

POST-ENLARGEMENT MIGRATION AND LABOUR MARKET IMPACT IN SWEDEN¹

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People migrate across borders for different reasons, economic and as well as others. Independent of the motive for migration, it has economic effects. Migration has economic effects for the migrants and for the countries of origin and destination. The effects of international migration are not easy to determine. It means that there is uncertainty regarding the effects of migration from the accession states both before and after the accession has taken place. The uncertainty before the accession is related to both the number of immigrants, the composition of the immigrants and the effects on the country of destination given the size and composition of the inflow of immigrants. But even when the size and composition of the new immigration are known, the effects are not easy to establish.

In the first section of this paper we will discuss the type of economic effects an expansion of immigration may lead to. In the second section the dimension and composition of the actual migration in the first two years after the enlargement of the European Union is in focus. In the third section the labour market situation of the immigrants from the accession countries is analyzed. In the pre-accession debate social (benefit) tourism was a key issue. In the fourth section the migrants and the public sector and especially the migrants and the welfare system is discussed. The last section concludes and also indicates some areas for further study.

1. Economic effects of an increased immigration

Immigration has economic effects for the country of origin. An enlargement of immigration due to an expansion of the European common labour market may have various effects, positive and negative. The size of these effects depends of course on the size of the increase in

¹ For a different version of this text see Chapter 3 and 4 in Doyle, Hughes and Wadensjö (2006).

immigration – a small increase in immigration means small effects. The effects also depend on the composition of the new immigrants and the functioning of the economy they are arriving to. Here we will discuss the types of effects most highlighted in research and in the public debate but first say a few words about the different types of international migration.

There are several different types of international migration. Labour migration, refugee migration and family (re)union are the three most important ones.² For Sweden, labour migration dominated in the post-war period up to the early 1970s. Most of the labour migrants arrived from the neighbouring Nordic countries, especially Finland, and other European countries. The labour migrants typically came directly to work, in many cases recruited in their home countries by Swedish employers. Due to the recession in the early 1970s and in practice a stop for labour migration from outside the common Nordic labour market (and later the European common labour market), the labour migration decreased drastically. Since then refugee migration and family (re)union migration have dominated. Those coming for family (re)union are in most cases coming to live labour migrants and refugees who have arrived earlier.

Labour migration has continued on a lower level also during the last decades mainly from the countries belonging to the Nordic common labour market or the European Union common labour market. The direction of labour migration is mainly from countries with lower income and wage levels to countries with higher. The variations over time are large, very sensitive to variations in the labour market situation in the country of origin and especially the country of destination. Few migrate to countries that have few job vacancies.

The migration from the accession countries will most likely be dominated by labour migration and we can therefore expect large variation in size depending on the Swedish labour market situation.

In the international debate “welfare magnets”³ has been a catchword just like “social (benefit) tourism” became one in the Swedish debate. It suggests that immigrants at least to some extent are coming because the country of destination has a highly developed welfare state with generous compensation for those who are out of work. Some studies have related the selection of migrants to different countries or parts of a country (states in the United States) to

² Nilsson (2004) contains a detailed presentation of migration to and from Sweden in the post-war period.

³ Borjas (1999) is the main advocate for this view using data on immigration to different states in the US. Passel and Zimmermann (2001) do not find support for the welfare magnet hypothesis in a study of the settlement pattern of immigrants in the US. Pedersen, Pytlikova and Smith (2004) do not get support for the welfare magnet hypothesis in their study which is based on international migration between a large number of countries.

the generosity of the compensation schemes. Other studies have especially studied immigrant representation in some parts of the welfare system, for example social assistance.

It is important to note that those schemes constitute only a minor part of the total public sector budget. People living in a country, natives and immigrants, are paying taxes and they are receiving different forms of income transfers and public consumption like education and health care. The costs for some forms of public consumption are possible to refer to the individual using it, the costs for other forms of public consumption are related to the size of the population (and increase by that as a result of immigration), and finally some costs are pure public goods that do not vary with changes in the size of the population. The difference between the change in the taxes and the sum of change of the income transfers and public consumption due to migration is the net transfer to the public sector from the migrants.

The net transfer from the immigrants to the public sector may be positive or negative. A factor supporting the presumption of a positive value of the net transfer is that the new immigrants generally are of active age and that the public sector mainly redistributes from people of active age to people of passive age (children and young people, and retired people). However, there are also different forms of transfers within the group of people of active age, mainly between those who have a job and those who do not have a job or if they have a job are not working, but are on sick leave, for example.

Studies of the net transfers from immigrants to the public sector in countries like Sweden show that the net transfers are positive for labour migrants coming from western countries but negative for refugee immigrants coming from non-western countries.⁴ The negative transfer for refugee immigrants is explained by that few of them are integrated into the labour market. This suggests that if immigrants from the accession countries become integrated in the labour market, the net transfers will most likely be positive, i.e. going from the immigrants to the public sector. Empirical studies are necessary to determine the actual outcome. The bottom line of this discussion is that it is not sufficient to look at one program, for example social assistance, to determine if the new immigration is a burden for the welfare state. Higher costs for social assistance for immigrants than for natives may be more than compensated by the taxes paid by the new migrants if they are working to a large extent.

⁴ See Wadensjö (1973), Ekberg (1983, 1998, 1999) and Gustafsson and Österberg (2001) for Sweden and Coleman and Wadensjö (1999), Wadensjö (2000, 2000a, 2002), Wadensjö and Orrje (2002) and Wadensjö and Gerdes (2004) for Denmark, and Gott and Johnston (2002) for the UK. Some surveys of studies in the field are found in Wadensjö and Orrje (2002), Leibfritz, O'Brien and Poot (2003), and Chonicki (2004).

Another issue much discussed in the public debate is the effect on wages of (an increase in) immigration. Immigration means generally an increase of the labour force and an increase of the supply of a production factor can be expected to lead to a decline in the price of that factor, i.e. to a decline of wages. It is not as simple as that, however. First, an increased supply of labour may induce new investments which may counteract the expected wage decline. Secondly, labour is not a homogeneous factor of production. The immigrant work force may be a complement in the production process to the native work force and not a substitute, so that an increase in immigration induces an increase in the wages of native workers. This means that it is not possible to determine the sign and size of the wage effect without empirical studies. There are now quite a few studies on the wage effects of immigration for different countries and periods, most of them indicating only small effects.⁵ Even if the effects are small on the average and may go in both directions, the effects may be larger in areas and occupations with a large inflow of immigrants. It is therefore of interest to study the occupational and regional distribution of immigrants compared to that of the natives.

Another area of discussion is if immigration influences the size and structure of unemployment.⁶ A not uncommon fear is that immigrants may out-compete some natives so they become unemployed. Such a discussion is generally based on an idea that the number of jobs is fixed, an idea not based on knowledge of how the economy functions. The unemployment rate is mainly determined by macroeconomic developments and by the economic policy. Sweden, as most other countries, has a target range for inflation. If the inflation tends to be higher than the upper limit of the target range, the National Bank will increase the interest rate and by that increase the unemployment rate. The unemployment rate following from such a policy is the unemployment rate that is possible to maintain without getting an accelerating inflation (NAIRU). If the immigrant unemployment is higher than the native unemployment rate this could be interpreted as if the immigrants are contributing relatively more to combat inflation. An argument for a decline in NAIRU as a result of immigration is that immigrants are more geographically mobile than natives on the labour market leading to less wage inflation. An argument for an increase of NAIRU as a result of immigration is that immigrants are less occupationally mobile on the labour market (confined to fewer occupations) leading to a higher structural unemployment. However, immigration is

⁵ See Longhi, Nijkamp and Poot (2004) for a meta-study of a large number of studies on wage effects. Borjas (2003) is one of the few who find large effects.

⁶ Gilpin et al. (2006) is a recent study of much relevance for this study. The main result is that the post-enlargement migration to the UK has not influenced the local unemployment rate.

probably not influencing the NAIRU to a great extent. The relatively few empirical studies in this area indicate that the effects of immigration on unemployment are small.

Immigration may also have other effects for example on prices and also on influencing exports by forming networks between the country of origin and the country of destination.⁷

2 The development of immigration to Sweden from the new EU member countries⁸

The economic effects of the enlargement of the European Union labour market are primarily dependent on the size of the new migration. Crucial for all predictions of the effects are predictions of the size of the new immigration.⁹ In this section we will present the development of the number and composition of immigrants from the accession countries before and after the accession. It will be an incomplete picture for different reasons. One reason is that not all immigrants in Sweden are registered and more important, that the share registered may have changed. It is likely that some immigrants who have lived and worked in Sweden for a period but have not been registered may have registered as a result of the legal change. We also cannot exclude that immigration from other countries, registered and unregistered, may have declined as a result of the accession agreement. Employers who earlier employed immigrants from other countries may have turned to employing immigrants from the accession countries.

It is also important to study the emigration to the accession states. The emigration to those states will mainly be return migration of earlier immigrants. The return migration will increase, given the propensity to re-emigrate, because the immigrant population living in Sweden is larger. But it may also increase if the deregulation of immigration makes it more attractive to return, as a result of that it will be possible to immigrate to Sweden again after a period in the home country. The decision to go back to the home country is easy to change if it is regretted.

⁷ See Bandyopadhyay, Coughlin, and Wall (2006) for the effects of networks on export.

⁸ There are a few follow-up studies of immigration from the accession countries after the enlargement of the European Union. See Dølvik and Eldring (2005) for the migration to the Nordic countries, and Commission of the European Communities (2006) comparing migration from the EU10 and the EU15 to all EU15 countries. Note that the numbers based on residence permits in the latter study are strongly misleading regarding the immigration from EU15 countries to Sweden. Danish and Finnish citizens who constitute the majority of immigrants from other EU15 countries in Sweden do not need a residence permit.

⁹ The predictions of the size and the effects of migration made before the enlargement of the European Union vary much. See for example Boeri, Hanson and MacCormick (2002), Dustmann et al. (2003), Eriksson (2004), Pedersen, Pytlikova and Smith (2004) and Sinn and Ochel (2003). The study most critical to free migration for citizens of the accession states is Sinn and Ochel (2003). They argue that migration without restriction would lead to a dismantling of the welfare state.

Table 1. Immigrants and emigrants according to country of origin and destination

Country	2000		2001		2002		2003		2004		2005	
	Im	Em	Im	Em	Im	Em	Im	Em	Im	Em	Im	Em
Czech R.												
Men	50	50	64	39	86	40	69	48	61	55	106	46
Women	65	24	66	33	65	28	54	29	59	39	89	46
Cyprus												
Men	15	31	19	23	25	31	23	22	32	34	21	39
Women	14	31	13	16	34	33	21	32	23	26	19	42
Estonia												
Men	98	46	97	36	109	43	88	56	155	69	161	88
Women	218	22	215	17	236	40	223	43	266	56	263	77
Hungary												
Men	95	93	96	69	123	71	105	63	113	88	144	91
Women	111	62	110	65	151	69	139	64	154	85	178	90
Latvia												
Men	64	21	74	31	63	25	57	33	70	29	98	28
Women	139	10	114	9	126	21	125	25	148	19	151	21
Lithuania												
Men	54	14	75	39	85	18	73	22	191	21	356	16
Women	101	10	143	11	176	5	159	16	253	19	353	10
Malta												
Men	5	21	13	9	15	32	19	10	12	20	13	17
Women	4	16	6	8	14	17	14	9	14	12	13	14
Poland												
Men	309	100	372	117	474	100	470	113	1163	161	1815	177
Women	471	99	536	100	712	90	664	103	1358	138	1701	173
Slovakia												
Men	29	7	29	5	38	15	22	12	43	16	40	18
Women	34	6	29	3	38	6	34	11	76	15	59	12
Slovenia												
Men	7	7	7	7	6	11	10	6	23	9	22	11
Women	7	10	17	10	8	13	12	4	18	7	19	10
EU10												
Men	1890	680	2095	647	2584	708	2381	721	4232	935	5559	1053
Women	1164	290	1249	272	1560	322	1455	336	2369	423	2818	502

Note. Im = immigrants, Em = emigrants.

Source: Statistics Sweden.

We will first look at the flows of immigrants and emigrants from the ten accession countries in the period 2000-2005. See Table 1. We will underline some of the main results.

- The total numbers show that there is an increase of immigration during the first years of the decade but a much higher increase in 2004 and 2005. That the increase continues in 2005 is an indication that it is not only a result of higher registration, i.e. a

registration effect, but a real increase. The immigration from the accession countries is still only a small part of the total immigration to Sweden however.

- The emigration to the accession countries is also increasing but it is much smaller than the immigration (Cyprus and Malta are the only exceptions). Net immigration is a large part of gross immigration.
- Women have constituted the majority of the immigrants from the accession countries in all years of the period. That at the same time most of the emigrants are men indicates that male immigrants are returning to a higher extent. The immigration of men has increased more than the immigration of women in 2004 and 2005, however, so that almost the same number of men and women came to Sweden from the ten accession countries in 2005.
- The immigrants to Sweden from the ten accession states are mainly from Poland which accounts for more than half of immigrants. The relative importance of immigration from Poland greatly increased in 2004 and 2005. Poland is the largest of the accession countries and a neighbour to Sweden on the other side of the Baltic Sea.¹⁰ Besides Poland, the immigration is largest from the Baltic states, especially Lithuania and Estonia.

The immigration has increased considerably from the accession states, especially from Poland, but it is still small compared to the total immigration and the size of the Swedish labour market. Why is this so? One explanation may be that there have been few job vacancies available for newly arrived immigrants. The Swedish unemployment rate is low compared to that in several other European countries and it is presently declining, but the job growth has been low and the job vacancies few. Another explanation may be that the propensity to emigrate has been lower than many expected in the accession states. A interview survey of migration intentions in the Baltic states carried out a few years before the accession date shows that the willingness to move abroad was not very high and also that only a few had the Nordic countries (including Sweden) as the preferred destination.¹¹ A third explanation is that those migrating have chosen Ireland and the UK instead of Sweden due to easier access to the

¹⁰ Poland with a fast growing and changing economy is not only a country of origin for international migration but also a country of destination for especially people coming from some of the successor states to Soviet Union. See Igliska (2005) and also Igliska et al. (2005). A comparison with the migration statistics of other countries for the same migration flows indicates that international migration is probably much under-estimated in Polish statistics.

¹¹ See Brunoskis, Djuve and Haualand (2003).

labour market in those countries and not least that English is the language of those two countries.

3 The new immigrants and the labour market

We will now turn to the immigrants from the accession countries and their position on the Swedish labour market. We will start with those who arrived in the period from 2003 to 2005 and who have been granted residence permits. Table 2 gives some basic information. We have included the four countries of origin with most immigrants and the aggregate information for all coming from the ten accession states and as a comparison those coming from the twelve old member states (according to the rules of the common Nordic labour market, citizens from Denmark and Finland do not need a residence permit). The number of residence permits for citizens from the ten accession states increased both in 2004 and 2005. The increase is large for the categories employers and consults which may include self-employed people, for example in the building sector. But also the number of residence permits granted to students is increasing, and even more those to relatives of people living in Sweden.

Table 2. Residence permits for citizens from the new EU countries in 2003-2005 according to the EES agreement

Year	Countries	Reasons for granting the residence permit						All
		Employees	Employers	Consults	Students	Relatives	Prolongations	
2003	Poland	2134	1	0	320	201	771	3427
	Estonia	363	0	0	57	53	178	651
	Latvia	213	0	0	36	43	87	379
	Lithuania	404	0	0	70	33	220	727
	EU10	3774	1	0	577	414	1551	6317
	EU12	2788	131	334	2813	2484	953	9503
2004	Poland	3156	99	141	244	1038	278	4956
	Estonia	383	5	26	122	160	44	740
	Latvia	278	13	13	74	68	44	490
	Lithuania	872	14	11	139	193	90	1319
	EU10	5151	136	209	750	1694	547	8487
	EU12	2570	140	312	3007	2587	904	9520
2005	Poland	2810	251	194	281	1498	493	5527
	Estonia	320	12	14	91	83	89	609
	Latvia	207	8	18	75	72	66	446
	Lithuania	756	27	13	129	252	117	1294
	EU10	4477	321	408	815	2120	871	9012
	EU12	2893	197	315	3042	2254	814	9515

Note. Reasons for granting a permit are up to May 2004 estimated for those coming from the accession states.

Source: Migrationsverket (Swedish Migration Board).

The next step is look at the labour market situation of the new migrants. This is however not easy to do. The statistical data bases with information on the labour market which cover the period after the accession of the ten member states are surveys, mainly the labour force surveys, and the samples are not large enough to be of any use for a study of the new migrants.

We have instead used data containing information on all the population living in Sweden. The latest year for which this data set is available is 2004. This means that we do not have any information for immigrants arriving in 2005 and 2006. A further problem is that even if the population included are those who are registered as living in Sweden in the end of the year (for those coming from the accession states the criterion is that they have a residence permit and are registered as living in Sweden December 31), the employment information is for November. It means that the data set is not including information if people are employed or not for those who have arrived in December (and maybe also in November) of the year studied, only that they have arrived and are living in Sweden in the end of the year. In practice we do not have any information on the labour market situation for the majority of those who have arrived after the enlargement of the EU. What we can do and have done is to look at the labour market situation for people who were born in one of ten accession countries and were living in Sweden at the end of 2003 and 2004, respectively.

We will start with the employment rates for those who were born in the ten accession countries and as a comparison the corresponding information for Sweden. See Table 3.

Table 3. Employment rate in September among those aged 16-64 according to country of origin among those living in Sweden in the end of 2003 and 2004

Country	2003			2004		
	Men	Women	All	Men	Women	All
Czech R.	55.8	38.6	45.3	60.1	41.3	48.5
Czechoslovakia	64.7	65.1	64.9	64.1	65.8	65.0
Estonia	55.5	53.2	54.0	54.5	53.8	54.0
Hungary	58.5	58.6	58.6	59.0	57.1	58.0
Latvia	44.6	46.3	45.8	46.4	46.7	46.6
Lithuania	47.4	46.4	46.7	50.5	47.6	48.4
Malta	51.0	50.0	50.5	56.0	46.7	51.6
Poland	59.4	59.9	59.7	59.9	58.8	59.2
Slovakia	47.0	43.7	44.8	46.7	40.7	42.8
Slovenia	62.8	54.2	58.4	64.2	52.6	58.3
EU10	58.9	58.6	58.7	59.2	57.7	58.2
Sweden	76.0	73.6	74.8	75.9	72.9	74.5

Note. As those who immigrated to Sweden in December cannot have been employed in Sweden in September the same year the employment rates for the immigrants are underestimated. There are immigrants who have arrived from the areas of the present states Estonia, Latvia, Lithuania and Slovenia who are registered as immigrants from Soviet Union and Yugoslavia. It is not been possible to separate those from others registered as immigrants from Soviet Union and Yugoslavia.

The employment rates for those from the accession states are about the same in both 2003 and 2004 and in both years considerably lower than for people born in Sweden (but larger than for refugee immigrants according to information from the labour force surveys¹²). A closer look behind the figures show that among those not employed who are from the accession states, many do not have any income, not even an income from the income transfer programs (unemployment benefits, sickness benefits, pensions etc.). This category may hide several different groups. The first one, and a not very large group, consists of those who have immigrated to Sweden in October-December and who could not have worked in Sweden in September the same year (it will be possible to exclude this group in a revised estimation). The second one consists of immigrants who have (re) emigrated without notifying the tax authorities about it. We do not know the size of this group. A third group consists of students (on the secondary level and in higher education) who do not combine studies with work. A fourth group are people who are not working and are supported by other family members, for

¹² Commission of European Communities (2006) gives information on employment rates based on Labour Force Surveys for 2004 and 2005. For citizens from the EU10 the employment rate was 62 per cent in 2004 in Sweden. This is slightly higher value than that shown in Table 3. There are two main explanations for a difference. One explanation is that the populations are different; citizens of EU10 countries or people born in the EU10 countries. Another explanation is that data collecting methods are different. In the labour force only those participating in the survey are included. Those who have left the country without registered it are by that not included. A problem with the labour force surveys is that those employed may be overrepresented among those answering, leading to a selection problem.

example housewives. A fifth group consists of people who work in the unregistered part of the economy (the shadow economy). We do not have any estimates of the size of this group.

Even if the employment rate estimations have to be interpreted with care, information on working hours and wages for those employed do not have the same problem. In Table 4 information on working hours in September 2003 and 2004 are shown. There are only small differences between those born in Sweden and those born in the accession countries. There is a variation in working hours among the ten countries and between the two years which may be explained by that there are few observations so that outliers have a large influence.

Table 4. Working hours in September among those aged 16-64 according to country or origin in September 2003 and 2004

Country	2003			2004		
	Men	Women	All	Men	Women	All
Czech R.	142.7	118.2	130.8	158.1	117.4	136.9
Czechoslovakia	142.5	128.9	136.0	141.8	130.4	136.5
Cyprus	130.9	120.1	127.5	132.7	151.9	137.8
Estonia	144.6	127.9	135.1	134.5	126.3	129.5
Hungary	142.8	131.2	137.9	145.0	129.7	138.2
Latvia	150.5	128.4	136.4	139.3	123.4	128.7
Lithuania	158.0	130.5	140.0	145.7	126.1	131.4
Malta	128.1	121.8	125.9	169.3	123.0	157.7
Poland	143.6	129.5	135.1	142.7	130.5	135.4
Slovakia	162.4	133.2	146.7	149.5	120.7	137.1
Slovenia	141.8	122.3	133.9	132.9	124.4	129.9
EU10	143.4	129.5	135.7	142.6	129.8	135.5
Sweden	147.3	130.5	141.1	146.7	130.2	140.6

Notes. Only those employed are included. There are immigrants who have arrived from the areas of the present states Estonia, Latvia, Lithuania and Slovenia who are registered as immigrants from Soviet Union and Yugoslavia. It is not been possible to separate those from others registered as immigrants from Soviet Union and Yugoslavia.

Table 5 shows the monthly average wage (recalculated to full-time monthly wage for those not working full-time) for people who were born in the ten accession states and in Sweden. The average monthly wage is lower for those born in the accession states than in Sweden. But the difference is not large, less than ten per cent. Also here there are differences between those coming from different countries, and also here it should be stressed that some groups contain only a small number of individuals. There are differences in the composition according to age and education which may contribute to explain the differences. We will look at the educational distribution and after that report from some results from estimations of Mincer equation.

Table 5. Monthly wage (for those working less than full-time the wage is recalculated to full-time wage) among those aged 16-64 according to country or origin in September 2003 and 2004; in thousands SEK

Country	2003			2004		
	Men	Women	All	Men	Women	All
Czech R.	27.2	20.5	23.9	24.4	21.5	22.9
Czechoslovakia	28.8	24.1	26.6	29.7	24.5	27.3
Cyprus	26.3	20.5	24.5	27.4	22.5	26.1
Estonia	27.1	20.7	23.5	26.1	20.8	22.9
Hungary	24.8	21.9	23.6	26.1	22.9	24.7
Latvia	26.5	21.0	23.1	25.2	21.0	22.4
Lithuania	26.2	18.4	21.1	27.9	19.5	21.7
Malta	21.3	18.6	20.3	23.7	18.2	22.3
Poland	24.5	21.3	22.6	24.9	21.8	23.0
Slovakia	22.9	19.9	21.5	24.3	22.4	23.5
Slovenia	23.7	20.1	22.3	23.8	21.0	22.9
EU10	25.2	21.5	23.1	25.7	22.0	23.6
Sweden	26.2	22.3	24.8	27.2	23.1	25.7

Notes. Only those employed are included. There are immigrants who have arrived from the areas of the present states Estonia, Latvia, Lithuania and Slovenia who are registered as immigrants from Soviet Union and Yugoslavia. It is not been possible to separate those from others registered as immigrants from Soviet Union and Yugoslavia.

Table 6. Distribution of people born in one of the accession states and in Sweden according to education in 2004; per cent

Country	Education							
	1	2	3	4	5	6	9	All
Czech R.	2	4	28	5	36	5	18	100
Czechoslovakia	4	8	44	7	33	3	1	100
Cyprus	10	12	45	5	20	1	7	100
Estonia	5	9	31	6	37	3	9	100
Hungary	6	7	49	6	26	2	3	100
Latvia	2	8	22	6	42	5	15	100
Lithuania	1	5	16	5	45	7	21	100
Malta	8	15	40	4	21	1	11	100
Poland	4	9	44	6	30	2	6	100
Slovakia	4	7	22	3	31	6	27	100
Slovenia	12	11	49	4	17	1	5	100
EU10	4	8	42	6	31	2	6	100
Sweden	5	16	48	6	23	1	1	100

Notes. Educational classification; 1 primary school less than 9 years, 2 primary school 9(10) years, 3 secondary school, 4 higher education less than two years, 5 higher education two years or more, 6 post-graduate education, 9 missing information

Table 6 shows that the educational level is on the average higher among those coming from the accession states than for those born in Sweden. There are large variations between the different accession states. Note also that we are missing information for a larger share of the

immigrants than for those born in Sweden. It is mainly for the newly arrived information on education is missing.

We have made estimations of Mincer equations with the logarithm of the monthly full-time wage as the dependent variable, and as independent variables age, age squared, woman, educational levels and either dummy variables for being an immigrant from the different EU10-countries or a dummy variable for coming from any of them. The result for the coefficient of the EU10-dummy is a negative value indicating a negative wage premium of about ten per cent (separate estimations for men and women have also been made, which indicate a slightly less negative value for immigrant women than for immigrant men). When dummies for the different countries are included in the estimations, the coefficients of all the dummies are negative (those born in Sweden is the reference group), but the value of the coefficient varies. It is lower in absolute terms for immigrants coming from countries from which many have staid for long periods in Sweden, which could be explained by that integration take time.

Table 7. Distribution of people born in one of the accession states and in Sweden according to industry in September 2004; per cent

Country	Industry											All
	0	1	2	3	4	5	6	7	8	9	10	
Czech R.	8	0	20	0	1	10	9	15	23	11	3	100
Czechoslovakia	2	0	17	1	2	16	14	13	22	8	5	100
Cyprus	4	0	12	0	3	17	12	17	16	17	4	100
Estonia	2	1	11	1	3	19	16	13	19	10	6	100
Hungary	2	0	19	1	3	18	14	12	19	8	4	100
Latvia	2	3	10	1	3	13	13	17	22	10	5	100
Lithuania	3	11	10	0	3	12	13	16	24	7	3	100
Malta	2	0	24	0	4	22	10	18	10	6	2	100
Poland	2	1	16	1	3	17	14	11	24	8	4	100
Slovakia	4	1	15	0	1	13	12	17	26	11	0	100
Slovenia	1	0	34	0	5	16	11	8	14	6	3	100
EU10	2	1	16	1	3	17	14	12	22	8	4	100
Sweden	1	2	17	1	6	19	13	11	16	7	6	100

Note: Industry classification; 0 not classified, 1 agriculture, forestry, fishing, 2 manufacturing, mining, 3 public utilities, 4 construction, 5 trade, communication, 6 financial services, business services, 7 education, 8 health care, 9 persona land cultural services, 10 public administration

Table 7 shows the industry distribution for those who were born in EU countries and as a comparison those who were born in Sweden. The distribution is very much different. The main difference is that those coming from EU10 are overrepresented in the health care sector, a sector characterized of a high demand for labour. Those born in Sweden are overrepresented in construction and public administration.

We have estimated Mincer equations with the logarithm of the monthly full-time wage as the dependent variable, and as independent variables age, age squared, female, educational levels and either dummy variables for being an immigrant from the different EU10-countries or a dummy variable for coming from any of them (see Table 8). The result for the coefficient of the EU10-dummy is a negative value indicating a negative wage premium of about ten per cent (separate estimations for men and women have also been made, which indicate a slightly less negative value for immigrant women than for immigrant men). When dummies for the different countries are included in the estimations, the coefficients of all the dummies are negative (those born in Sweden is the reference group), but the value of the coefficient varies. It is lower in absolute terms for immigrants coming from countries from which many have stayed for long periods in Sweden, which could be explained by the fact that integration takes time.

Table 8 Wage equation estimates with log monthly wage at full time work in 2004 as the dependent variable

	Men	Women	All	Men	Women	All
Constant	8.989 (0.0042)	9.015 (0.0047)	9.057 (0.0032)	8.989 (0.0042)	9.015 (0.0047)	9.057 (0.0032)
Female			-0.148 (0.0006)			-0.148 (0.0006)
Age	0.0377 (0.0002)	0.0362 (0.0002)	0.0368 (0.0002)	0.0377 (0.0003)	0.0362 (0.0002)	0.0368 (0.0002)
Age squared	-0.00035 (0.000003)	-0.00037 (0.000002)	-0.00037 (0.000002)	-0.00035 (0.000003)	-0.00037 (0.000002)	-0.00037 (0.000002)
Primary school 9 or 10 years	0.086 (0.0015)	0.052 (0.0019)	0.073 (0.0012)	0.086 (0.0016)	0.052 (0.0019)	0.073 (0.0012)
Secondary School	0.165 (0.0014)	0.109 (0.0017)	0.146 (0.0011)	0.165 (0.0014)	0.109 (0.0017)	0.146 (0.0011)
Higher education less than two years	0.360 (0.0019)	0.272 (0.0025)	0.333 (0.0015)	0.360 (0.0019)	0.272 (0.0025)	0.333 (0.0015)
Higher education two years or more	0.502 (0.0018)	0.359 (0.0019)	0.446 (0.0014)	0.502 (0.0018)	0.359 (0.0019)	0.447 (0.0014)
Post graduate education	0.732 (0.0049)	0.689 (0.0075)	0.717 (0.0042)	0.732 (0.0049)	0.689 (0.0075)	0.717 (0.0042)
Czech Republic				-0.179 (0.071)	-0.107 (0.043)	-0.144 (0.042)
Czechoslovakia				-0.039 (0.017)	-0.016 (0.016)	-0.032 (0.012)
Cyprus				-0.074 (0.050)	-0.065 (0.054)	-0.072 (0.038)
Estonia				-0.073 (0.021)	-0.121 (0.015)	-0.105 (0.013)
Hungary				-0.093 (0.010)	-0.059 (0.011)	-0.079 (0.007)
Latvia				-0.134 (0.040)	-0.160 (0.030)	-0.159 (0.025)
Lithuania				-0.126 (0.074)	-0.254 (0.033)	-0.226 (0.033)
Malta				-0.086 (0.085)	-0.140 (0.046)	-0.097 (0.063)
Poland				-0.123 (0.006)	-0.104 (0.004)	-0.116 (0.004)
Slovakia				-0.120 (0.054)	-0.101 (0.056)	-0.121 (0.040)
Slovenia				-0.071 (0.030)	-0.104 (0.037)	-0.085 (0.023)
EU10	-0.104 (0.005)	-0.096 (0.004)	-0.103 (0.003)			
R squared	0.298	0.260	0.311	0.298	0.260	0.311

Note. Standard errors within parentheses.

We have re-estimated the equations with dummies for the period of arrival and get as expected that the earlier the immigrants have arrived the smaller is the wage disadvantage (see Table 9). For those who have arrived before 1970 the difference is less than 3 per cent and for those who have arrived in the period 2000-04 the difference is 20 per cent.

Table 9. Wage equation estimates with log monthly wage at full time work in 2004 as the dependent variable and time of arrival to Sweden among the explanatory variables

	Men	Women	All
Constant	8.988 (0.0042)	9.015 (0.0047)	9.057 (0.0032)
Female			-0.148 (0.0006)
Age	0.0377 (0.0002)	0.0362 (0.0002)	0.0369 (0.0002)
Age squared	-0.00035 (0.000003)	-0.00037 (0.000003)	-0.00036 (0.000002)
Primary school 9 or 10 years	0.086 (0.0015)	0.051 (0.0019)	0.073 (0.0012)
Secondary School	0.165 (0.0014)	0.109 (0.0017)	0.146 (0.0011)
Higher education less than two years	0.360 (0.0019)	0.272 (0.0025)	0.333 (0.0015)
Higher education two years or more	0.502 (0.0018)	0.358 (0.0019)	0.447 (0.0013)
Post graduate education	0.732 (0.0049)	0.689 (0.0075)	0.717 (0.0042)
Arrived before 1970	-0.028 (0.013)	-0.007 (0.014)	-0.022 (0.010)
Arrived from EU10 1970-74	-0.096 (0.014)	-0.018 (0.013)	-0.063 (0.009)
Arrived from EU10 1975-79	-0.101 (0.014)	-0.041 (0.011)	-0.072 (0.009)
Arrived from EU10 1980-84	-0.130 (0.010)	-0.066 (0.008)	-0.099 (0.006)
Arrived from EU10 1985-89	-0.132 (0.010)	-0.110 (0.008)	-0.122 (0.006)
Arrived from EU10 1990-94	-0.137 (0.015)	-0.154 (0.009)	-0.153 (0.008)
Arrived from EU10 1995-99	-0.072 (0.022)	-0.178 (0.012)	-0.146 (0.011)
Arrived from EU10 2000-04	-0.165 (0.025)	-0.226 (0.014)	-0.202 (0.013)
R squared	0.298	0.260	0.311

Note. Standard errors within parentheses.

4 Welfare magnet? Effects for the public sector of the new immigration

As mentioned in the first section, the parts of the welfare states most discussed in connection with the expansion of the European Union are not very large items in the budget of the public sector. Nevertheless it may be of interest to follow up what has happened in the two areas most discussed: social assistance and support for family members (children) not living with the parent in Sweden but in another European Union country.

In Table 10 and 11 the number of applications for social assistance in 2003 and 2004 granted to people who are citizens in one of the ten accession states or were born in one of those states, respectively, are shown. The tables show that there is in practice not any increase in the number of applicants granted (a slight decline for citizens and a slight increase for foreign born). Social (benefit) tourism is not evident, therefore, in this part of the welfare state.

Table 10. Number of applications for social assistance granted foreign citizens aged 16 and older according to country of citizenship in 2003 and 2004

Country	2003	2004
Cyprus	8	8
Estonia	125	124
Latvia	55	59
Lithuania	79	91
Malta	2	4
Poland	1753	1702
Slovenia	28	26
Slovakia	96	112
Czech Republic	35	31
Hungary	323	328
Total	2504	2485

Source: Socialstyrelsen (The National Board of Health and Welfare).

Table 11. Number of applications for social assistance granted foreign born aged 16 and older according to country of origin in 2003 and 2004

Country	2003	2004
Cyprus	23	24
Estonia	230	218
Latvia	102	95
Lithuania	83	96
Malta	3	7
Poland	3021	3020
Slovenia	26	24
Slovakia	66	79
Czech Republic	38	36
Hungary	680	698
Total	4272	4297

Source: Socialstyrelsen (The National Board of Health and Welfare).

Different forms of support to family members living in another country may be paid according to EU-rules. Information of such payments from March-December 2004 has been published (for the ten accession states payments are only for the period since May 2004).¹³ The study shows that the total payments of this type are low, c. 82 million SEK. The major part goes to the neighbouring countries Norway, Denmark and Finland. Only 1 (one) per cent of this amount (c. 0.9 million SEK), is paid to family members living in one of ten accession countries. Social (benefit) tourism for family support has not, therefore, been a “pull” factor for immigrants from the accession countries.

¹³ See Lönnqvist (2005) for the development up to 2005, and also RFV (2004) for an earlier report of the development in the first months after the EU-enlargement.

5 Conclusions

It is now two years since ten countries became members of the European Union. The rules implemented regarding immigration from the accession states vary between the 15 earlier members of the European Union. Three countries Ireland, Sweden and the UK made a choice not to delay the introduction of free labour mobility. It is of great interest to follow the development in these three countries.

Two years is very short period for following up what has happened and in practice the period is even shorter. For some types of data we have information for 2004 and 2005 (but not for any part of 2006), i.e. for one year and eight months. For other types of data we have information for only 2004, i.e. for only eight months after the accession, and for the labour market outcome the information covers an even shorter part of the enlargement period. As it takes time to react to new circumstances, like new rules regarding migration, we cannot expect the full effect of the change to have taken place in only a few months or even in two years. However, we believe that information for this short period may contribute to a better knowledge of the likely effects of the deregulation of migration from the accession states. We will here summarize the migration experiences for Sweden of the enlargement of the European Union.

- The migration has increased from the accession states after the enlargement of the European Union. It is more than two times larger in 2005 than in 2003. The immigration of men has increased more than that of women. The immigrants are mainly coming from the other side of the Baltic Sea – from Poland and the three Baltic states.
- The number of residence permits granted for citizens in the ten accession states has also increased. Residence permits may be granted for different reasons. All forms of residence permit have increased except the prolongation category. The increase is largest for relatives in absolute terms. In relative terms the increase is largest for employers and consults.
- The labour market statistics have a production lag which makes it impossible to say something about the situation of the new immigrants in 2006. The information we have for immigrants from the accession states living in Sweden in 2003 and 2004 is that the employment rate is lower than that for people born in Sweden. Part of it (or all of it) may be explained by lags in the registration of returning migrants. A further

study is needed. Among employed immigrants from the accession states the working hours are shorter and the monthly wages for full-time work is lower compared to those of people born in Sweden, but the differences are relatively small compared to the working hours and monthly wages of people born in Sweden.

- There is not any indication that the new immigrants from the accession states are over-represented in the welfare state schemes which were the focus of the pre-enlargement debate: social assistance and support to migrant family members living in the home country.

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