migrants, taking into account the high directs costs of migration (Okolski 2000:339). There has been a substantial increase in the wages for most people in the Baltic States as well, and the expectation is that the economies will continue to grow at a rather fast rate. Still, at the individual level, there are still many people who struggle to get by on very low salaries. We will return to the issue of the wage gap and the income level in the chapter on Baltic labour markets and poverty below.

The factors listed above are present in most studies on migration research. In addition, there are some special features in the Baltic States. One of them concerns the Slav minorities. As the prospects of the Baltic countries becoming members of the European Union have come greater, the issue of the Slav minorities as potential migrants needs to be addressed. The combination of policies that may make integration of the minorities in the Baltic States difficult and the prospects of earning a good living in the West raises the issue of whether the Russians could be a substantial group in the future migration flows from the Baltic States to the West. During the 1990s, the situation of the Russian speaking minorities in Estonia and Latvia has been given much attention. There have been strict laws on citizenship and language, and the countries have been at the receiving end of quite harsh criticism, not only from the minorities or from Russia, but also from various international organisations, such as the Organization for Security and Co-operation in Europe and the Council of Europe. As already mentioned, there was an outflow of Russians and other Slav minorities, particularly during the early 1990s, that can only be characterised as massive. The populations of Estonia and Latvia diminished by several hundred thousand during the 1990s and, although the negative natural increase was substantial, much of this decline came directly from the emigration of Russians and others.

Another group that was presumed to be in a less than advantageous position in the aftermath of the dissolution of the Soviet Union was women. It was widely expected that women would lose out in the new labour markets, and there were signs of a new “conservatism” with regards to women’s role in society (see for instance Heinen 1997; Stukuls 1999). Many voices were raised saying that women should return to their “true vocation”, that is, taking care of home and children. It is therefore relevant to ask whether women would have the same opportunities as men to migrate, and to take advantage of the possibilities of making money abroad.

Based on the above, we will look into the general inclination of the Baltic populations to move, as well as differences between groups within the Baltic States.

Inclination to migrate in the Baltic States

Our data show that the Baltic populations are not particularly inclined to move, the overwhelming majority intends to stay put, as shown in Table 3.2. Around 10 per cent of the working age population in each of the Baltic States had plans to ‘possibly’ or ‘certainly’ move to a different community within the next three years.

While 10 per cent intend to move community within the next three years, only 2 per cent of the total working age population expressed a wish to go abroad. There were no major differences between the countries in this matter; the patterns of intentions to move are more or less identical, as shown in Table 3.2.

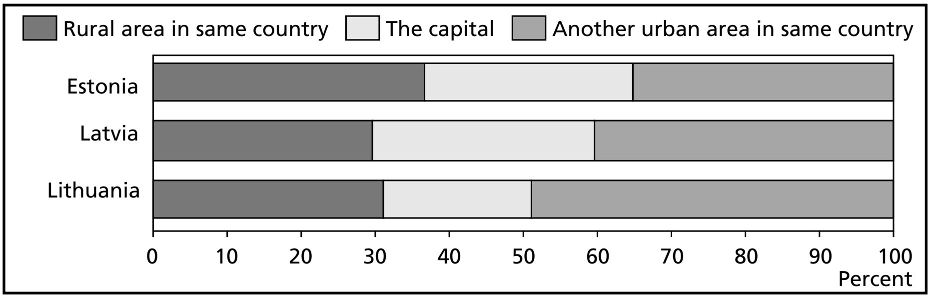
Among the roughly 10 per cent in each country that intended, either certainly or possibly, to move, the majority wanted to move to a different community within their own country, preferably to an urban area, as shown in Figure 1. In Estonia and Latvia, around one third intended to move to the capital; this share was somewhat smaller in Lithuania. What Latvia and Lithuania have in common is that around 70 per cent of those wanting to move to a different community wanted either to go to the capital or a different urban area. Estonia distinguishes itself in the fact that 37 per cent of those intending to migrate internally in Estonia wanted to go to a rural area, compared to around 30 per cent in Latvia and Lithuania. This may be a

Table 3.2: Intention to move abroad or within the country in the next three years by country, 1999

	Estonia	Latvia	Lithuania	Total
Intend to move within same country	9	8	7	8
Intend to move abroad	2	3	3	2
Do not intend to move	82	86	82	83
Undecided	7	3	8	6
Total	100	100	100	100
(N)	(3 517)	(1 985)	(1 932)	(7 434)

reflection of the faster rate of economic growth in Estonia compared to the two other countries, and it is likely that the chances of employment in rural areas are better than in Latvia and Lithuania.

Figure 3.1: Place of intended migration within country



There are considerable regional differences within each of the Baltic States regarding economic development. For instance, the capital of Latvia; Riga, has been estimated to have received around 75 per cent of all foreign direct investment to the country, and is fairly prosperous compared to the other regions. The push and pull factors present in international migration therefore also have a high relevance within the countries. There is, for instance, a considerable wage gap between urban and rural regions. All three states are rather small, not only in terms of population, but also in a geographical sense, and the social and economic costs of attempting to find employment within each country must be considered to be substantially smaller than those present when attempting to move abroad. It is therefore not surprising that the majority of those wanting to move wish to move within their own country, considering the characteristics of the economic transition and the concentration of economic development in large urban centres.

Characteristics of potential migrants in the Baltic States

Bearing in mind the presumably most important factors encouraging migration in the Baltic states, Table 3.3 below describes some of the characteristics of those who stated that they would, either certainly or possibly, move abroad in the three years following 1999, as compared to the total working age population. In the following, we will discuss each group more in detail. We are looking particularly at gender differences, age, whether there are any greater tendencies for ethnic minorities or those not holding the local citizenship to want to migrate, differences in terms of education, labour market status, income, dwelling, and household types.

Table 3.3: Distribution of gender, age, ethnicity, citizenship status, education, employment status, income, self-assessed economic situation, dwelling and household type by migration intentions. Working age population, 1999

		Do not intend to move abroad	Intend to move abroad
Gender	Men	50	46
	Women	50	54
Age groups	- 24	16	37
	25 - 49	65	57
	50 - 64	18	6
Ethnicity	Titular	70	45
	Russian	22	36
	Other	9	19
Citizenship	Local citizenship	84	62
	Other citizenship	4	10
	No citizenship	12	28
Education	Basic or less	20	15
	Secondary	46	41
	Higher	34	43
Employment status	Employed	73	62
	Unemployed, looking for work	10	13
	Student or on maternity leave	7	15
	Other adult not in labour force	10	10
Income quintiles	First quintile	18	22
	Second quintile	20	17
	Third quintile	15	15
	Fourth quintile	20	16
	Fifth quintile	27	29
Self-assessed economic situation	Well-off or not rich but live well	9	15
	Neither rich nor poor	58	50
	On verge of poverty	25	26
	Poor	7	9
Urban or rural	Urban	70	93
	Rural	30	7
Household type	One person household	10	15
	Couple with no children	11	7
	Single parent	7	8
	Couple with child(ren)	33	27
	Other household type	39	43

Gender and age

The analysis of our data shows that women are somewhat higher represented than men among those who intend to migrate. As mentioned above, many thought that women would be in a disadvantaged position in the labour markets as compared to men after the transition to a market economy. However, this has turned out not to be entirely true. While official unemployment figures do show an overrepresentation of women, figures that take the real activity level into account show that women have not been subjected to more unemployment than men have. One factor that may contribute to explain this is the fact that women in the Baltic States have a very high education level, higher than that of men. Further, it may seem that a substantial number of women have chosen to postpone having children, as the fertility numbers dropped dramatically in all three countries during the last decade. This means that there are fewer women now than it was earlier whose family obligations would restrict them from migrating.

A recent study of migration from the Baltic States to Sweden (Persson & Neubauer 2002) found that there were more women than men among the migrants. One of the most important reasons for migrating to Sweden was, according to this report, to study. Other analyses that we have done show that women in the Baltic States are more inclined to study than men are (Brunovskis 2002:57). Further, it may also be that women have more to offer in terms of their education or in terms of their traditional type of work. The type of labour sought after in Western countries in particular may be within the fields of health care or cleaning, typically female occupations.

There are also clear and not unexpected age differences among those who intend to move abroad and those who do not – younger people are much more inclined to want to go abroad In fact, our data show that 37 per cent of those who intend to move abroad are between the ages of 18 and 24, compared to 16 per cent in the total working age population.

Ethnicity and citizenship

Our data also show that the ethnic minorities are more likely to say that they would like to move abroad in the next three years. While Russians and other minorities together make up 31 per cent of the total Baltic populations, among those who want to migrate abroad they are 55 per cent. It is quite likely that this tendency among the minorities is tied to the strict citizenship and language laws in Estonia and Latvia. By comparison, the situation in Lithuania is quite different. The ethnic make up of Lithuania changed very little during the years of Soviet occupation, and ethnic Lithuanians continued to constitute approximately 80 per cent of the population, much as they did in the interwar years. When the country declared its independence, it was decided that all permanent residents should be given the right to citizenship. This was not the case in Estonia and Latvia, where the citizenship issue would become a controversial question for many years, and subject to many adjustments following international pressure. In the end, it was decided that inhabitants who could not document citizenship from the interwar period could apply, but that the granting of citizenship would be subject to language requirements. The situation was consequently that in 1999, close to 100 per cent of the inhabitants in Lithuania held Lithuanian citizenship, while 78 per cent held citizenship in Estonia and only 74 per cent in Latvia.

As seen in Table 3.3, there is a clear connection between citizenship status and the intention to move abroad. While 84 per cent of those who do not intend to move hold the citizenship of their country of dwelling, this is the case for only 62 per cent of those who intend to move abroad. A total of 10 per cent hold the citizenship of a different state, and almost one third of those who intend to emigrate do not hold any citizenship at all.

Education, employment status and income groups

It is common that those with the lowest and the highest education are most likely to migrate, and the demand for migrant labour is usually found either in low-skilled work or among specialists. However, our data indicate that those who intend to migrate from the Baltic States hold a higher level of education than the rest of the population: 85 per cent of those intending to go abroad have secondary or higher education; 43 per cent have higher education. This does not necessarily mean that they will not migrate to do low-skilled labour. This could also be seen as a transitory phenomenon, having higher education in societies that are marked by a massive restructuring of the economy and industries does not necessarily protect the individual from risks in the labour market, and there is also the fact that education does not guarantee higher wages. Educated groups such as nurses or teachers have experienced extremely low wages.

Further, many specialists who had worked in the industry that was created to fill the demands of the Soviet economy suddenly and abruptly found themselves in a market that had little use for their skills. However, being unemployed does not seem to be a very strong explanatory factor for people's decisions to move abroad; as seen in Table 3.3, 10 per cent of those not intending to move abroad are unemployed, while this is the case for 13 per cent of those who do. Admittedly, there is a difference, but this is not very large.

There are relatively more students and women on maternity leave among the potential migrants. This tendency is connected to age, as this group is younger than the general population. Being outside the labour force for other reasons does not have any explanatory power.

The individual income situation also seems to influence migration decisions. Those in the lowest and highest income quintile are somewhat more inclined to move than those with a more intermediary income. However, the differences are very small.

Dwelling and household type

There is a clear tendency for inhabitants of the urban areas to want to migrate abroad more often than those living in rural areas. The rural populations were not less inclined to move from their present community than their urban counterparts, quite the contrary. While 10 per cent of the urban population intended to move community within the next three years, this was the case for 14 per cent of the rural population. A total of 89 per cent of the rural population who intended to move wanted to go to a different community within their own country, compared to 63 per cent of the inhabitants of urban areas.

Concerning household type, we see that people in single person households are more inclined to want to go abroad, as are people living in the so-called "other" household type. This includes households where two or more generations live without any children, or any other household arrangements apart from couples with or without children, and single parents. People living in couples are generally less inclined to move abroad. This could be a reflection of perceived difficulties of finding employment abroad for two people at the same time. Interestingly, single parenthood does not diminish the inclination to move abroad.

Summary

The main characteristic tendency among potential migrants is to to be young, highly educated and relatively more often part of an ethnic minority. A relatively large share of those who intend to migrate do not have any citizenship at all. Unemployed people and people outside the labour force – mainly students – are somewhat more inclined to want to migrate. The difference between potential migrants and others in terms of income is rather small, although there is a higher tendency for people in the lowest and highest income quintiles to want to move abroad.

Reasons for wanting to migrate

In the section above we described who the potential migrants seem to be. In this section we will turn to what the respondents themselves give as the most important reasons for wanting to move. As mentioned above, the presumably most important push and pull factors in East to West migration are related to economy.However, it may be that these are not the only reasons for people to want to migrate. The different reasons for intending to move are here classified in five groups. The first group consists of reasons relating to family relationships, that is, moving to live together with spouse, parents or children. The second group is economy-related, consisting of wanting to get away from bad living conditions or difficulties in finding a job in the current area of residence. Studies make up a separate reason for moving. Further, there is the intention to repatriate to the ethnic homeland, and finally, there are reasons that can be classified as related to exclusion in the current country of residence. These include political pressure or discrimination, lack of command of the state language, and not holding the citizenship of the country of residence. There is also a group of other, unspecified reasons, which make up a substantial part of responses in each country. This may be a reflection of the complexity of a decision to move abroad. The respondents were asked to give the main reason for wanting to move, meaning that one alternative does not necessarily mean that the other alternatives were absent in the decision.

As seen in Table 3.4, the reasons that are related to the economic situation are the most important ones. The second most common is the unspecified "other" alternative. Then come the familyrelated reasons, that is, moving to live together with spouse, parents or children. Studies and reasons relating to possible exclusion are equally important, and finally, repatriating to the ethnic homeland is the least frequently given reason for foreign migration.

There are some differences between the three countries in the distribution of answers to what the most important reason for wanting to move is. While economy-related reasons are the most important ones in all three countries, the relative share that has given this alternative varies considerably, with Estonia at one end of the scale

Table 3.4: Reasons for wanting to move abroad by country

	Estonia	Latvia	Lithuania	Total
Family-related	20	13	6	13
Economy-related	29	51	57	46
Studies	12	0	9	7
Repatriating	6	10	0	5
Exclusion-related	12	10	0	7
Other reason	22	16	28	22
Total (N)	100 (64)	100 (61)	100 (49)	100 (174)

Table 3.5: Reasons for wanting to move internally by country

	Estonia	Latvia	Lithuania	Total
Family-related	7	14	24	13
Economy-related	56	50	48	52
Studies	6	9	6	7
Other reason	30	26	21	27
Total (N)	100 (339)	100 (197)	100 (154)	100 (690)

with 29 per cent, andLithuania at the other at 57 per cent. In Estonia, wanting to move to live together with family members and studies together make up a larger share than those who want to escape bad living conditions or have trouble finding a job in their home country. This may be taken as indication that economic motives to move are not the only important factor when analysing potential migration from the Baltic States. As Estonia has experienced a much higher economic growth than the two other countries, at least in 1999, this may also be cautiously taken as a hint of what may happen in Latvia and Lithuania as they catch up with their more prosperous neighbour.

Further, we see that the option to repatriate or reasons that may relate to exclusion are completely absent in Lithuania, in contrast to the two other countries. This is more or less self-evident, given the situation with the ethnic minorities, as discussed above.

By way of comparison, looking at the main self-reported motives for moving within each country, there are more similarities between the three Baltic States than what is the case with potential foreign migration. Table 3.5 shows that the Estonian population gives economic motives for internal movement much more often than they do for external migration. Approximately half of those who want to move internally within each country want to do so in order to find a job or improve their living conditions.

Further, it is relatively more common for the Estonian population to say that they want to move abroad for family-related reasons than when they want to move internally, while this is the case for one fourth of Lithuanians who want to move internally, compared to 6 per cent of those who want to move abroad. We will look closer at each of the self-reported motivations to move abroad below.

Economy-related reasons for wanting to move

The different distribution of economy-related reasons between the three countries is in all likelihood connected to the economic situation in each of the countries. There may be more opportunities to be found in the Estonian cities in particular, so that it does not appear as necessary to go abroad for economic reasons, as is the case in Latvia and Lithuania. This characterisation seems to be confirmed when looking at all those who want to move from their current community for economic reasons, rather than just those who want to go abroad for these reasons.

A substantially larger share of those moving for economic reasons in Estonia want to move to a different location within their own country than is the case in Lithuania in particular. Only one out of ten moving for economic reasons in Estonia want to go abroad, while this is the case for three out of ten in Lithuania.

Wanting to move for economy-related reasons can be taken as indication of potential for labour migration, although other motivations for moving do obviously not exclude the migrants actually seeking work in the country they want to go to. With respect to external migration, the distribution of favoured destination countries primarily for work or the improvement of living conditions is as follows: the central European countries and North America are the most favoured destinations; approximately half of those moving for economic reasons want to go there. Then come other European countries, Russia or another Commonwealth of Independent States country, and only then a Scandinavian or Nordic country. Scandinavia and the Nordic countries can consequently not be said to be very popular destinations for improving living conditions; more people prefer the other European countries, North America, and Russia and the other CIS countries, also for mostly economy-related reasons.

It may be perceived as somewhat surprising that a relatively large share of those intending to move for economy-related reasons state that they wish to go to Russia/CIS or another former Eastern Bloc country. However, the regional differences within these countries must be taken into account – it is the countryside that has generally been hardest hit by unemployment, and it may be somewhat easier to find employment in the larger urban centres. Further, the direct cost of migration to a former Eastern Bloc country is smaller, visa requirements may be easier to meet, for many, the cultural differences are negligible (as in the case of Russians living in Estonia and Latvia who want to move to Russia), and education may be more transferable as the education systems until recently were very similar. In short; it may be a better strategy for some to opt for a country where the potential optimal earnings may not be as high in the West, but where the chances of improving current conditions may be perceived to be better.

Table 3.6: Favoured destination among those who want to move mainly for economic reasons by country

	Estonia	Latvia	Lithuania	Total
Within same country	91	72	69	80
Abroad	9	28	31	20
Total (N)	100 (208)	100 (123)	100 (96)	100 (427)

Family ties

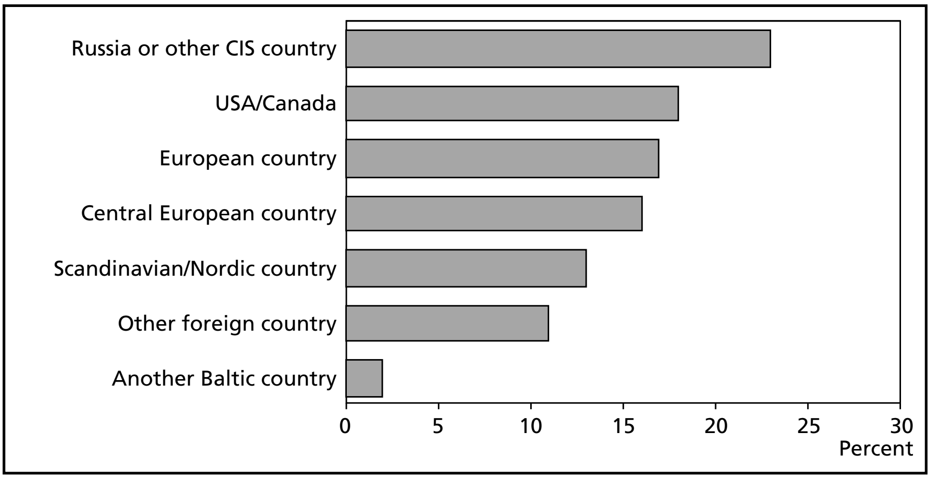
As mentioned above, the respondents were asked to give the most important reason for wanting to move, and as a result, the answers are not mutually exclusive. Consequently, wanting to move for economic reasons does not exclude family relations in the favoured destination country, and it may be that family relations play a role as an anchor in the decision of where one wants to move.

The Nordic countries are undoubtedly very close geographically and, some argue, also culturally, to the Baltic States. One should nonetheless be careful not to overestimate this closeness when it comes to expected migration. The relatively recent history of the Baltic States involves large scale movement of refugees, and they and their offspring are now to be found all over the world. Anecdotal evidence suggests that it is somewhat common for relatives, for instance in North America, to arrange employment for relatives still living in the Baltic States. Further, as formerly mentioned, a large share of the populations in Estonia and Latvia in particular, but also in Lithuania, were born in Russia or other former Soviet republics, and have family ties to the East.

The Norbalt I living conditions survey conducted in 1994 included questions on having relatives abroad. A very large share of the residents of Latvia in particular had relatives living abroad – almost 40 per cent. One in ten in Estonia had relatives abroad and almost one in six in Lithuania. The respondents were also asked about which countries they had relatives in, and the figure below shows that among those who had relatives abroad the overwhelming majority – 80 per cent – had relatives in Russia/CIS or Central or Eastern Europe.

Also, as evident from the figure above, it was rather uncommon to have relatives in the Nordic countries. Although a substantial number of Balts fled across the Baltic

Figure 3.2: The country of residence of relatives abroad, 1994



States to Sweden, other destinations were far more common. Lithuanians also have a relatively large diaspora in the USA dating from 19th century emigration.

There are some differences between the three countries in where it is most common to have relatives. In all three countries it is most common to have relatives in Russia or a CIS country. In Latvia and Lithuania it is common to have relatives in a non-European Western region (for example, North America), as well as in East European countries. Estonia is the only Baltic country where it is fairly common to have relatives in a Nordic country or ScandinaviaIt is somewhat less common here to have relatives in a non-European Western country than it is in the two other Baltic States.

Repatriation and exclusion

Not surprisingly, reasons for wanting to move due to possible exclusion constituted a rather large share in Estonia and Latvia, while it was completely absent in Lithuania. When adding repatriation, these alternatives were given by around 20 per cent of the respondents in 1999 in Estonia and Latvia. As discussed at the beginning of this chapter, the subject of the ethnic minorities in Estonia and Latvia raises the issue of whether the minorities constitute a substantial potential group of migrants due to their difficulties in obtaining citizenship and requirements on language skills for certain jobs. This does to some extent seem to be confirmed through our dataAs will be remembered from the section on potential migrants above, one of the main tendencies was that there was a high representation of Russian-speaking minorities and people either with a different citizenship or no citizenship at all among those who stated that they wished to move abroad. We will return to the issue of the situation for the ethnic minorities, when looking closer at the general situations in the labour markets in the Baltic States as well as the living conditions in the three countries.

Preferred destinations for migration

In early 1990s in particular, it seemed to be widely expected that there would be a flow of migrants from the East to the West. As mentioned above, many studies have come to the conclusion that these fears were exaggerated. In addition, our data indicate that the Western countries are not necessarily the most desirable countries for immigrants It must be taken into account that the data we analyse are from 1999, and that the answers will have been influenced by the opportunities that were perceived to be available at that time. It is more than likely that wishes and decisions to emigrate will change with the new migration opportunities following the expansion of the European Union.

The situation as it presented itself in 1999 was that the most favoured destinations in total are Russia or other CIS countries, as shown in Figure 3.3. The Scandinavian or Nordic countries come fifth out of seven destinations, after North America and other European countries.

There are, not unexpectedly, differences between the three countries in which destinations are given as the most desirable. The geographic orientation in the three countries is quite different.

Lithuanians seem to be most consequently oriented towards Western countries, while Latvians are more inclined to go to a former Eastern Bloc country, and then to North America. Estonians have mixed preferences: Russia and CIS are the most often cited preferred destinations, followed by Scandinavia or a Nordic country, and then Western Europe. Russia/CIS holds the first place in Estonia (26 %) and Latvia (33 %), while it is the sixth most favoured destination for those in Lithuania. This is not unexpected, given the distribution of ethnic groups in Estonia and Latvia.

The Scandinavian or Nordic countries come second in Estonia (24 %), fourth in Lithuania (15 %) and actually last in Latvia (1 %). The Latvian population seem to want to go almost anywhere *but* the Nordic countries, and more than half of the potential migrants want to go to Russia/CIS or a Central European country, meaning that the former Eastern Bloc is a rather popular destination. It may be slightly surprising that the Nordic countries are so relatively popular for those from Estonia and Lithuania while the opposite applies in Latvia. The Estonian result is to be expected as a consequence of the closeness this country has with Finland, both geographically and linguistically, but there is no obvious reason why the Nordic

Figure 3.3: destination for intended migration

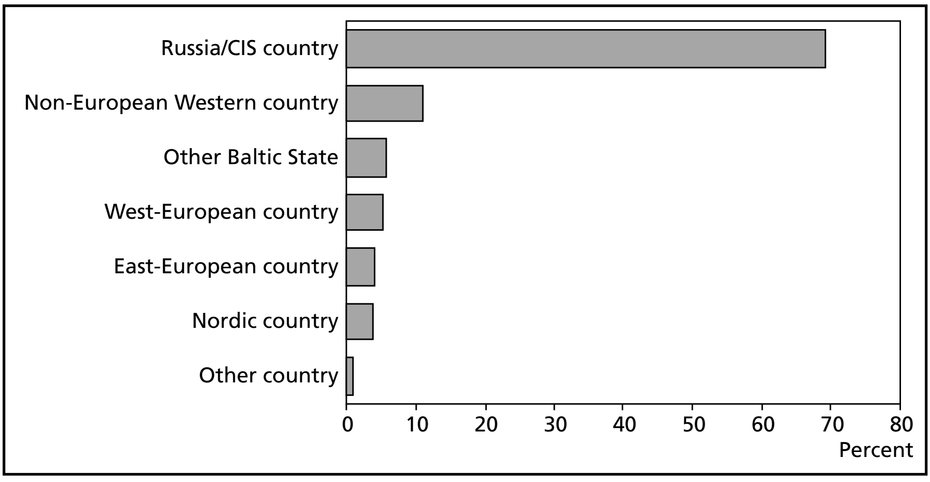


Table 3.7: Place of intended migration by country

Place of intended migration	Estonia	Latvia	Lithuania	Total
To another Baltic country	0	4	2	2
To Russia or another CIS country	26	33	7	23
To a central European country	14	25	8	16
To a Scandinavian/Nordic country	24	1	15	13
To another European country	17	10	25	17
To USA/Canada	10	19	24	18
To another foreign country	9	7	19	11
Total (N)	100 (64)	100 (61)	100 (50)	100 (175)

countries are so unpopular in Latvia, in particular when considering that 15 per cent of those intending to migrate abroad from Lithuania want to go to a Scandinavian or Nordic country.

As mentioned above, two of the main tendencies in the propensity to migrate are a higher representation of the ethnic minorities and of people with a higher education level than the rest of the population. It is therefore interesting to see whether these groups have different preferences in where they want to go. Table 3.8 shows the distribution of favoured destinations among the ethnic minorities as compared to the titular populations, as well as those of the higher educated compared to those with basic or secondary education.

As seen here, there are clear and not unexpected differences between the titular and minority populations with regards to favoured destination countries for migration. While one out of three in the minorities wish to go to Russia/CIS, this is a non-existent alternative for the titular populations. The titular populations are oriented towards predominantly Westerns European countries – one out of four, while only one out of 20 among the minorities give this as an option. Another distinguishing feature is that more than a quarter of the titular potential migrants

Table 3.8: Favoured destinations by ethnicity and by education among those who want to go abroad

	Ethnicity		Education level	
	Titular	Other	Basic or secondary	Higher
Another Baltic country	1	2	2	1
Russia or CIS	0	31	14	20
Central European country	15	14	15	11
Scandinavian or Nordic country	13	9	12	10
Another European country	25	5	15	14
USA or Canada	13	15	11	18
Another foreign country	7	10	8	10
Do not know	27	13	23	15
Total (N)	100 (89)	100 (101)	100 (110)	100 (82)

do not know where they would like to move, while this is the case for only a little more than one out of ten among the minorities. It is quite likely that a choice of destination may be more obvious for the minorities, who more or less by definition have established ties to another country, and it may also be an indication that plans for moving are more substantial among the minorities.

Judging from the Norbalt data, while the minorities constitute a large group among the potential migrants, their main intentions in 1999 were not to move to a Western country. However, one should be extremely cautious in interpreting these data. It is quite likely that those in the minorities that were oriented towards the West would aim to stay in the Baltic States until these are included in the EU. There could also be a considerable selection effect at play, presuming that those who decided to leave the Baltic States during the 1990s are qualitatively different from the minority population who decided to stay. This could mean that those who considered leaving the Baltic States in 1999 may have been different from those who are now the potential migrants in the coming years, and the latter group may have different preferences.

Considering the education level of the potential migrants, there are certain differences between those who have basic or secondary education on the one hand, and those who have higher education on the other. The higher educated group wants to go to Russia/CIS and North America (USA or Canada) more often than those who have basic or secondary education. There is no established pattern in the latter group; the distribution of preferences is quite similar between most of the listed alternatives, apart form the option "another Baltic country" which only 2 per cent chose. Again, the group with higher education is more often decided on a potential destination: while 23 per cent of the groups with basic or secondary education did not know what their preferred destination would be, this was the case for 15 per cent in the group with higher education.

It is possible to identify some distinguishing features of the group which would prefer the Scandinavian or Nordic countries as a destination. However, the results should be interpreted with caution, as the group is very small. As will be remembered, 2 per cent of the populations wanted to move abroad, and only 13 per cent of this group wanted to go to Scandinavia or a Nordic country. Consequently, the results should be seen as indicative rather than conclusive regarding the characteristics of this group. Table 3.9 indicates the same characteristics as shown in table 3.3 apply to those who intend to move to Scandinavia/a Nordic country, compared to those who want to move abroad but to a different country, as well as the total working age population.

Table 3.9: Intentions to move to Scandinavia by gender, age, ethnicity, citizenship status, education, employment status, income, self-assessed economic situation, dwelling and household type, compared to other potential migrants and the total working age population, 1999

		Total working age population	Intend to move abroad, not Nordic country	Intend to move to a Scandinavian or Nordic country
Gender	Men	50	47	39
	Women	50	53	61
Age groups	- 24	17	36	46
	25 - 49	65	58	50
	50 - 64	18	6	4
Ethnicity	Titular	69	43	62
	Russian	22	39	14
	Other	9	18	24
Citizenship	Local citizenship	84	64	70
	Other citizenship	4	9	13
	No citizenship	13	27	17
Education	Basic or less	20	16	13
	Secondary	46	40	50
	Higher	34	44	38
Employment status	Employed	72	63	57
	Unemployed, looking for work	10	14	4
	Student or on maternity leave	10	6	30
	Other adult not in labour force	7	17	9
Income quintiles	First quintile	18	23	18
	Second quintile	20	18	6
	Third quintile	15	14	18
	Fourth quintile	20	15	24
	Fifth quintile	27	29	35
Self-assessed economic situation	Well-off or not rich but live well	10	15	13
	Neither rich nor poor	58	49	54
	On verge of poverty	25	27	21
	Poor	7	9	13
Urban or rural	Urban	71	92	92
	Rural	29	8	8
Household type	One person household	10	14	17
	Couple with no children	11	8	4
	Single parent	7	8	9
	Couple with child(ren)	33	29	13
	Other household type	40	41	57

There are more women among the potential migrants to the Nordic countries than in the total population and among other potential migrants, and the group is younger than other migrants. They more often belong to the titular populations than migrants to other countries, and also hold the local citizenship more often. The most dominant characteristic is to have secondary education, and this is in all likelihood connected to the relatively young age of these potential migrants. In the group of other migrants, the majority has higher education.

Although the majority is employed, they are employed to a lesser degree than potential migrants intending to go elsewhere. There is also a rather high share of adults outside the labour force– 30 per cent – as compared to only 6 in the other group of migrants, and 10 in the total working age population.

A total of 60 per cent belong in the two highest income quintiles, again in contrast to the picture that emerges in the general tendency to migrate. As will be remembered, there was a small tendency for people in the lowest and highest income quintile to say that they would migrate more often. However, when it comes to self-assessed economic situation, the potential migrants to the Nordic countries are very similar to the rest of the population, potential migrants and non-migrants alike.

The locality pattern for those who want to go to the Nordic countries is identical to that of those who want to go elsewhere. The overwhelming majority lives in urban areas. Finally, there is a tendency for those who want to go to the Nordic countries to live in single person household, or the so-called "other" household type, more often than other potential migrants and the total working age population. It is especially rare for the group we are examining to live in a couple and have children. While one third of the total working age population as well as potential migrants to other countries live in this household type, it is the case only for 13 per cent of those intending to go to the Scandinavian or Nordic countries.

The labour markets and living conditions in the Baltic States

We have discussed the trends in mobility as indicated in the Norbalt II survey. The main tendency is for the potential migrants to be younger and have higher education than the rest of the population. There is also a clear connection between both ethnicity and the lack of citizenship in Estonia and Latvia, and the propensity to migrate. Economic reasons are the most common among the self-reported motives for wanting to leave, and we may presume that the situation in the labour markets is of importance in this respect. While the favoured destinations were not necessarily countries in the West, and to an even smaller degree the Nordic countries, this may change in the future. The high popularity of former Eastern Bloc countries may be a reflection of the structural opportunities to move to these countries as compared to the West in 1999, both in terms of formal requirements, cultural closeness, and a much lower direct cost connected with migration.

The opportunity structure will change in the future. Although the EU countries in general have opted for a transitional period with regard to the free movement of labour from the new EU member countries, we can presume that international migration from the East to the West will become easier with the expansion of the Union, with or without a transition period. Further, the Baltic States all have rapidly growing economies, but the general wage level is still much lower than in Western Europe. This means that, while the wage gap as a motivating factor for migration may still be presumed to be strong, the relative direct cost of migration is likely to decrease. In addition, the possibility of using education obtained in the Baltic States will also most likely improve, as the educational systems are in the process of being adjusted to meet European standards.

It is important to look into the developments in the Baltic labour markets, and at mechanisms that may influence who the potential migrants of the future may be. The issue of unemployment, especially youth unemployment, is of special interest. The closely related issue of poverty is also important to look into. While objective characteristics such as unemployment and income did not seem to provide very strong motivation for those who wish to move abroad, when looking at the self-reported main reason for wanting to move, economy-related reasons were the most important in all three countries. The self-assessed economic situation does not seem to influence the propensity to migrate, but this may simply signify that it is not the economic situation relative to others within the same country that is of importance, but the difference between the Baltic countries and other countries. While the Baltic States are often referred to as success stories in economic development, the countries still have a substantial problem of poverty. This indicates that the general living conditions in the Baltic States are important when looking into the issue of migration.

The presumed importance of the economic situation is something that the Baltic States have in common with most source countries for migration. However, the analyses of Norbalt data also show that, in 1999, the ethnic minorities in Estonia and Latvia were much more likely to want to move abroad than were the titular populations. Although economy-related reasons were given by the majority of those wanting to migrate, reasons related to exclusion, such as political pressure or discrimination, lack of command of the state language, and not holding the citizenship of the country of residence also made up a substantial share of reasons given by the potential migrants in Estonia and Latvia.

We will now look into the issues of unemployment, poverty as well as developments in wages, paying special attention to the factors that were outlined above as characteristic of potential migrants.

Labour force participation and unemployment

As the Baltic States celebrated their new-found freedom from the Soviet Union, they were to embark on a period of economic change that would have higher social costs than most people could foresee at that time. As the economy had previously been based on the centrally-planned Soviet system, massive restructuring was unavoidable, especially in the large industrial sector as well as agriculture, where hundreds of thousands of jobs were lost. This was a rude awakening for the populations, who during the Soviet times had been beneficiaries of the policy of full employment for both men and women. While the old markets in the East were lost, there was also a need to enter into trade with the established economies in the West. This has brought on a situation where structural unemployment is prevalent, a typical feature of the transitional economies in Eastern Europe. The high unemployment goes hand in hand with a lack of specialised and skilled labour, and the education systems have had a hard time keeping up with new demands.

Table 3.10 shows the unemployment rates for Estonia, Latvia and Lithuania for the years 1996/1997 to 2002. The unemployment rates are based on Labour Force Survey data, where unemployment is defined according to the International Labour Organisation (ILO) standards. By these standards, unemployment refers to persons who, during the reference period, were without work; currently available for work; and actively seeking work. Unemployment is calculated in relation to the part of the population that is participating in the labour force.

As seen in Table 3.10, the unemployment has been very high, in Latvia as many as one out of five in the labour force was unemployed in 1996. It is also clear that until 2002 Lithuania struggled with much higher unemployment than its neighbouring countries. In 2002 the unemployment fell to the same level as that in Estonia and Latvia. In Estonia and Latvia there was a steady decline in unemployment during the last half of the 1990s. However, all three countries had unemployment rates above 10 per cent in 2002. The unemployment rates found in the Norbalt data are comparable to those presented in Table 3.10: in 1999 Estonia had unemployment of 11 per cent, Latvia had 12 per cent and the figure for Lithuania stood at 16 per cent.

When analysing unemployment in relation to the part of the population that is in the labour force, it is important to see unemployment in relation to labour force participation rates since, according to the ILO standards, unemployment is defined as being actively job seeking as well as being available for work. The category that is

Table 3.10: Unemployment by country, per cent, 1996 to 2002

	1996	1997	1998	1999	2000	2001	2002
Estonia		9.8	10.2	12.9	13.9	11.9	11.3
Latvia	19.5	14.1	13.7	13.2	13.3	12.9	11.6
Lithuania		14.1	12.6	15.3	16.1	17.5	11.9

Source: Baltic Economies Bimonthly Review 2:2003, Bank of Finland, Institute for Economies in Transition (Labour Force Survey data)

Table 3.11: Labour force participation rates by country, working age population, 1999

	Estonia	Latvia	Lithuania	Total
In labour force	84	85	80	83
Not in lab force	16	15	20	17
Total (N)	100 (3 516)	100 (1 983)	100 (1 946)	100 (7 445)

outside the labour force consequently includes, among others, discouraged workers or those that have given up finding a job.

The labour force participation rates in the Baltic States have gone down during the 1990s. This is partially a consequence of the artificially high participation rates during the Soviet period. The table below based on the Norbalt 1999 data, shows that around 85 per cent of the working age population in Estonia and Latvia participated in the labour force, while this was the case for 80 per cent in Lithuania.

There have been differences between the countries, as shown in Table 3.11 It should, however, be remembered that there was a large economic crisis in Russia in 1998, which had repercussions throughout the region, and hit Lithuania more severely than the two other Baltic States. This is very visible in the 1999 data on Lithuania, but the country has experienced a healthy growth rate since then, reflected in the sharp drop in unemployment rates between the years 2001 and 2002. As seen here, in 1999, Lithuania had the highest share of adults not participating in the labour force, at 20 per cent.

As indicated above, the factors which most seem to influence the inclination to migrate abroad are connected with age, ethnicity and education. Those who intended to migrate abroad were generally younger and more highly educated than the rest of the population, and more often belonged to a minority group. Table 3.12 (next page) shows the labour force participation and unemployment rates according to age, ethnicity and education.

People in the youngest age group have a much lower labour force participation rate than the other groups. This is quite natural, as pupils and students are defined here as being outside the labour force. However, this age group also has the highest unemployment rate – one in five in the youngest age group participating in the labour force reported not having a job. It is often difficult for young people to enter a tight labour market, and this may especially be the case for young people with poor

Table 3.12: Labour force participation and employment rates by age, ethnicity and education in the working age population, 1999

		In labour force	Not in labour force	Total	N	Employed	Unem-ployed	Total	N
Age	15–24 years	58	42	100	1 056	79	21	100	604
	25–34 years	86	14	100	1 786	88	12	100	1 535
	35–44 years	91	9	100	2 239	89	11	100	2 014
	45–54 years	87	13	100	1 731	89	11	100	1 499
	55–64 years	84	16	100	633	90	10	100	532
Ethnicity	Titular	81	19	100	5 153	89	11	100	4 222
	Russian	86	14	100	1 605	85	15	100	1 373
	Other	86	14	100	635	87	13	100	543
Edu-cation	Basic or less	71	29	100	1 453	80	20	100	1 019
	Secondary	81	19	100	3 423	86	14	100	2 801
	Higher	92	8	100	2 564	92	8	100	2 361

knowledge of the state language, something which is most relevant in Estonia. While 13 per cent of young Estonians between the ages of 18 and 25 were unemployed in 1999, unemployment ran at 19 per cent among young non-Estonians. Interestingly, the difference between the titular and minority populations was much smaller in Latvia While 20 per cent of young Latvians were unemployed this year, 22 per cent of the young minority population was unemployed. At the same time, it may be that more young people will be better qualified to take on jobs in the West in the future, as young people will probably benefit from the current revamp of education systems.

According to the authors of the Estonian 1999 Norbalt living conditions survey report, entering the Baltic labour markets will most likely become harder for young people because the number of positions available will decrease since the pension age has been increased. All three Baltic countries have started to gradually increase the pensionable age, which was very low during Soviet times. Women were eligible for a pension at the age of 55, while for men the pension age was 58. Regarding the number of positions opening up as a consequence of retirement, pensioners have also tended to hang on to their jobs for as long as possible as pensions are small (Marksoo 2002:95). This is reflected in the number of working pensioners: 16 per cent of the population that had reached retirement age in Estonia was employed in 1999, as were 15 per cent in Latvia and 7 per cent in Lithuania. The age group that has the highest labour force participation rate is the group between 35 and 44 years of age.

Regarding ethnicity, Russians and others belonging to the minority groups have a higher labour force participation rate, but a lower employment rate than the titular populations. As mentioned above, there are some differences between Estonia and Latvia with regards to their large Slavic minority populations. In Estonia the Russians mostly live in Tallinn but also in the northeastern part of Estonia, often in former military areas. In Latvia, there is a high concentration of Russians in the capital, Riga, but in general, the Russian population is more dispersed, and there is a higher proportion of Slavs who speak the local language than in Estonia. Still, in both countries the tendency is the same: the ethnic minorities have a higher unemployment rate.

There is generally a clear connection between education and position in the labour market, as expected. The labour force participation increases with secondary, and especially with higher, education. The low labour force participation rates for the group with basic education are also connected to age, as the group with basic education includes a lot of older people. 60 per cent of those with basic education are over the age of 55, and 40 per cent are over 65. The age group with the highest average education is the 35–44 year old segment: 42 per cent in this group has higher education. This age group is also the one with the highest labour force participation, as seen above.

We have previously mentioned that in the early 1990s, some concerns were raised regarding the developments in the post-socialist labour markets with respect to the position of women. During Soviet times, women had labour force participation rates quite comparable with those of men. This was supported by an elaborate system of support for women with children. Women had the right to childcare leave for up to three years, and day care for children was provided for everyone. As the social structure supporting women's employment fell apart, many presumed that this would drive women "back to home and hearth". This has not happened. While women do have a lower labour force participation rate – 21 per cent of working age women were outside the labour force in 1999, while this was the case for 14 per cent of men – the unemployment rates were identical – 13 per cent for both men and women.

As discussed in the section on the propensity to migrate, it seems that women are more inclined to move than men are. This may be connected to the generally strong ties that womenhave with the labour market. While women in the Baltic States have a tradition of working, it is also clear that, for most couples, it is necessary that both work. In addition, the divorce rates have risen quite sharply, and many marriages have been put under a lot of strain. The burden of alcoholism is well known in this area, and the gravity of the problem of alcoholism and alcohol misuse, particularly among men, is reflected in the very large gap in expected age of living between men and women: in 1999 in Latvia this was as much as 12 years. As gender roles are generally more traditional, women are usually the ones who take care of the children, and particularly so after a divorce. Consequently, many women are taking care of children on their own, and need to work. In addition, women have a very high level of education: 40 per cent of working age women had higher education, while this was the case for 28 per cent of men. As seen above, the unemployment rates among those with higher education is substantially lower than for those with only basic or secondary education. Further, studies have shown that women often have a strong identity tied to their work, so the majority want to keep working, even if they do not need the money. It is not unlikely that this is in part a consequence of the policy of full employment of both men and women during the Soviet times. A young woman finishing her studies today will in all likelihood have had not only a mother, but also a grandmother who worked full time.

As mentioned above, there are differences within each country with respect to activity rates and unemployment between the rural and urban areas. As seen in table 3.13 below, the activity rates are quite similar for the capitals and other urban areas: approximately 15 per cent of the working age population do not participate in the labour force. The non-participation rate is much higher in the rural areas, at 23 per cent. Further, although participation rates are similar in the urban areas, unemployment is generally lower in the capitals than in other cities and in towns. While 9 per cent of the working age population in the capitals is unemployed, this was the case for 14 per cent in other rural areas, which again is very similar to the unemployment rates in the rural areas.

Regarding unemployment, there are some differences between the three countries. In both Estonia and Latvia, the localities with the highest unemployment rates are the towns and cities outside the capital – 13 per cent and 15 per cent respectively. In Estonia, the capital Tallinn and the rural areas both had unemployment rates of 9 per cent, in Latvia, the capital Riga had 10 per cent unemployment and the rural areas 12 per cent. This is rather different from the situation in Lithuania, where the rural areas had by far the highest unemployment rates at 23 per cent, compared with 8 per cent in the capital Vilnius and 15 per cent in other cities and towns. As mentioned above, Estonia is different from the two other countries in that a larger share of those intending to move within their own country wanted to move to a rural area. This may be explained by better opportunities to find employment in these areas than what is the case in the two other countries, as the employment rate is similar to that of the capital.

Table 3.13: Labour force participation and employment rates by region, working age population, 1999

	In labour force	Not in labour force	Total	N	Employed	Unemployed	Total	N
Capital	86	14	100	1 765	91	9	100	1 533
Other cities and towns	85	15	100	3 313	86	14	100	2 825
Rural areas	77	23	100	2 367	87	13	100	1 826

Table 3.14: Duration of unemployment by country, unemployed working age population, 1999

	Estonia	Latvia	Lithuania	Total
0–11 months	70	58	53	61
12 or more months	30	42	47	39
Total (N)	100 (303)	100 (209)	100 (232)	100 (744)

The problem of long-term unemployment is rather grave. Around 40 per cent of all the unemployed in the Baltic states had been unemployed for 12 or more months in 1999. Again, the situation was the gravest in Lithuania, as shown in Table 3.14.

In Lithuania, almost half of the unemployed had been seeking work for 12 months or more, while this was the case for 42 per cent in Latvia and 30 per cent in Estonia. The most common reasons for having become unemployed were related to cutbacks or the permanent closing of enterprises. A total of 16 per cent of the unemployed had resigned from their former jobs voluntarily.

The economic restructuring in the Baltic States brought on rather dramatic changes in various sectors of the labour market as has been mentioned above. Many jobs were lost, and while new enterprises were started, many of them disappeared again after a short time. Consequently, the job market has been rather unstable. Unemployment did not provide a very strong explanation for the inclination to want to move abroad. However, when considering whether to move, it may be that not only the present job situation is of importance, but also beliefs about future opportunities. Table 3.15 below shows that in 1999, a substantial share of those that were employed had severe doubts about their future job situation.

As seen here, in Latvia and Lithuania, approximately half of the employed working age population believed that their job was in danger during the next two years In Estonia this was the case for almost 40 per cent. There was also a rather high level of uncertainty regarding this issue– in Lithuania almost 20 per cent answered that they did not know. Among those who believed their job to be in danger, 30 per cent thought their job would be in danger due to cutbacks, 26 per cent due to closure of the enterprise, and 43 per cent believed their job was in danger for a different, unspecified reason.

Table 3.15: Do you believe that your present job is in danger in the next two years? By country, working age population, 1999

	Estonia	Latvia	Lithuania	Total
Job in danger	37	52	48	45
Job not in danger	50	42	33	43
Do not know/no answer	13	6	19	12
Total (N)	100 (2 618)	100 (1 451)	100 (1 230)	100 (5 299)

Table 3.16: Do you believe that your present job is in danger in the next two years? By ethnicity and country, working age population, 1999

	Estonia		Latvia		Lithuania	
	Titular	Other	Titular	Other	Titular	Other
Job in danger	30	52	48	58	47	59
Job not in danger	58	34	47	35	34	24
Do not know/ no answer	12	14	5	7	19	17
Total (N)	100 (1 760)	100 (857)	100 (858)	100 (592)	100 (1 040)	100 (156)

There were considerable differences between the titular and minority populations regarding the belief in job security, as seen in Table 3.16.

Ethnic Estonians are the ones with the highest level of confidence that their jobs will not be in danger during the coming two years, 58 per cent think that their jobs will not be in danger, and 30 per cent think that it will. The situation is considerably different for the ethnic minorities in Estonia– more than half of the employed in the minority population believes their job will be in danger. The differences are smaller in Latvia and Lithuania, but still discernible. Around 10 percentage points more believe that their jobs are in danger in the minority populations than in the titular populations. In Lithuania, only one out of four in the minority population stated that they believed their job was *not* in danger during the forthcoming two years.

Unemployment, poverty and developments in wages

The section above describes the Baltic labour markets with regard to unemployment and labour force participation, and present a picture of a rather difficult job situation for many people. Though unemployment has gone down, and particularly so in Lithuania where the level was very high in 2001, the reality behind the unemployment rates is a very difficult economic situation for a large number of people. Although income differences within each country and self-assessed economic situation did not provide strong explanations for the inclination to move abroad, the most important self-reported motive to move was related to economic factors.

One of the main factors leading to poverty in the Baltic States is unemployment. This is closely connected to the policies for eligibility for unemployment benefits. Only a small share of those that are unemployed according to the ILO definition receive unemployment benefits. In Estonia the figure is 24 per cent, and in Lithuania as little as 7 per cent of the unemployed received unemployment benefits in 1999, as shown in Table 3.17.

There are many poverty measures that one can use, but the most common in comparative studies of poverty is a relative poverty line. In our case, we use 50 per

Table 3.17: Receive unemployment benefit by country, working age unemployed population, 1999

	Estonia	Latvia	Lithuania	Total
Do not receive unemployment benefit	76	83	93	84
Receive unemployment benefit	24	17	7	16
Total (N)	100 (292)	100 (205)	100 (253)	100 (750)

cent of the median income and define households that are below this line as poor. If we apply this poverty line to our data, we find that 11 per cent of Estonian households are poor, 13 per cent in Latvia and 18 per cent in Lithuania. Further, there are considerable differences between groups within the countries.

While approximately 12 per cent of all urban households fall below the poverty line, this is the case for 28 per cent of rural households. The one factor that influences the economic situation for households the most is if the main contributor to the household budget is unemployed. Close to 70 per cent of these household types can be classified as being poor. Similarly, close to 50 per cent of all unemployed people live in poor households. In Western countries, one can often find that ethnic minorities are in a less advantageous economic position than the titular populations. This is not the case in the Baltic States. The poverty rates for Estonians and the minorities in Estonia are quite similar: 14 per cent of Estonians and 15 per cent of the minority populations fall below the poverty line. In Latvia and Lithuania, however, the titular populations live in poor households more often than the minorities do. While 19 per cent of ethnic Latvians lived under the poverty line, this was the case for 14 per cent of the minority population, and similarly, in Lithuania the corresponding shares were 21 and 17 per cent. This is connected to the fact that the titular populations live in rural areas more often than the minorities do in these countries. In all three countries combined, 61 per cent of the titular populations live in urban areas, while this is the case for 88 per cent of the minority populations.

There is a tendency for those that are poor to be less convinced that the future will bring positive changes. The respondents were asked to assess their situation compared to five years ago, as well as to give their thoughts on what their situation would be five years into the future.

Those that are poor or on the verge of poverty have very little belief in a positive change in the coming five years; only around one in five believes that the future will bring positive changes in their economic situation. The group that feels most privileged is also the group that is most optimistic: almost 60 per cent of those who classify themselves as well-off or not rich but living well believe that their economic

Table 3.18: Beliefs about the household's economic situation compared to five years ago and five years into the future by self-assessed economic situation, 1999

		Well-off or not rich but live well	Neither rich nor poor	On the verge of poverty	Poor	Total
Economic situation compared to five years ago	Better	51	27	14	13	24
	The same	31	33	19	14	27
	Worse	18	41	67	72	49
Economic situation five years into the future	Better	58	38	21	18	34
	The same	29	33	25	19	29
	Worse	13	29	55	63	37

situation will improve. Around half of the respondents replied that they considered their economic situation to be worse than five years previously.

The poverty line applied above is a relative one, and useful for comparative purposes. It does however not say anything about the consequences of poverty. The Norbalt surveys also included questions on whether there were certain things that the household could not afford to do or buy. Some of these items are presented below:

As seen here, in 1999, 14 per cent of Baltic households could not afford to eat chicken, meat or fish at least three times a week, and 16 per cent could not afford to cover urgent medical expenses. Further, around one third of the households experienced that their current poverty affected their social life, as they could not afford to invite friends or go to the cinema, theatre or a concert once a month. Although unemployment is one of the main factors causing poverty, poverty is not unique to the unemployed population. When looking at the same factors above for the part of the population that is employed, it transpires that 9 per cent cannot afford to eat chicken, meat or fish three times a week, 10 per cent cannot cover urgent medical expenses, 17 per cent cannot afford to invite friends once a month, and 22 per cent cannot afford to go to the cinema, theatre or a concert once a month. This may go some way in explaining the rather weak connection between unemployment and the propensity to migrate; a fairly large share of those that have employment also have a need to improve their living conditions. In addition, education is one of

Table 3.19: Can your household afford the following things?

	Yes	No	Not relevant
Can afford to eat meat, chicken or fish at least three times a week?	85	14	1
Can afford to cover urgent medical expenses?	80	16	4
Can afford to invite friends at least once a month?	65	26	8
Can afford to go to the cinema, theatre or concert once a month?	51	30	19

the main factors protecting people against unemployment, and highly educated persons may have more opportunities to migrate.

Although wages are still very low compared to Western countries, there has been a positive development over the past years. Table 3.20 presents the average monthly wages and the minimum consumer basket and subsistence minimum for Estonia and Latvia respectively. Lithuania has been omitted in this table, as comparable data were not available.

Although wages are still low, the development in both countries has been positive in relation to the subsistence minimum and the minimum consumer basket. It should however be noted that in Latvia, the minimum consumer basket was estimated to constitute around half of the average monthly wages in 2002. Also, compared to the Nordic countries, the average wages are very low. The average wage in Estonia in 2001 was equivalent to approximately 2 900 Norwegian crowns; the average wage in Latvia in 2002 was equivalent to around 2 460 Norwegian crowns. Although Lithuania has also experienced a positive development in wages, the curve has not been as steep as for the two other countries.

As seen here, the tendency during the years up to 2001 was for wages to changeby a small amount. In addition, the level was somewhat lower than in the two other countries: 991 Litas were equivalent to 2 373 Norwegian crowns. There can consequently be little doubt that the wage gap may serve as a considerable incentive for migration in the years to come.

Table 3.20: Average monthly wages and subsistence minimum/minimum consumer basket

		1997	1998	1999	2000	2001	2002
Estonia	a) Average monthly wages (EEK)	3 573	4 125	4 440	4 907	5 510	-
	b) Subsistence minimum	1 076	1 171	1 170	1 207	-	-
	b as % of a	30.1 %	28.4 %	26.4 %	24.6 %	-	-
Latvia	a) Average monthly wages (LVL)	120	133	141	150	159	173
	b) Minimum consumer basket	-	82.15	83.18	84.47	86.93	88.76
	b as % of a	-	67.8 %	59.0 %	56.3 %	54.7 %	51.3 %

Sources: Central Statistical Bureau of Latvia; Central statistical office, Estonia; Ministry of Social Affairs, Estonia

Table 3.21: Average monthly wages in Lithuania

	1996	1997	1998	1999	2000	2001
Average monthly wages (LTL)	618	778	930	987	971	991

Source: www.ilo.org

Discussion

The picture that emerges from this chapter is that the Baltic populations are not particularly interested in foreign migration, and further, that among the small share that do intend to migrate, the Western countries are not necessarily the most favoured destinations. This may change in the years to come. When considering the traditional push factors for foreign migration, it is clear that the Baltic labour markets and societies still face numerous challenges with regards to unemployment and poverty.

A feature that is typical for Estonia and Latvia is the higher propensity for members of the ethnic minorities to want to migrate, and also, that they often give their motives to be related to discrimination or exclusion. While the unemployment rates are somewhat higher for ethnic minorities than for the titular populations, they do better when it comes to poverty rates. This is most likely an indication that there are other factors than poverty-related exclusion that is important for the ethnic minorities when it comes to migration. Many in the minority populations are excluded from voting rights and the possibility of holding certain official positions and, according to a recent study of ethnicity and social exclusion in Estonia and Latvia, the minority populations participate less often in civil and political activities, and report more often that economic difficulties prevent them from taking part in social activities (Asland & Fløtten 2001:1046). Further, as shown above, the difference in feelings of security regarding the future of their jobs is quite dramatic, especially in Estonia. Still, at the time of the survey, the majority of potential migrants from the predominantly Slavic minorities did not wish to go to a Western country, but rather to Russia or another CIS country.

Younger people were also highly represented among those who wanted to move abroad. Although predictions about the future are hard to make, it could be that this will be an increasingly important group in migration from the Baltic States. It has been claimed that one possible consequence of the upcoming expansion of the European Union may be that unemployment will increase, as the trade unions in the new member countries will look to the West and demand higher wages (Kielyte & Kancs 2002:268). Be that as it may, it does seem that it is difficult for young people in the Baltic States to gain entry to the labour market. In addition, the opportunity for younger people to make use of education obtained in the Baltic states may be likely to improve, as the education systems will be more suited to fill the demands of modern economies than they were before. At the same time, it may also be that more job opportunities open up within the Baltic States as a consequence of the inclusion into the EU, thereby discouraging migration.

All in all, there is reason to expect that the Baltic populations will migrate in the future but, in all likelihood, not in any dramatic fashion. It should also be remembered that the Baltic populations are small, together amounting to less than 8 million people.

4 Facing a Baltic invasion?

The Nordic countries have a history of a common Nordic labour market, in combination with rather restrictive immigration regimes towards job applicants from non-Nordic countries. However, the EEA agreement, put into effect on 1 January 1994, represented significant changes in the labour migration policies of its member states, creating one common labour market within the whole of the former EEC and EFTA areas. Unions in Scandinavia were preoccupied with how the agreement would affect the labour market in the Nordic countries. The major concern they raised was the possibility that increasing labour immigration might lead to social dumping, in the form of a downward pressure on wages and working conditions, and increased unemployment among native workers. Similar concerns are raised today, facing a widening of the EU that will – eventually – include the Baltic states in the common EEA/EU labour market. On the other hand, the need for labour immigration has increased significantly over the past decade, and is believed will grow further in the years to come. The same will probably be true for most Western European countries, due to a similar demographic development. Some of these countries have already experienced that attracting qualified immigrants was more difficult than expected (Brochmann 2001). With the expected economic growth in the new Member States, the incentives for low-skilled workers to migrate will also be weakened, as the wage gap between the Nordic states and these states will diminish. Hence, the concern for eroding working conditions for national workers is to a certain extent replaced by the concern for not being able to attract enough immigrants to ensure economic growth and sustain the supply of welfare services. The attitudes towards immigration from the Baltic States could therefore be expected to be somewhat schizophrenic: We want them – and we don't want them.

Possible effects of immigration

Most states would welcome foreign workers who possess skills that are in demand in the national labour market, while migrant workers with skills that are easily found will be less popular. The availability of workers who have the right type of skills is obviously in the interest of the employers, it has a positive effect on the economy, and the impact on the wages of native workers can be expected to be much less when immigrants possess different qualifications and educational levels than native employees (as they would not enter in direct competition with the native labour force).

Still, in a common labour market, the single state's ability to influence who chooses to immigrate and in what numbers, is limited. A widening of the common market could facilitate the supply of labour, but there is also a risk that some national labour markets will experience an increase in the supply of labour that will upset the balance of the market. Given the same number of migrants, this risk increases if the skills of the group of migrants are similar.

Excess supply of labour is likely to lead to a downward pressure on wages and/or increased unemployment, as well as a pressure on welfare benefits.[1] In this situation, there is a potential conflict of interest between employers and native employees, and of course between native workers and immigrant workers. There could even be a conflict of interest between the country of destination and the country of departure, as influx of labour will benefit the country of destination, draining the sending societies of skilled personnel. This "brain-drain" hypothesis is however not one-dimensional. Workers who have emigrated represent an important income source for many societies. It has also been argued that the possibility of emigration increases the educational activities of the emigration societies, leaving them with at least the same level of skilled personnel (Stark & Wang 2001).

[1] Several empirical studies show no, or very little, impact of immigration on the wages of native North Americans (Taylor 1995). Münz (2000) assumes that the results are also valid for the highly regulated European labour markets. However, the validity of the Taylor findings and those of other, similar studies have later been questioned (Borjas 1999). Borjas argues that large-scale immigration supports "an astonishing transfer of wealth from the poorest people in the country, who are disproportionately minorities, to the richest".

Uncertain predictions of future migration

We have not attempted to predict figures for the future migration from the Baltic States. Several predictions of increased labour migration in the wake of the forthcoming EU enlargement exist already (Fassmann & Münz 2002; Boeri and Brücker, 2000). These studies predict a more or less moderate increase in migration, but the predictions must be interpreted with great caution. They are generally based either on "our" type of data, that is surveys of the population, or on extrapolations of historic migration patterns. None of these methods can be expected to be accurate, particularly not in a situation of radical changes in the migration regulations.

Our analysis suggests that there is a potential for migration from the Baltic, but that it is unlikely that we will observe a massive movement of workers. First of all, the small size of the populations of the Baltic States is in itself a major restriction. Secondly, the proportion of the population with plans to migrate is limited, and the Nordic states are not the preferred destination. However, it could be that the number of persons inclined to migrate will increase when the access to the EU labour markets is improved. The high number of seasonal migrants from the Baltic countries also indicates that the potential for short-term migration is relatively high. In addition, Baltic firms will gain access to the Nordic markets, and will have every right to bring their employees with them on their contracts in Nordic countries. So-called "posting" of workers is not conditional on the same type of migration decision as individual migration is, and our data on migration intentions is hence less useful for assessing that kind of labour movement. Given the historical patterns of migration, and the proximity of the Baltic States to the Nordic countries, our guess is that different types of temporary migration will be the dominant form of migration, particularly in the first period after the EU enlargement. This type of migration may be large enough to have a noticeable impact on wages and labour opportunities, at least in some sectors of the Nordic economies.

On the other hand, the expected economic growth resulting from EU membership will reduce the economic incentives for migration. Language problems also constitute a major obstacle for migration, with the exception of Estonians who work in Finland. Language problems will, however, be of less importance in the case of posting of workers.

Among the Nordic countries, Finland has had, and must expect to continue to have, by far the largest group of immigrants from Estonia. This follows not only from the linguistic similarities, but also the geographical proximity. Labour migration in the form of commuting is likely to become more appealing if border control ceases. Still, the inclusion of Estonia in the common market will not necessarily lead to a large increase in immigration from Estonia, since accessibility to the Finnish labour market is already quite good for Estonians.

Monitoring and surveillance of working conditions

Traditional economic theory suggests that labour migration is good, allowing workers to move to where the return on their labour is highest. This is of course the reason why freedom of movement is one of the four freedoms of the common market. However, free movement of workers in combination with considerable international wage gaps within the common market could create situations which undermine the positions of the national unions. The challenge has been met with different strategies by the Nordic unions. In Norway, the debate resulted in a law of generalisation of collective agreements. The law was passed in 1994, but has never been implemented. The law grants labour and employers' organisations that are parties to a collective agreement the right to claim that the conditions set out by the collective agreement should fully or in part be applied to all workers in the industry and territory covered by the collective agreement. Similar regulations are formulated in the Finnish law on collective agreements (*Arbetsavtalslag*). Still, Finnish unions consider the legal protection against social dumping to be inadequate, and demand legal reform to strengthen the inspections of employees sent by foreign contractors, and to increase the sanctions for abuse of foreign labour (*Trade Union News from Finland*, 16 March 2002). Denmark has little tradition of regulating the labour market through law, and the unions' strategy is to fight social dumping through industrial action. After the conclusion of the EEA agreement, Danish LO and its counterpart DA signed an agreement with the intention to force foreign employers to join a Danish employers' organisation, ensuring that Danish collective agreements would apply for every employer and employee in Denmark. Swedish LO also relies on industrial action to stop social dumping. A 1991 amendment to the Swedish labour law does, however, grant Swedish unions the right to demand establishment of Swedish collective agreements for foreign workers on Swedish territory.

So far, there has been no massive influx of EU workers to the Nordic countries. Still, problems of social dumping are not unknown, despite the efforts made by the national unions. A recent example from Norway is the alleged breaches of the labour law committed by subcontractors to the one of the major construction projects of Statoil (Statoil Mongstad). The national authority responsible for surveillance of the labour law (Arbeidstilsynet) reported the case to the regional police authorities in February 2003, after being tipped off by a union (EL&IT-forbundet) (*Bergens Tidende*, 21.2.2003). The case is still under investigation. In Sweden, inspections by the unions have uncovered Baltic construction workers being paid 20–30 SEK per hour (Junesjö 2002). A report from a working group put together by the Nordic Council gives a number of examples of social dumping in the Nordic countries (Nordisk Ministerråd 2000).

As mentioned above, the effects of migration on the Nordic labour markets will depend on who the migrants are. In the Baltic populations, the inclination to migrate is highest in the extremes of the income distribution, but the differences in migration rates between the income groups are moderate. The most notable group differences in the propensity for migration are to be found within the variables gender and ethnicity: women and residents who are not Baltic citizens are significantly more likely to migrate than others. The non-Baltic citizens are, however, mainly Russians, and their preferred country of destination is Russia. Accordingly, the migrants are likely to constitute a rather heterogeneous group, with a slight overrepresentation of women and members of the highest and lowest income-groups. Consequently, there is reason to believe that the migrant workers will be spread out over a large part of the Nordic labour markets, avoiding the situation where some areas experience a vast increase in labour supply. This does not necessarily mean that problems of social dumping will be equally distributed between industries. Problems of monitoring and controlling wages and labour conditions and hence of enforcing national (and supernational) regulations are not equally distributed. In the wake of the EEA/EU agreements (that resulted in the loss of the work permit as a control-mechanism), the unions have played an increasingly important part in the policing of wages and labour conditions of foreign workers. Hence, industries with a low level of unionisation represent a challenge for the control organs. The same is true for industries where subcontracting is widespread and/or that have elements of the underground economy (Djuve 1994).

Challenges for the Nordic countries

We believe that the amount of Baltic immigrants to the Nordic labour markets will be moderate, though increasing. This could represent an important improvement of labour supply in industries and sectors where the Nordic countries experience a shortage of labour. However, the Nordic countries face a serious challenge when it comes to attract immigrants with skills that are in demand. The same skills will probably be in demand in countries which are more attractive to potential immigrants. But even low-skilled immigrant workers may over time be more difficult to find – as living conditions improve in their home countries, low paid short-term employment in the Nordic countries will become less interesting to them.

Short-term migration and posting of workers can be expected to be the dominant forms of migration, accentuating the existing problems of control and implementation of national regulations of labour conditions, particularly in sectors where unionisation is low. We believe that the Nordic countries would benefit from continued research on the control and implementation strategies which have been tested in each country.

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Icelandic Intercultural Centre http://www.ahus.is

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Swedish Migration Board http://www.migrationsverket.se

The Danish Immigration Service http://www.udlst.dk/Statistik/Default.htm

Appendix 1: EU enlargement transition arrangements

The European Commission envisages a general transition period of 5 years with a possible extension by individual member states for a further 2 years after the enlargement. After no more than 7 years, free movement of workers would operate fully across all Member States (EU Press release IP/01/561). Some of the Nordic Member States in the EU/EEC have announced that they will implement transition arrangements in the labour markets, while others have declared that the labour markets will be fully opened immediately upon enlargement.

Sweden, Norway and Denmark have declared that the domestic labour market will be opened immediately after the EU enlargement. There are however, divergent opinions about the need for transition arrangements in the labour organisations in these countries. The Danish Confederation of Trade Unions (LO) has expressed resistance against transitional arrangements for labour migration to Denmark after the enlargement. In most Nordic countries, the labour markets will be monitored, so transition arrangements can be extended or implemented if serious disorders in the labour markets emerge after the enlargement. Danish LO claims equal rights for workers from the new member States. The Ministry of Local Government and Regional Development in Norway underlines that the enlargement of the labour market may ease access for persons with qualifications that is in great demand in Norway. Also, the ministry of Local Government and Regional Development says that they will follow the development, and may implement transition arrangements if the situation changes drastically within the transition period of seven years (The Ministry of Local Government and Regional Development Newsletter 3/2003). The Norwegian Confederation of Trade Unions has declared resistance against import of unskilled labour, but takes a more positive stand towards skilled labour immigration (Høringsuttalelse, LO 2002). The Finnish Trade Union demands a transition period after the enlargement, to avoid increased unemployment and unfortunate attacks at the general welfare and the conditions in which trade and industry may prosper. Furthermore, they say that the economical and social gaps between the current and new Member States are so large it will take time to eliminate the differences. The official Finnish policy follows this argument, and will maintain national work permit procedure for two years after the accession of the new members and this will apply similarly to all new member countries in Eastern and Central Europe. (Press release May 11, 2001, Finnish ministry of foreign affairs.)

Recognition of qualifications

Depending on the qualifications, there are various demands regarding formal recognition of qualifications obtained in a foreign country. In cases where a formal recognition of qualifications is not required, it is still up to the employer to evaluate the qualifications of the job seeker. The job seeker may give a description of own qualifications, and the recognition of these will be between the employer and the worker. However, in many situations, a formalised recognition is required, and several instruments have been launched the past few years to facilitate recognition procedures.

With increased mobility within the EU and beyond, the EU, along with all EEC and associated countries in Central and Eastern Europe have introduced a network of National Academic Recognition Information Centers (NARICs). The purpose of the network is to facilitate the transfer of qualifications and competences for academic or professional purposes. All Nordic countries have joined this network, and cooperate through national NARIC offices. These offices do not make decisions, but give advice and offer information on foreign education systems and qualifications.

Another instrument to facilitate recognition of qualifications is the European Credit Transfer System, which provides a common basis for recognising study periods abroad. At the vocational level, a network of National Reference Points (NRP) for vocational qualifications is currently being established in countries all over Europe (http://europa.eu.int/comm/education/rec_qual_en.html).

There are also being made moves in the EU to standardize the requirements for regulated or professional qualifications through the EU and associated countries (http://europa.eu.int/comm/internal_market/en/qualifications/01-929.htm), which eventually may have effects on recognition of qualifications for Baltic immigrants to the Nordic countries in near future. All Nordic countries have joined the mentioned networks, and practices to recognize qualifications of Baltic labour immigrants are similar.

Facing a Baltic Invasion?

This report deals with the possible effects of the forthcoming enlargement of the EU on the migration of Baltic labour towards the Nordic countries. Based on data from a living condition survey in the Baltic countries, the proportion of each country's population that intend to migrate is described, as well as some of their main characteristics. The findings are related to data on former migration and economic incentives for migration. Finally, the report briefly treats the challenges increased migration entails for the area of control and regulation of wages and working conditions.

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