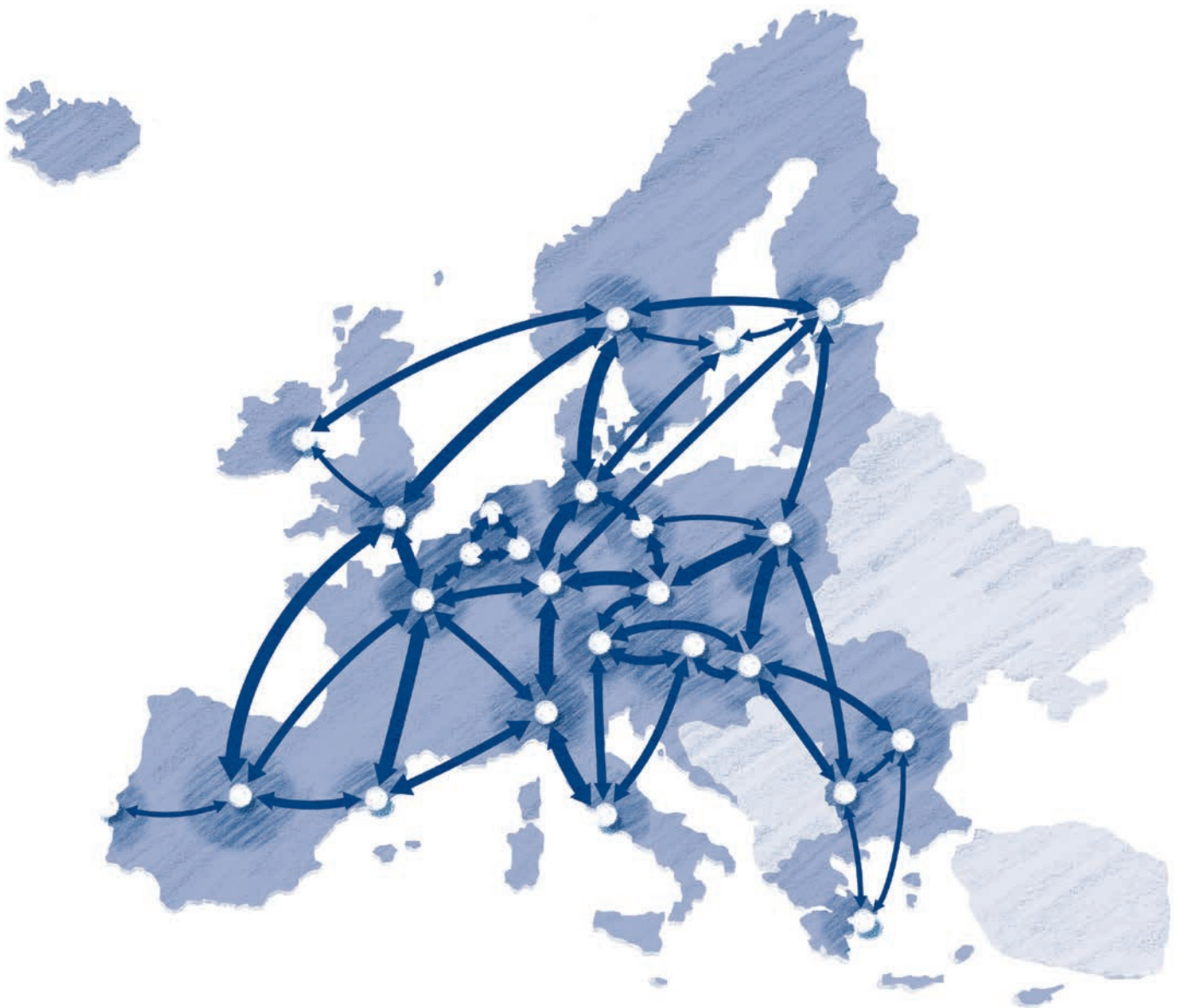


Harnessing European Labour Mobility

Scenario analysis and policy recommendations



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Foreword

As it enters its sixth year of prolonged economic crisis, the European Union (EU) stands at a crossroads. The sluggish economic growth observed in most Member States, combined with growing economic imbalances between northern and southern Europe and widening social inequalities driven by high unemployment have cast doubt on the EU's ability to achieve its vision of establishing a smart, sustainable and inclusive economy. It is unclear whether European leaders can take the steps needed to strengthen European integration or if populist and anti-EU parties will continue to gain traction and potentially derail the European project. The upcoming European Parliament elections offer EU citizens for the first time a clear choice regarding the future design of the EU by giving them a say in who will become the European Commission's next president.

Since the Treaty of Rome in 1957, European integration has targeted the free movement of goods, services, capital and workers across the borders of the Treaty's signatories. While the idea of the European Community originated in the desire to foster peace throughout a war-weary western Europe, the instruments designed to achieve this goal were economic in nature. Creating a Common Market was intended to bring about economic prosperity for all Community members by building and strengthening the economic ties between them. Guaranteeing the right to live, work and study anywhere in its territory through the freedom of movement of people is at the heart of the EU project and is most closely associated with EU citizenship.

The free movement of citizens is a principal cornerstone of the European Union and one of its key success stories. A recent Eurobarometer survey shows Europeans consider free movement to be the EU's most significant achievement, ahead of peace in Europe and the single currency. Today, more than 14 million EU citizens are resident in another Member State and take advantage of the opportunities offered by this right. In addition, more than two-thirds of Eurobarometer respondents believe the free movement of people also yields benefits for their home country's economy. However, intra-EU migration and mobility have periodically sparked fierce debates about (potential) "mass migration" and stirred fears of "welfare tourism" in destination countries. Most recently, these concerns have been raised when transitional arrangements restricting the free movement of Bulgarian and Romanian citizens were lifted on 1 January 2014. Although these claims are based less on solid fact or economic reality than on emotions, they nevertheless have a profound impact on public perception. All too often, calls to restrict the freedom of movement of certain groups or nationals question the aims and purpose of a common European labour market as such.

This debate is emerging at a time when the need for increased intra-EU labour mobility is more urgent than ever. While some Member States grapple with outrageously high youth unemployment rates and others face skill and labour shortages, and as gaps in growth and competitiveness increase within the EU, labour mobility can function as an important adjustment mechanism in helping the EU achieve inclusive growth. In other words, the free movement of people is not the problem; it is one of the solutions to the challenges we currently face.



Aart De Geus
CEO and Chairman,
Bertelsmann Stiftung

In contributing to this solution, the Bertelsmann Stiftung has initiated the Harnessing European Labour Mobility (HELM) project involving a group of leading experts on European mobility and migration issues. The study presented here offers our findings and recommendations. By advancing a set of concrete policy recommendations, the Bertelsmann Stiftung aims to inject new life into the debate about what the EU and individual Member States can do in order to facilitate intra-EU labour mobility and maximise its potential for growth and employment.

When framed in terms of a solution rather than a problem, the free movement of people can be a function of a more competitive, inclusive and prosperous EU. Labour mobility can help ease the burden of high unemployment in southern Europe as it provides people the opportunity to improve their material and social status by seeking work abroad. At the same time, it helps fill job vacancies where they are needed most and expands the pool of talent available to employers. Overall, labour mobility can increase productivity by efficiently matching skills and jobs, and it can strengthen the innovative capacity of European firms as more individuals share their knowledge and competencies.

Most importantly, however, the growing interaction and movement of people between countries will help European societies grow together and develop a shared European identity. A shared identity and sense of solidarity not only prepare Europe for further integration but provide it a vital antidote to the threat of nationalistic and xenophobic sentiments. By growing closer, the EU will become more open and attractive to migrants from third countries. Ultimately, increased immigration from beyond the European Union's borders is the key to the EU tackling its long-term demographic and economic challenges in the context of globalisation.

By promoting a "Fair Deal on Talent" the Bertelsmann Stiftung has established international labour migration and mobility as one of its key areas of focus for the coming years. Our work in this area will advance the discussions of this study and bring it to the international level. The EU will soon have to develop a strategy on how best to combine policies for employment, intra-EU mobility and immigration in order to secure a skilled and mobile workforce and a better future for us all.

Executive summary

Unemployment is high and increasingly persistent in most Member States. Imbalances in growth and competitiveness across countries, as well as structural skill mismatches on EU labour markets have been growing since the crisis. In this context, increased cross-border labour mobility within the EU can have important benefits both for individual citizens and the aggregate economy. Labour mobility allows workers to escape unemployment or find a better job, helps employers fill labour and skill shortages, and generally increases the efficiency of labour markets. In addition, intra-EU mobility fosters and reinforces the idea of European integration and helps the European Union fulfil its vision of smart, sustainable and inclusive growth.

However, despite a certain increase observed in the context of eastern enlargement after 2004, intra-EU labour mobility remains low in Europe in particular when compared to other regions of the world. Although a favourable legal framework for mobility has been established, mobile citizens still face a wide range of problems and obstacles that hamper cross-border labour mobility. Also, there is considerable scope to make existing labour mobility more efficient and beneficial for all parties involved.

To help foster intra-EU mobility, the Harnessing European Labour Mobility (HELM) study presents 16 prioritised policy recommendations for the European Union, national governments, and other actors in the labour market. These policy recommendations were assessed and tested through a scenario analysis seeking to identify drivers and challenges for labour mobility in 2025. Through the input of a multi-disciplinary and pan-European advisory board, five scenarios for the future of EU labour mobility were developed. These scenarios provide a 360 degree analysis of the political, economic, social, cultural and technological factors that could impact labour mobility in Europe.

The scenario analysis sought to answer the following three questions:

- Which uncertainties could have a high impact on labour mobility?
- How could/should labour mobility look in 2025?
- What are the most critical policy recommendations to foster intra-EU labour mobility?

The five scenarios are:

- Polarised Europe
- Marketised Europe
- Regulated Europe
- Fragmented Europe
- Paralysed Europe

The study explicitly assumes that the future of the European Union is uncertain both in terms of economic prospects and institutional developments. Given that future economic and political trends will heavily affect EU labour mobility, the scenario method allows us to arrive at robust policy recommendations without pre-empting political decisions about the future of European integration. Policy recommendations have been assessed as to whether they are essential, additional or scenario-dependent. Essential policy recommendations are the most robust proposals, as they are recommended across all possible scenarios. Additional policy recommendations can support labour mobility to a certain extent, while scenario-dependent policy recommendations are only valuable under certain conditions.

Essential policy recommendations

- Invest in training and up-skilling of mobile workers by strengthening the mobility dimension of the European Social Fund.
- Improve European-wide job matching by further developing EURES into a true EU-wide job portal which is attractive for employers and workers alike.
- Finish and simplify coordination of social security systems by closing remaining legal gaps in the area of unemployment and long-term care benefits as well as by making social-security coordination more transparent and accessible for citizens.
- Encourage return migration through targeted policies in sending countries to facilitate return and professional re-integration.
- Promote free movement and oppose nationalism by emphasising the benefits of mobility, improving monitoring of mobility flows as well as engaging stakeholders in a campaign for labour mobility.

Additional policy recommendations

- Invest in infrastructure projects for mobility in order to allow easy and affordable transportation across borders for commuters.
- Support mobility-oriented mindsets by continually investing in language training and opportunities for intercultural experiences for students and youth.
- Promote and simplify the recognition of professional qualifications as well as skills and competences acquired through non-formal and informal learning by developing speedy, cost-effective and simple procedures and frameworks for recognition and assessment.
- Address the integration needs of mobile workers and their families by proactively including them in integration measures such as language and orientation courses.
- Help localities deal with social burdens created by mobility by dedicating parts of EU structural and cohesion funds to the uneven territorial effects of mobility.
- Make national labour markets more flexible and fight discrimination based on citizenship by flexicurity-type labour market reforms and stronger enforcement of free movement rights.

- Target financial support at least-mobile groups by providing time-limited wage subsidies to needy job-seekers who take up employment in another country.
- Foster a European fair deal on talent by establishing a mechanism to compensate talent-sending countries for their investments in mobile workers' education and training.

Scenario-dependent recommendations are:

- Develop a European minimum wage and working conditions policy in order to better protect mobile and posted workers from exploitation.
- Sustain support for free movement by limiting opportunities for fraud and abuse.
- Support initiatives to foster mobility at a regional and bilateral level by establishing a European platform for sharing best practices in the area of cross-border recruitment processes.

Overview of scenarios

Polarised Europe

It is 2025, and with very few exceptions, economic development in Europe has been sluggish since 2008. Already existing periphery-core migration patterns have become more pronounced. Lower-than-average growth rates in more remote parts of Europe drive Europeans in those regions to seek opportunities elsewhere.

Intra-EU mobility is driven by need rather than opportunity and is greatest among medium and low-skilled workers, who move from poorer to richer Member States. Economic and social polarisation is increasing, creating social and political tensions across Europe.

Marketised Europe

Following the debt crises and recessions in the aftermath of the global financial crisis of 2008, the European project has emerged strengthened. Driven by a concerted effort to remove regulations and cut spending, austerity policies have strengthened the Union's credibility.

Due to global competition, technological development and deregulation, there is greater variety in the types of employment and the distribution of earnings. A subsection of European workers has become nomadic, moving from country to country in search of work.

Regulated Europe

The economic downturn that started in 2008 taught European leaders an important lesson: European prosperity could only be achieved via deeper political integration and furthering the EU project with the hope that economic growth would follow, as it ultimately did.

As part of the plan to achieve this goal, European leaders strive to increase the flexibility and mobility of EU citizens. For the last decade, EU Member States have worked to lay the foundations for a common labour market as well as to strengthen the single currency and other EU institutions. Mobility has become more circular and less permanent, and is based on such pull factors as skill needs and individual career development.

Fragmented Europe

The European project is a shambles. Less competitive countries have left the euro zone as they can no longer bear the costs of staying inside the framework. The EU is no longer an attractive partner for countries that once considered themselves prospective members. The EU's economic competitiveness continues to decline. Member States struggle to maintain their welfare services in the face of creditor pressure for drastic cuts and increased austerity.

As a result, EU citizens' optimism is at an all-time low. Instead of moving to other EU countries, EU talents often choose to migrate to other, more dynamic regions. The level of intra-EU mobility is very low. It is better to stick with the accustomed security and benefits rather than risk an uncertain future in another part of Europe.

Paralysed Europe

In a hasty attempt to overcome the crisis, EU leaders relentlessly push for pervasive political integration for much of the 2010s. They see political integration as a panacea that would lead Europe out of its slump. In 2025, Europeans have become aware that this political integration has exacerbated existing structural problems rather than ameliorating them.

The need for structural reforms is paramount, but the European Union and its members adopted a rigid and rule-based approach to regulations. This rigidity prevents taking action. Although it is now easier to move around Europe, few do so. Instead of moving to other EU countries, mobile EU workers choose to migrate to other, more dynamic economies in Latin America, Asia, and North America.

Introduction – the case for Harnessing European Labour Mobility

Labour markets in Europe are facing enormous challenges. With the exception of only a few countries, the financial crisis, economic downturn and soaring public debt have contributed to sharply increasing unemployment rates. In some cases, pre-crisis levels doubled or even tripled. A considerable proportion of the rise in unemployment is attributed to the direct effects of the cyclical downturn. It can be expected that economic recovery will eventually do away with this type of joblessness. At the beginning of 2014, labour markets in southern European countries are beginning to show the first signs of this development.

However, the crisis in Europe has also exposed severe structural deficits in many labour markets that exacerbate gaps between labour demand and supply. The European Commission estimates that half of the increase in the European Union's unemployment rate from 2007 to 2012 can be attributed to a rise in structural unemployment. Member States most affected by the crisis in general have experienced an even steeper build-up of structural unemployment. This type of joblessness is typically persistent and will not easily vanish during the next economic upswing.

Mismatches in the labour market are key drivers of structural unemployment. They occur when the supply of skills, knowledge and competencies among workers does not meet companies' demand and vice versa. These gaps are detrimental to both parties engaged in the labour market. Workers suffer because they are unable to gainfully employ their skills and competencies. Companies, on the other hand, cannot find employees with the skills required to maintain or expand production. This applies even during economic downturns as substantial turnover typically continues. In addition, public finances and social security systems miss out on taxes and contributions which, in turn, frustrate the capacity of automatic stabilisers and anti-cyclical policies to take effect. Minimising mismatches in the labour market is clearly a win-win-strategy.

There are various approaches to minimising mismatches. One such approach and the focus of this study – improving physical cross-border labour mobility – offers potential benefits that deserve attention. First, despite the increases in intra-EU mobility observed in the context of enlargement, transnational mobility remains relatively low in Europe especially when compared to other regions of the world. In addition, although a favourable legal framework for mobility has been established for the European Union (EU), finding work and relocating to another EU country presents workers with considerable challenges that do not usually exist when moving within their country's national borders. Finally, structural unemployment in the EU, and labour market mismatches in particular, today have a strong cross-national dimension. While high unemployment rates and bleak employment prospects continue in some countries, companies elsewhere find it difficult to fill their vacancies. This phenomenon, observed for quite some time now, has been aggravated by the crisis. In 2007, the range between the lowest and highest unemployment rates in EU-27 amounted to 7.6 percentage points. By 2013, this gap soared to 22 percentage points. While

labour supply exceeds demand by a large margin in countries hit hard by the crisis, other Member States have fared considerably better. In fact, some of them have been facing labour shortages, not only in highly skilled professions but, increasingly, in medium or even lower-skilled occupations.

The economic rationale for increased cross-border labour mobility is quite simple: The most efficient use of resources can be achieved when factors of production are employed in those places where they provide the highest-possible added value. Furthermore, leaving workers unemployed, under-employed or in jobs where they are unable to fully tap their potential is a waste of resources. By being geographically mobile, workers can escape unemployment, achieve a better job match and thereby improve their economic well-being. At the same time, firms are able to fill vacancies, find the candidates with the most suitable skill-sets and increase production. In sum, labour mobility increases aggregate productivity, and it enhances economic growth and welfare.

It is well known that workers' ability to freely relocate becomes even more important in a monetary union. When currency devaluations intended to improve competitiveness and reduce unemployment are no longer an option, adjustments in the volume of labour supply become a key factor in targeting labour market equilibrium. While labour mobility will hardly compensate entirely for currency devaluations, it certainly can play a role in a concerted range of adjustment mechanisms. In addition to these efficiency considerations, cross-border labour mobility can have further economic benefits for both sending and receiving countries. In sending countries, benefits include a decline in unemployment rates, lower spending on social benefits, extra capital inflows through remittances as well as an improved human capital base in case of return. For receiving countries, advantages include positive fiscal and labour market effects, a stabilisation of social security systems and an inflow of human capital increasing the long-term growth potential of the economy.

Apart from purely economic considerations, labour mobility offers several other very solid benefits for individuals and the European Union alike. From a personal perspective, going abroad delivers individuals new personal, cultural and professional experiences. Going abroad and interacting with people from other nationalities at the workplace and in private life improves mutual understanding, brings European peoples closer together and ultimately promotes the idea of a unified Europe.

Intra-EU labour mobility can take various forms, both regarding its legal context and the specific mobility pattern. Permanent relocation to another country is just one option among many, including daily or weekly commutes across borders by so-called frontier workers or (repeated) periods abroad for shorter amounts of time. Legally, the bulk of labour mobility within the EU takes place under the freedom of movement of workers which guarantees EU citizens the right to look for a job and work in another Member State. This also affords EU citizens the right to equal treatment in accessing employment, working conditions and all other social and tax advantages. Moreover, intra-EU mobility is also affected by the Service Directive. In particular, self-employed persons or posted workers may sell their services (temporarily) in another EU Member State through a company (of their own) or a placement agency that is established in another Member State.

Acknowledging the various benefits associated with mobility, it is quite surprising that actual mobility within the EU is fairly low. In the two-year period up to 2012, among the more than 500 million inhabitants of the European Union, only 650,000 persons moved to work in another Member State (no data was available for Belgium). This figure points to considerably subdued worker mobility when compared to the two-year period up to 2008, just before the onset of the crisis. Back then, approximately 900,000 economically active persons moved cross-border in order to work. Labour mobility needs to increase by almost 40% in order to return to pre-crisis levels. Looking at the total stock of EU citizens working in another Member State, this indicator amounted to 6.6 million in 2012, which equaled a mere 3% of the labour force (EU Comm 2013). European labour mobility is also quite low when compared to large countries with a federal structure in other parts of the world. For instance, the OECD has calculated that, in 2010, inter-regional mobility within the EU-15 Member States averaged to 1% of the total population, and cross-border mobility to 0.35%. In contrast, the figures for the United States, Australia and Canada were 2.4, 1.5 and 1.0%, respectively (OECD 2012). Comparisons between the United States and the EU-27 regarding inter-regional mobility for the year 2008 yield a figure of 2.8% for the former and 1.03% for the latter (Gáková and Dijkstra 2010).

Especially in view of sharply increasing employment prospect disparities due to the crisis, this low degree of mobility, at first sight, comes as a surprise. However, notwithstanding the important legal acquis in the area of free movement, mobile citizens still face a wide range of problems and obstacles when looking for jobs and working in another country. In many respects, a common European Labour market still remains a political vision to be realised. First of all, being mobile comes at a personal cost; this involves not only the direct costs of moving, but also – and in many cases much more importantly – the psychological and social costs of leaving family and friends behind. While these costs can hardly be addressed by political action, there is a series of factors that policies can address in order to facilitate mobility and support workers willing to move. These range from creating economic incentives, providing information, lowering bureaucratic and administrative hurdles, coordinating national policies to measures aimed at fostering a mobility friendly culture.

The aim of this study is to develop sufficiently concrete and robust policy recommendations on how to harness European labour mobility. In order to achieve this task, it takes a unique point of departure: the assessment of possible scenarios of labour mobility in the year 2025. The future of labour mobility – its volume, structure and benefits for the individuals, companies, Member States and the European Union – heavily depends on existing trends as well as future economic and political developments. Acknowledging that, future developments will also have an impact on the selection of appropriate policies in order to foster and improve labour mobility over the next 10 years. It is impossible to provide serious, precise predictions about all the influential factors that gear future mobility towards one direction or another. However, it is possible to develop imaginable scenarios for the future of labour mobility. By engaging in such a “what if” exercise, we manage to derive our recommendations without pre-empting an unpredictable future.

Using the scenario method enables us to:

- conduct a 360 degree analysis of the political, economic and social factors affecting relevant cultural and technological issues that could impact labour mobility in Europe;
- explore which policy interventions are necessary to move towards a specific scenario where mobility takes a desirable form;
- assess what policy interventions are necessary to improve mobility within a given scenario regardless of the desirability of that scenario;
- prioritise policy recommendations for the European Union and national governments as well as other actors in the labour market.

This study focuses exclusively on issues related to EU citizens' mobility inside the European Union. Of course, this choice is to some extent arbitrary as third-country nationals, coming to the EU or moving between Member States, represent an important share of the EU workforce. Also, EU citizens have the scope to move to countries outside the EU. Yet, while these international mobility flows are important, they raise further issues, such as regulations covering admission, residence and work permits – in general the steering and controlling of migration – which are beyond the scope of this study.

Harnessing European labour mobility first of all requires an increase of labour movements across borders in volume and frequency. But of course, we provide ideas on how to enable workers to be mobile if they deem it desirable for personal reasons, not to force them in order to achieve some abstract economic goal. It is about increasing the options, not the obligations. Second, policies to promote and support mobility should also aim at making labour mobility more efficient and maximise its benefits for all parties involved. While there is a broad consensus among researchers that labour mobility within the EU overall benefits the economies of both sending and receiving countries, as well as the individual mobile worker, there can be negative externalities such as a brain drain in sending countries or pressures on local labour markets in receiving countries. When implementing policies to increase labour mobility, policymakers have to pay attention to the potentially uneven distribution of benefits and burdens among different groups and consider taking steps to mitigate possible negative side effects.

Scenario-building and developing policy recommendations cannot be done without the expertise of long-time specialists in this area. This study has been created drawing from the invaluable input from a multi-stakeholder, multi-disciplinary advisory board by capturing the various, sometimes contrasting, more often complementary perspectives on labour mobility within the European Union. A full list of all the people involved in this study can be found at the end of this publication.

The need for labour mobility in the EU: The Europe 2020 perspective

Martin Ahbe, Secretariat General of the European Commission

Europe 2020 is the European Union's 10-year growth strategy. It is about more than just overcoming the crisis which continues to afflict many of our economies, however; Europe 2020 addresses the shortcomings of the EU's growth model and aims to create conditions for a different type of growth that is smarter, more sustainable and more inclusive.

Before the current crisis, the EU and most Member States displayed an increasingly efficient job-matching process, with both unemployment and job vacancy rates decreasing. Over the last two years, however, this trend has changed. This change reflects mismatches in terms of skills, regions and sectors. Labour mobility – both geographical and occupational – is seen as one way of tackling the underlying mismatches.

According to the 2013 Annual Growth Survey there is an urgent need to “tap the job potential of expanding sectors, such as the green economy, healthcare and information and communications technology, through a future-oriented and reliable legal framework, the development of adequate skills and targeted public support”, with the 2014 Annual Growth Survey additionally identifying corresponding measures “to support job creation in fast-growing sectors and to facilitate labour mobility” as priorities.

Looking at EU Member States individually and comparing data pre-crisis, the picture is by no means homogeneous:

- For most Member States, despite a higher level of job vacancies, unemployment rates are rising slightly. In some cases, much higher levels of job vacancies are associated with higher levels of unemployment (Czech Republic, Estonia, Lithuania and Latvia).
- There is a group of Member States with labour shortage indicators that remain at a comparatively low level, but with increased unemployment rates (Italy, Denmark, Slovenia and Poland). In Portugal, Spain and Cyprus, unemployment is increasing with a lower number of job vacancies.
- Only in Germany is there a reduction of unemployment levels combined with a lower level of job vacancies. With several Member States, however, the reduction of unemployment is in line with an increase in job vacancies (Malta and Austria), indicating potential labour shortages.

Further reading

EU Comm. n.d. “Skills Mismatches and Labour Mobility.”

http://ec.europa.eu/europe2020/pdf/themes/27_skills_gaps_and_labour_mobility.pdf

History of labour mobility in Europe

Mikkel Barslund and Matthias Busse, Centre for European Policy Studies

The following chapter is devoted to mobility trends in the EU and takes a historical perspective in order to contrast recent developments. While a general overview may prove useful when comparing EU mobility with, for example, mobility in the United States, the real story lies in bilateral flows. Naturally, displaying all bilateral flows is neither necessary nor appropriate to the scope of this chapter. As a result, groups of countries were chosen, such as the new member states (EU-8), older member states (EU-15) and Bulgaria plus Romania. Since the crisis, south-north labour migration has received particular attention, with flows from Spain to Germany dominating the overall trends. Hence, a more detailed analysis of some countries has been conducted owing to their weight in current flows. In some cases where a variety of countries are depicted, certain countries had to be excluded since the absence of data precluded us from advancing a reliable estimate.

Historical episodes of large-scale mobility within Europe

The movement or mobility of people has a long tradition in European history. Indeed, one of the most intense eras of shifting populations was the so-called Migration Period (*Völkerwanderung*) from 400 to 800 AD during which primarily Germanic peoples moved south and westwards, pushing towards the frontiers of the Roman Empire.

Other notable waves of intra-European migration took place during the decades spanning the late 19th and early 20th centuries as nation-states throughout Europe began to establish themselves. These early waves of migration were characterised less by labour mobility and the search for job opportunities than by individuals' responses to domestic events such as revolutions or bloody shifts in power that made life untenable for certain population groups in a given region. Push factors of this nature were the main determinants in decisions to move (Bade 2003).

In the 20th century, during the period between the two world wars, Europe began to witness cases of large-scale labour mobility. For example, during the 1920s and 1930s, Belgium recruited nearly 200,000 primarily Polish and Italian workers and families to fill its demand for labour in heavy industries such as coal.

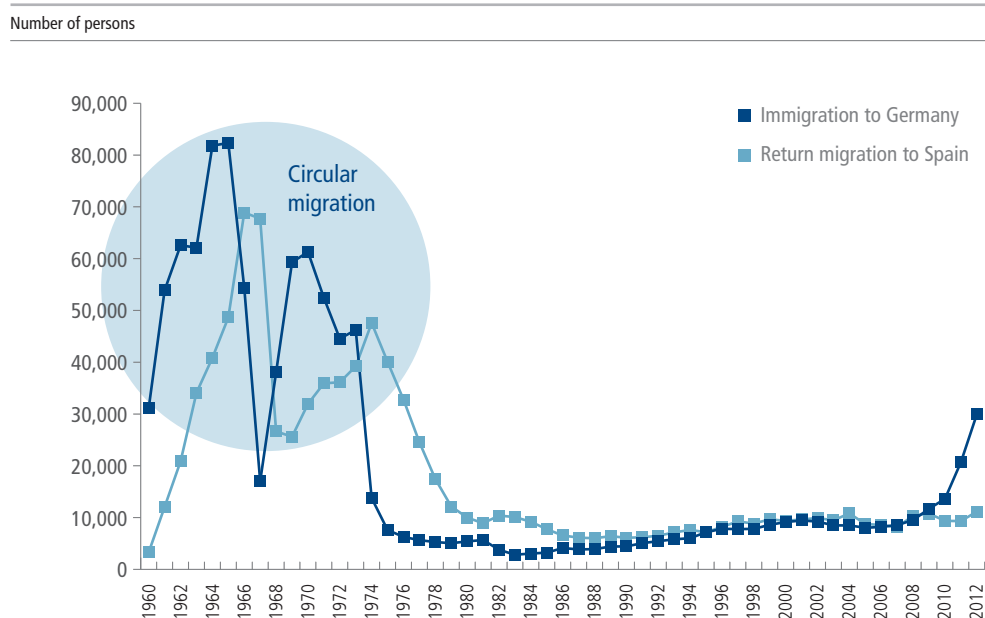
While World War II brought a temporary end to this development, after the war, Belgium resumed its programme of bilateral recruitment agreements first with Italy and later with Spain, Greece and other states beyond Europe. German bilateral agreements to recruit industry workers in the same countries were initiated somewhat later in 1955 (Petrovic 2012). While pull factors stemming from employment opportunities in Western Europe were important, there were also significant push factors at play. Life under dictatorships in Greece and Spain likely played a role, as did severe economic hardship in certain regions of the sending countries.

The volume of these movements was important from the perspective of sending countries. An estimated 10% of the Greek population left Greece during the period from 1955 to 1973, when Greek democracy was restored (Karakatsanis and Swarts 2003). Portuguese emigration from 1950 until 1988 amounted to almost 1.4 million legal departures (equal to 12% of the population). These individuals left primarily for Portugal's former colony Brazil and the two classical destinations, the United States and Canada, but also France and Germany. These five receiving countries accounted for 82% of total Portuguese emigrants (Baganha 1998). Spanish migrants left for similar destinations. From the 1960s until the early 1970s, on average 100,000 workers sought employment in France, Germany and Switzerland. These three combined received 93% of Spanish emigrants in Europe over the period of 1962 to 1970 (Bover and Velilla 1999).

In the 1960s, northwestern European economies were booming while southern Europe economies stagnated. The situation then of western Germany vis-à-vis Spain parallels that found today. With nearly one-quarter of workers in today's Spain unemployed, few workers there hope to find a job in the short term. By contrast, some areas of Germany face shortages in certain economic sectors, and the labour market conditions in these areas are generally very favourable. However, the mobility response in the 1960s which saw thousands of Spaniards moving to Germany in order to work in industry, is very different from that observed in recent years (Figure 1).

The migration of Spanish workers to Germany peaked in the 1960s and continued until the early 1970s when the first oil price shock brought economic expansion in Germany to an abrupt halt. Each rise or drop in immigration was followed by a corresponding rise or drop in emigration one or two years later. This indicates that most Spanish migration was temporary in nature. Even after the wave of Spanish immigration to Germany ceased, return migration to Spain continued for another five years until most of Germany's Spanish guest workers had returned to their home country. The rise in Spanish immigration to Germany seen today is nowhere near comparable to the vast migration flows of the past. Given the considerably smaller size of the Spanish population in the 1960s, today's flows are vastly less significant.

Freedom of movement is now one of the defining principles of the European Community. Nonetheless, in the early days of the EC, fears ran high in France and Germany of an unmanaged influx of workers from much poorer Italy in the absence of any restrictions. Only with the Council Regulation of 1968 was there a breakthrough in ensuring freedom of movement as well as the equal treatment of workers. Given that the European Economic Community (EEC) consisted then of only six countries (the six original signatories to the 1957 Treaty of Rome), the Council Regulation had limited impact, with the exception of issues regarding Italians working in Belgium, France and Germany (Stöckel 2007).

Figure 1: Spanish immigration to Germany and return migration to Spain, 1960–2012

Source: Instituto Federal de Estadística 2013.

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The economic crisis of the 1970s constrained employment opportunities in most countries and diminished the scope of opportunities for those seeking work outside their native country. When Denmark, Ireland and the United Kingdom joined the EEC in 1973, the mobility of workers was not a significant theme in the enlargement process. Whereas Denmark and the United Kingdom were on average wealthier, as measured by GDP per capita, than the six founding countries, Ireland was too small to provoke fears of the mass migration of poor and unemployed workers.

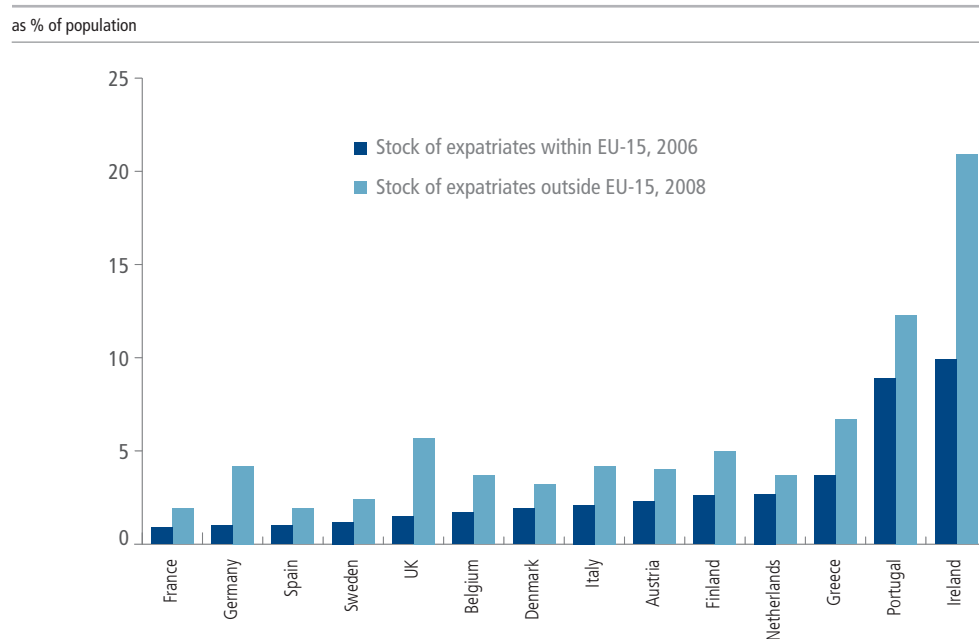
However, further steps taken in enlargement, with Greece joining the EEC in 1981, and Spain and Portugal in 1986, involved a respective six- and seven-year transition period before the free movement of workers without restrictions was completed. Neither during nor after each transition period did Europe see much in the way of labour mobility. No transition period was implemented for the 1995 enlargement with Austria, Finland and Sweden (Stöckel 2007).

In 1992 the issue of labour mobility was turned upside down when the Commission began to address concerns regarding the low level of labour mobility within Europe. This led to the creation of the European Employment Services (EURES) system of cooperation among national employment services as a means of sharing information about vacancies and work opportunities within the EU (Council Regulation 2434/92).

Concerns regarding labour mobility grew as Europe prepared to form its currency union, realised with the introduction of the euro in 2002. At the time, low labour mobility was considered to be one of the strongest barriers to a well-functioning currency union. In contexts where monetary policy is no longer under sovereign control and the impact of fiscal policy can in times of crisis be limited, the ability of workers to relocate from regions or countries with low employment prospects to countries with more favourable labour markets plays a key role in fostering competitiveness.

A look at the stocks of EU-15 immigrants and emigrants suggests that past mobility has rarely resulted in permanent relocation (Figure 2).

Figure 2: Emigrant stocks for the EU-15, within EU-15 countries and outside
(2006 for expatriates within EU-15, 2008 for expatriates outside EU-15).



Source: Eurostat data and DIOC database (OECD).

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In the years before the global financial crisis, Portugal and Ireland sent considerably more intra-EU migrants than did the other EU-15 Member States. In the case of Portugal, a large share of its expatriates resided in Spain, whereas a large share of Ireland's expatriates went to the United Kingdom during this period. Among the remaining 13 Member States, the expatriate percentage relative to the national population was just below 2%. Among the five Member States with the largest population, only Italy recorded an expatriate percentage above 2% during this period, whereas the United Kingdom, France, Spain and Germany recorded slightly more than 1%. The percentage of expatriates is generally higher in those countries with smaller populations.

Why do people move? Reasons for being mobile

Merja Kauhanen, Labour Institute for Economic Research

Migration literature postulates several factors that can influence a decision to migrate internationally. As regards theoretical work on determinants, there is no single theory. The models explaining international migration can be classified as micro-level, meso-level and macro-level (Hagen-Zanker 2008). Micro-level models focus on individual behaviour and decisions to migrate; meso-level models deal with a household or community level; and macro-level models address aggregate level or country-level opportunity factors.

Although there is no single theory for why people choose to be mobile, there has been a strong emphasis on economic explanations in theoretical work. The human capital investment model of migration developed by Sjaastad (1962) suggests that migration is an individual investment decision to increase the productivity of human capital. An individual migrates if the expected benefits of migration (e.g., increased earnings, chances of getting a job, career possibilities) exceed the migration costs (e.g., travel costs, wage income lost while looking for a new job, costs due to adapting to a new country, psychological costs). The extensions of this human capital investment approach do not only explain why people migrate but also the selectivity of migrants. Depending on individual characteristics, cost-benefit calculations can result in different outcomes with respect to migration decisions and also the choice of a host country (EU Comm 2000). The new economics of labour migration (NELM) suggests that migration decisions are made by families or households and not by individuals; and that the household essentially maximises joint income and status while minimising risks (Stark and Bloom 1985). All these factors affect the migration decisions of the household. Macro-level theories suggest a number of socio-economic determinants surrounding a decision to migrate (Eurofound 2007). These determinants include the current labour market situation, such as available job opportunities, or too low earnings in the home country. Instead of these kinds of push factors, Piore (1979) explains international migration by pull factors in receiving countries such as a permanent demand for foreign workers. In addition to pure economic determinants, there are many other reasons for being mobile, including social (such as marriage migration or joining family members), political, cultural and psychological rationales that have received increasing attention in the literature. It has also been acknowledged that studying the economics of immigration demands a broader and interdisciplinary approach (Bodvarsson and Van den Berg 2013).

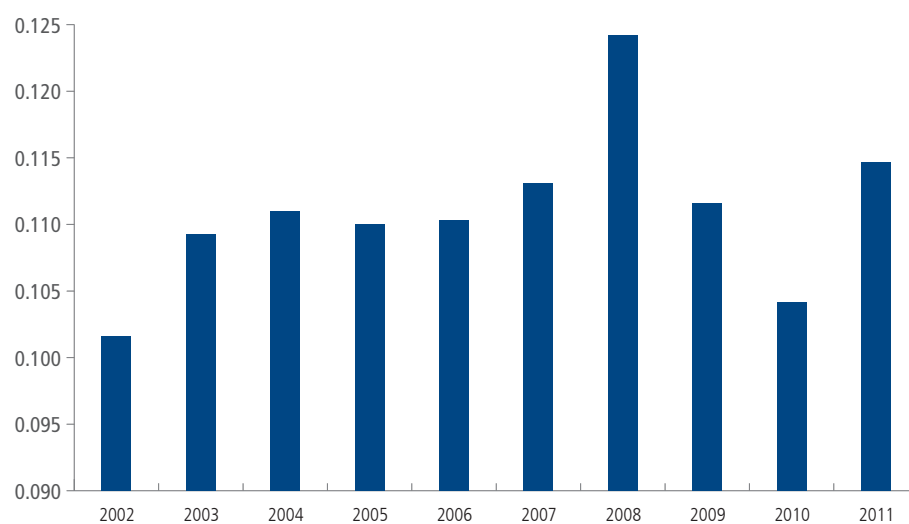
Also the empirical evidence concerning international migration indicates that migrants have a variety of reasons for migrating or moving. For example, regarding intra-EU mobility, the literature (Eurofound 2007; Bonin et al. 2008) has detected labour market-related factors such as higher wages, opportunities to find a suitable job, and better working conditions as main determinants for east-west migration flows. But also family and network-related factors, as well as housing and local environment factors, play a role in migration decisions within the EU (Eurofound 2006). There is also evidence that individual characteristics such as age, gender, education level or past migration experience have an impact on an individual's propensity to be mobile.

Pre-crisis mobility in the EU-15

After the introduction of the euro in 2002 and until the impact of the financial crisis 2008, intra-EU mobility remained low among the EU-15 Member States in comparison with the United States or Australia (Figure 3).

Figure 3: Intra-EU-15 mobility, 2002–2011

% of EU-15 population



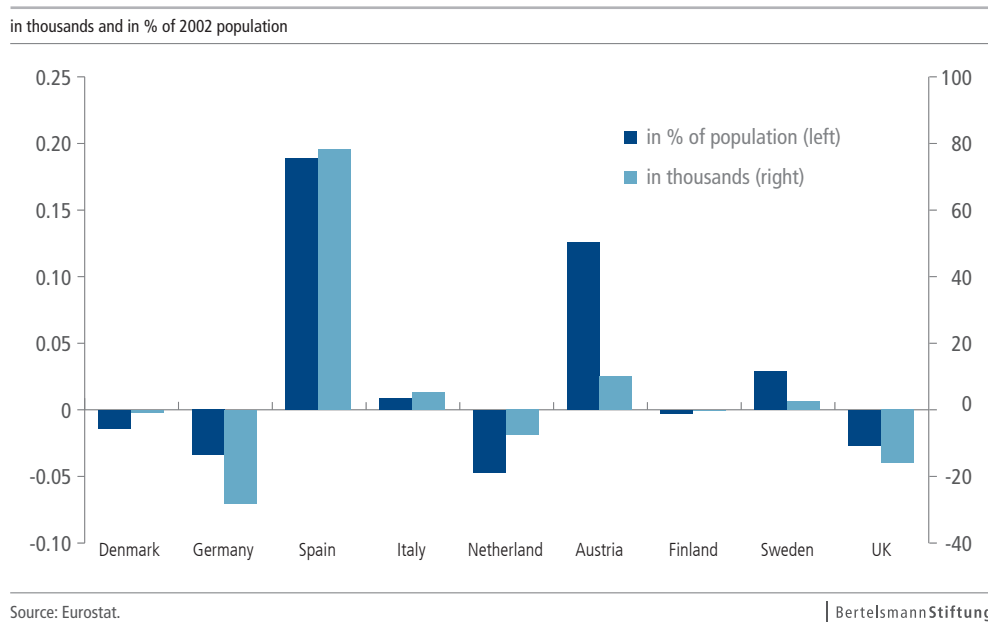
Source: Eurostat, OECD and Holland et al., 2011.

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From 2002 to 2011, an approximate one out of every 1,000 EU-15 citizens moved from one country to another within the EU each year. This mobility rate is radically lower than that found in the United States where, on average, 25 out of every 1,000 citizens move to a different state each year, and that observed in Australia, where 15 for every 1,000 citizens move (OECD 2012). While comparative data at the EU level is incomplete (data for Belgium, France, Greece, Ireland and Portugal is missing), the available evidence suggests that prior to the crisis, the composition of intra-EU-15 mobility remained roughly constant among the Member States. The most notable changes involved an increase of immigration from EU-15 countries into Spain and a decrease of immigration into Germany. During this period, emigration from Italy to other EU-15 countries increased while emigration from the United Kingdom to other Member States decreased. Though significant in percentage terms, the changes in immigration and emigration numbers relative to overall population stocks remained negligible.

Until the onset of the global financial crisis, EU-15 migration flows ran primarily along a north-south axis and remained limited both in terms of absolute numbers and percentages (Figure 4). During this period, Spain received some 80,000 citizens from other EU-15 countries, with retirees comprising a significant percentage. Indeed, the number of EU-15 retirees moving to residences along Spain's coastline rose sharply after 2002. This development is reflected to some extent in the negative net migration figures for the United Kingdom and Germany.

Figure 4: Annual net migration of individuals from EU-15 Member States to destination countries, 2002–2005



Most EU-15 Member States during this period enjoyed healthy economic growth, a convergence in incomes and relatively good labour market conditions, which suggests that push factors had limited impact on migration. This is probably most evident in the case of Spain. Spaniards returning from other EU-15 countries accounted for a large share of net migration to Spain in this period. Germany, which grappled with a higher than normal unemployment rate during this period, was the exception within this generally positive economic picture. However, as indicated, the movement out of Germany was minor in relation to the overall population.

Enlargement

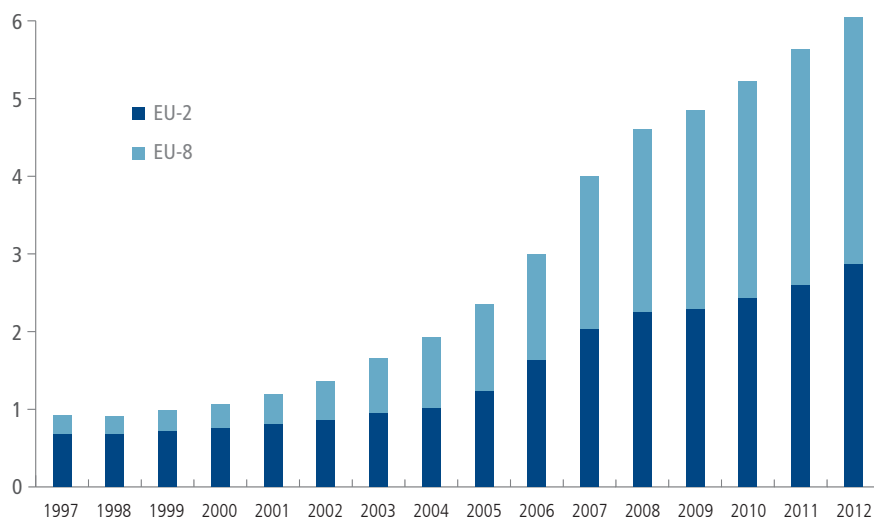
In 2004, the European Union was enlarged with eight new Member States from Eastern Europe (the EU-8, consisting of Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovakia and Slovenia), as well as Malta and Cyprus. Bulgaria and Romania, the EU-2, followed in 2007. Most older EU Member States imposed temporary restrictions on the movement of workers through the implementation of transitional agreements. In the case of the first eastern enlargement in 2004, only Sweden, the United Kingdom and Ireland elected not to place any restrictions on the free movement of workers. Another five countries lifted restrictions in 2006, and only Austria and Germany kept restrictions in place for the maximum seven years allowed, until January 2011.

In the second round of eastern enlargement in 2007, only Finland and Sweden opened up immediately to Bulgarians and Romanians, while eight of the EU-15 countries kept restrictions in place for the maximum period of seven years. Among these were the countries with the largest populations: Germany, Spain, United Kingdom and France. Italy abolished restrictions at the beginning of 2012.

Even with restrictions in place – which in most instances meant that workers from new Member States had to apply for work permits – there has been substantial east-west mobility (Figure 5a). With some exceptions such as Germany, the combination of high levels of growth in the EU-15 in the years after 2004 (at least until the end of 2008), and the large relative differences in wages have served as substantial pull factors. Generally weak labour markets in the new Member States likely acted as a push factor in the early stage of this phase.

Figure 5a: Foreign stock in EU-15 by citizenship

in millions



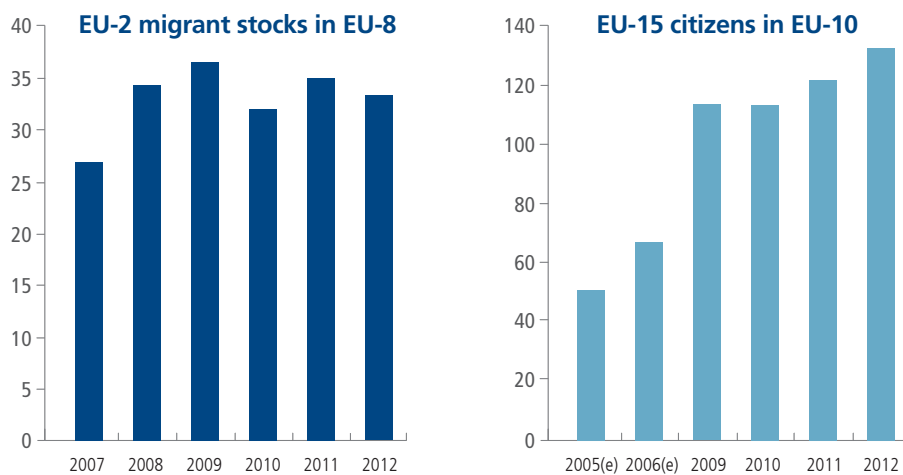
Note: Some data points concerning EU-8 nationals in EU-15 countries are estimated (this concerns Portugal, 2012; Austria, 2011 and 2012; and France 2009–2012. All relevant data for Greece are missing).

Source: Eurostat and Holland et al., 2011.

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Figure 5b: EU-2 migrant stocks in EU-8 / EU-15 citizens in EU-10

in thousands



Note: The second graph contains rough estimations for EU-15 citizens in Bulgaria, Estonia and Poland.

Source: Eurostat and Holland et al., 2011.

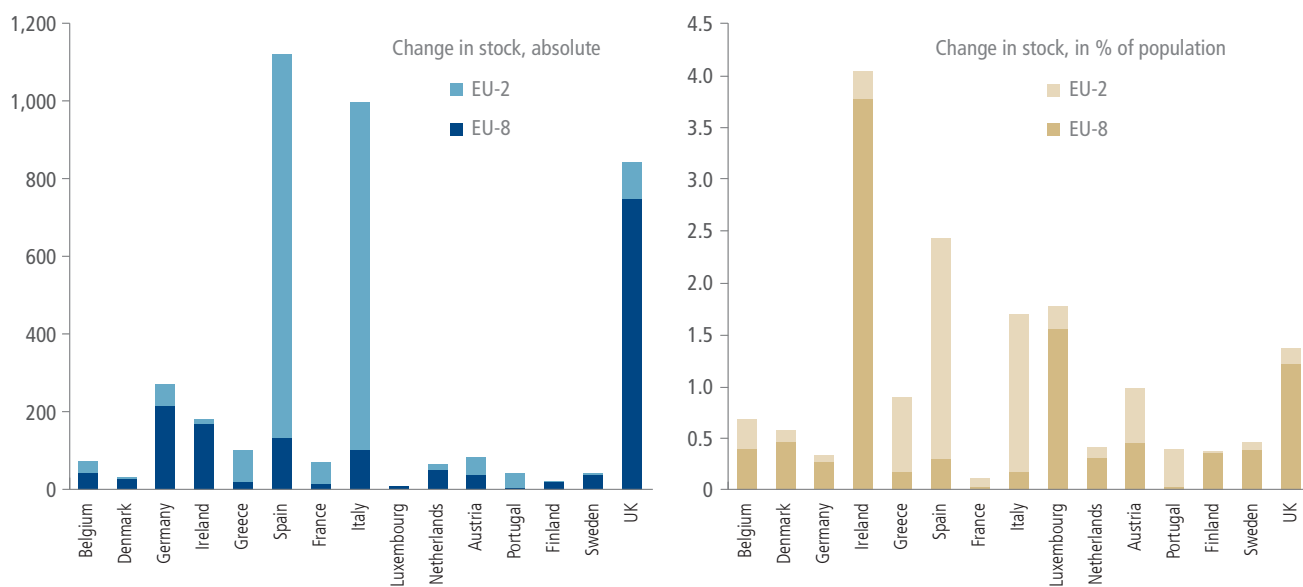
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Movement in the other direction – from EU-15 countries to new Member States – has been relatively constant at a rather low level (Figure 5b). East-west mobility began in earnest in 2000 and then accelerated slowly, showing notable jumps in 2006 and 2007, and to a lesser extent in 2008. Between 1999 and 2009, the number of citizens from EU-8 and EU-2 countries residing in the older Member States increased from around one million to almost five million.

The broad composition of this east-west mobility has remained relatively constant, with approximately half the individuals involved coming from EU-8 countries, and the other half from the EU-2. However, there are large differences with respect to the composition of destination countries (Figure 6). EU-2 nationals have overwhelmingly gone to Spain and Italy, or to a much smaller extent, to Greece, Portugal and Austria.

Figure 6: Change in stock of EU-10 nationals in EU-15 countries, 1998–2009

in thousands and in % of population



Source: Holland et al. 2011.

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EU-8 nationals moved to the United Kingdom and Ireland in great numbers, both in absolute terms and as a percentage of UK and Irish nationals. Germany and Spain also received a substantial number in absolute terms. Austria, Denmark, Finland and Sweden, as countries with smaller populations, received a large influx relative to their size. It is not immediately evident what role restrictions played in the composition of these figures. For example, the United Kingdom and Ireland opened their borders to the free movement of workers comparatively early, subsequently receiving large inflows; however, Sweden was also quite open, and received more modest inflows than did Denmark, which imposed restrictions. With its proximity to Poland, Germany would likely have captured a larger share of incoming mobility had it not been for its policy of restriction. However, given the multiplicity of factors affecting the decision to move, uncertainty is too high to reliably estimate the strength of this effect (Holland et al. 2011).

Romania was by far the biggest sending country in the period through 2009 - both in relative terms as a percentage of population, and due to its size, in absolute terms as well. Lithuania and the Czech Republic have seen close to 5% of their populations leave, and Bulgaria close to 4%. Almost 3% of Polish nationals had left the country to work in the EU-15 by 2009. In absolute terms, Poland is the second-largest sending country, following Romania. Overall, it is clear that eastern enlargement has resulted in an increase in mobility within the EU, but that this has been largely unidirectional.

EU labour migration during the crisis – does increased labour mobility contribute to better labour allocation?

Béla Galgóczi, European Trade Union Institute

There is a general expectation that labour mobility is a major contributor to the better functioning of European labour markets, as stated in the European Job Mobility Action Plan (EU Comm 2010). Intra-EU mobility can raise the overall GDP of the European Union if it improves labour allocation, through a better match of workers' skills and job vacancies, as per the European Commission (EU Comm 2011). Is this indeed the case? Does evidence on cross-border labour mobility following the 2004 and 2007 EU enlargement rounds support this positive expectation?

Based on a detailed analysis of European and national-level data sources, our results clearly contradict assumptions about "knowledge-driven migration". As regards skills composition, EU-10 migrants in EU-15 labour markets tend to have similar or higher qualification levels than nationals. And this proves to be true also for countries that imposed transitional measures, as the example of Germany shows. Bettin (2012), in our edited volume, compares the skills mismatch of EU-10 migrants in the United Kingdom and Italy. Both EU-10 migrants and nationals in the United Kingdom have a considerably higher skills profile than EU-10 migrants and nationals in Italy. EU-8 workers in the United Kingdom were considerably overrepresented among medium-skilled and correspondingly underrepresented, to an approximately equal extent, among low- and high-skill categories before the crisis. Italy is characterised by a high share of medium skills among EU-10 migrants, particularly given that among natives, the low-skilled are clearly overrepresented.

More importantly however, when examining skills/occupation matches, a strong evidence of over-qualification and the corresponding underutilisation of EU-10 migrant workers' skills emerge as a pervasive phenomenon. While British nationals and EU-15 citizens in the United Kingdom are employed mainly in white-collar jobs (56% and 64%, respectively, in 2010), for EU-8 and EU-2 migrants, the corresponding figures are 18% and 21%. With comparative skill levels, this is a huge difference. As regards Italy, while nationals are almost equally distributed between white-collar and blue-collar jobs, the foreign-born population is fairly polarised. Eight out of 10 EU-15 citizens are employed in white-collar jobs, thus taking advantage of their higher level of human capital. On the other hand, 86% of EU-8 and 95% of EU-2 migrants have blue-collar jobs. The jobs-to-skills mismatch and thus the underutilisation of human capital of EU-10 migrant workers which has been highlighted by our results points to one of the biggest challenges with regard to recent intra-EU labour mobility. This phenomenon also points to a failure of migration-related policies that could help to improve the efficiency of cross-border labour mobility.

Further reading

Galgóczi, Béla, Janine Leschke, and Andrew Watt, ed. 2012. *EU Labour Migration in Troubled Times: Skills Mismatch, Return and Policy Responses*. Ashgate Publishing, Ltd.

Mobility during the crisis

The onset of the economic crisis in 2008 substantially changed the conditions for east-west mobility, significantly reducing pull factors associated with easy access to EU-15 labour markets or even removing them altogether. Large receiving countries such as Spain and Ireland respectively experienced increases in the unemployment rate of ten and seven percentage points over the two-year period from 2007 to 2009. While the rise in unemployment in the United Kingdom was less steep, the rate nevertheless increased from 5.3% to 7.6% in the same period (Table 1).

Table 1: Unemployment rates in EU-15

in %

	2007	2009	2011	2013
EU-15	7.1	9.2	9.7	11.1
Belgium	7.5	7.9	7.2	8.4
Denmark	3.8	6.0	7.6	7.0
Germany	8.7	7.8	5.9	5.3
Ireland	4.7	12.0	14.7	13.1
Greece	8.3	9.5	17.7	27.2
Spain	8.3	18.0	21.7	26.4
France	8.4	9.5	9.6	10.8
Italy	6.1	7.8	8.4	12.1
Luxembourg	4.2	5.1	4.8	5.9
Netherlands	3.6	3.7	4.4	6.7
Austria	4.4	4.8	4.2	4.8
Portugal	8.9	10.6	12.9	16.5
Finland	6.9	8.2	7.8	8.2
Sweden	6.1	8.3	7.8	8.0
United Kingdom	5.3	7.6	8.0	7.7

Note: 2013 data for Austria, Greece, Italy and UK preliminary (2013Q4 is missing).

Source: Eurostat.

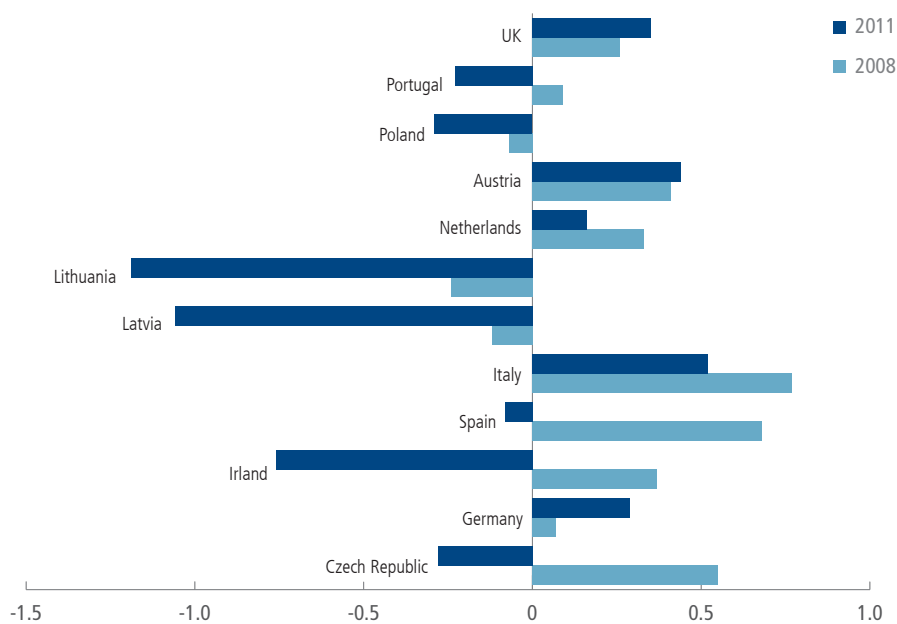
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The situation deteriorated further after 2009, with sizeable increases in unemployment in the Nordic countries, France, Italy and Greece. Among the larger (in population) countries, only Austria, Germany, and the Netherlands showed favourable labour market conditions after 2011. The German unemployment rate actually fell after 2011 to the lowest level in two decades. Most new Member States also saw labour-market conditions deteriorate to a significant degree during this period.

The change in the economic weather affected both international migration and intra-EU mobility flows. From 2008 to 2011 (the latter year being the latest for which consistent cross-national data is available for comparison), labour flows to Germany increased four-fold, whereas Ireland, Portugal and Spain went from being net immigrant countries to net emigrant countries (Figure 7). Net emigration from Poland increased by a factor of four, while Italy saw net immigration decline by one-third.

Figure 7: Net migration to selected countries, 2008 and 2011

in % of population in destination country



Note: For Germany, the data refers to the period 2009–2011. Data not available for Bulgaria, Greece and Romania.

Source: Eurostat.

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Interestingly, Austria and the Netherlands, where labour markets performed relatively well through the crisis period, respectively showed no appreciable change in migration rates and a decline in net immigration by one-half. Latvia and Lithuania experienced a large increase in net emigration, and Czech Republic became a net emigrant country in the same period. For most countries, the change in net migration reflects mutually reinforcing shifts in immigration and emigration, such as lower immigration rates combined with an increase in emigration in Spain.

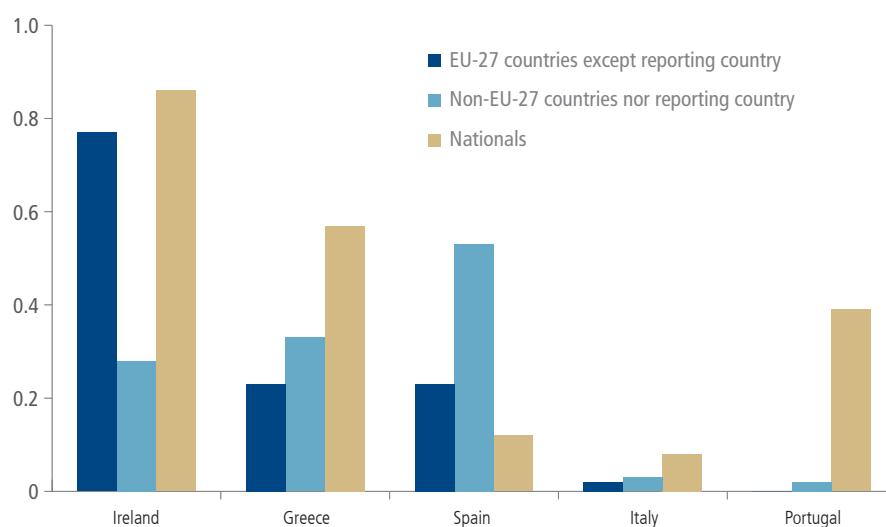
The economic crisis, combined with the end of the transition period for the first round of the eastern enlargement, reinforced net emigration trends from the new Member States. While the data is not detailed enough to make a definite judgement about destination countries, the steep increase in immigration to Germany and the smaller increase to the United Kingdom suggest an orientation towards these countries.

Mobility in periphery countries

The periphery countries hardest hit by the economic crisis all saw a reversal from being net immigrant to net emigrant countries. The data allow an analysis of emigration by citizenship. This sheds light on whether immigration is mostly return migration or nationals leaving their home countries. In the cases of Italy and Portugal, more than half of those emigrating were nationals of these two countries (Figure 8). This share was somewhat lower for Greece and Ireland, and much lower in Spain, where nationals accounted for little more than 10% of total emigration.

Figure 8: Emigration by citizenship

in % of population, 2011



Source: Eurostat.

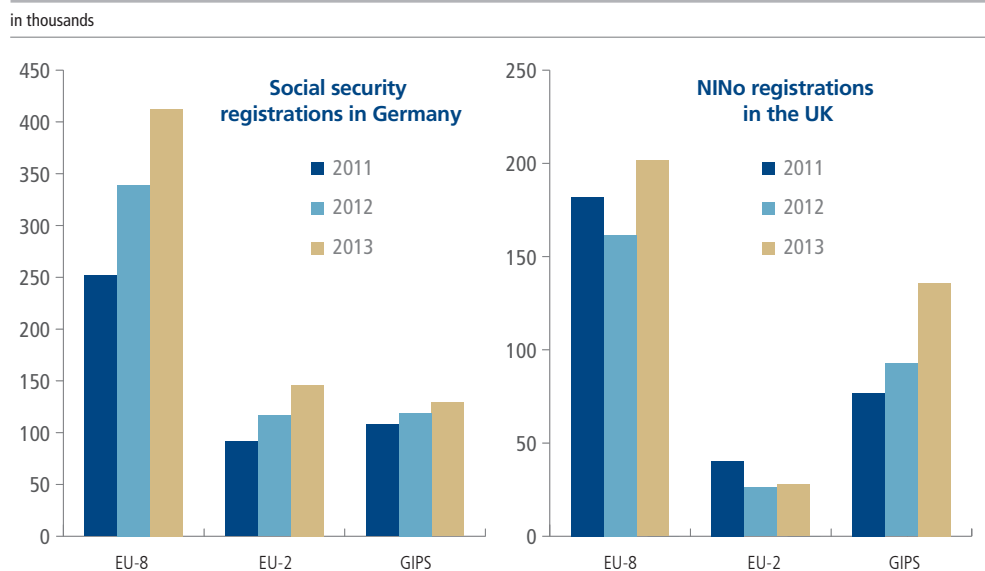
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The destination countries for emigrants from EU-27 countries are most often other EU countries, except in the case of Spain, where only 33% of emigrants departed for other EU Member States. Around 11% of emigrants from Spain going to a non-EU country migrate to Morocco, with another sizeable share going to Latin America. Of those coming from Spain who locate in another EU country, 10% go to Romania, indicating some return migration. In the case of Ireland, Australia is the preferred destination followed by the United Kingdom, the United States, Poland and Canada (DG Employment 2013).

The evidence presented so far indicates that with the exception of Ireland, the nationals of countries hardest hit by the crisis demonstrated relatively little mobility. Although nationals of Greece and Portugal demonstrated a somewhat higher emigration rate, outflows of nationals from Spain and Italy barely reach the 0.1% average for the EU-15 presented in Figure 3.

The official comparable cross-country statistics on migration and intra-EU mobility lag recent developments by more than two years. This is a limitation when discussing mobility responses to the economic crisis, as the decision to move to another country is itself likely to lag the experience of economic hardship by months, if not years. Similarly, potential migrants may be slow to react to new opportunities in other countries due to incomplete information flows. Some of these factors may moreover play a bigger role for people still living in their home country than for foreigners. Foreigners – especially people who have arrived rather recently – have lower so-called sunk costs related to home ownership, the loss of social networks and other location-specific issues than do nationals. Therefore, the composition of 2011 emigration out of countries hardest hit by the crisis may tell us less about differences in the reaction to the crisis than the speed with which different groups can act in response to changing circumstances.

One way to partially address this issue is to look at national data sources which are updated on a more regular basis. German social security data and the allocation of national insurance numbers in the United Kingdom are well suited for this. The German data indicates how many persons are working in Germany by nationality at a given point in time, but not when they arrived. Moreover, self-employed individuals are not covered. National-insurance numbers (NINOs) from the United Kingdom indicate the number of people who registered in the country in a given period, by nationality. Despite their limitations these sources provide a reasonably clear picture of recent developments.

Figure 9: Social security registrations in Germany and NINo registrations in the UK

Source: Bundesagentur für Arbeit, Germany, and UK Department for Work and Pensions.

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Migrants from EU-8 countries account for the largest share of foreign EU national workers in Germany by some distance, with a strong and steady growth rate over the past three years. The number of EU-2 workers (which until 2014 were covered by transitional restrictions) and workers from Greece, Ireland, Portugal and Spain (GIPS) remain relatively low in comparison. However, the number of EU-2 nationals is rising quickly and can be expected to receive an additional boost in 2014 as the last restrictions to mobility are lifted. Taking into account the immense rise in unemployment rates in the GIPS countries, the lack of an appreciable increase in the number of GIPS workers in Germany is somewhat remarkable.

In the United Kingdom, the number of EU-8 nationals remains fairly stable, while – as in Germany – making up the largest share of migrants overall. The number of registered workers from the GIPS countries shows a continuous rise, with a rapid jump in 2013, while registrations by Bulgarian and Romanian nationals decline over the same period.

Conclusion

Mobility patterns within the EU have changed considerably during the last decade. Whereas intra-EU mobility remains low among the older Member States, the process of enlargement (EU-15 and eastern enlargement) has been accompanied by a substantial increase in intra-EU mobility as people from new Member States are moving west to work in the older Member States. There is no indication that this unidirectional mobility pattern has changed significantly as a result of the economic crisis. However, migrant destinations among the older Member States have changed. The bulk of their movement is now directed at Germany and the United Kingdom, while there is limited movement to crisis-stricken countries in southern Europe.

The mobility of EU-15 nationals in response to the economic crisis has been moderate. With the exception of Ireland, there has until 2011 been little mobility of nationals from the periphery to other EU countries. More recent data from Germany and the United Kingdom, together with indicators suggesting an increased readiness to move in search of jobs, suggest that the number of migrants going to Germany and the United Kingdom will increase if economic conditions in sending countries do not change significantly. However, this is unlikely to resemble the magnitude of ongoing mobility from the east to the west.

Scenarios for the future of European labour mobility

Jeffrey S. Saunders and Simona Arminaitė, Copenhagen Institute for Futures Studies

Approach of the study

Government planners, corporate managers and military analysts have long used scenarios as a powerful tool to aid in decision-making in the face of uncertainty. This methodology makes an important contribution to various policy areas, as it helps legislators, public agencies and private-sector entities think in a broad, disciplined way about the future when making policy decisions. In this study, scenarios are used to assist the development of policy recommendations for harnessing European labour mobility.

A scenario is a story that describes a specific future connected to the present through a series of causal links that demonstrate the consequences of decisions or series of decisions. It describes events and trends as they could evolve. A scenario should be vivid enough that a planner can clearly see and comprehend challenges and opportunities presented by a given environment.

A scenario is not a single prediction or forecast. As the future cannot be known, sets of scenarios are used to encompass a broad span of possible futures. If the span of possible futures is sufficiently broad, then plans generated to cope with their eventualities will be robust. Scenarios can also alert decision-makers to ways in which policy interventions might make an undesirable outcome less likely (Glenn and the Futures Group 2001).

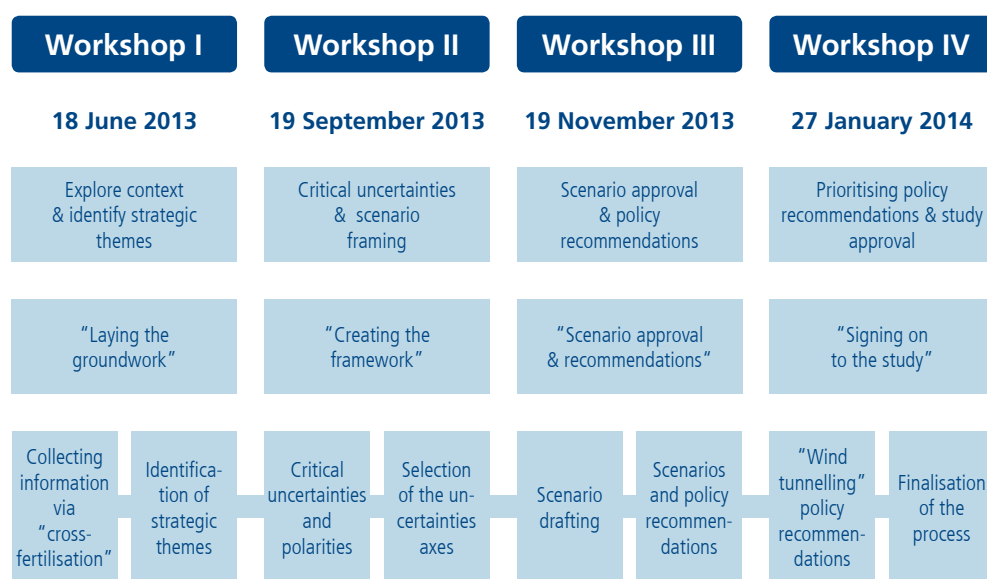
Through input from a cross-disciplinary and pan-European advisory board (see annex for a full list of participants), the Bertelsmann Stiftung and the Copenhagen Institute for Futures Studies (CIFS) have conducted a scenario analysis seeking to answer the following three questions:

1. Which uncertainties could have a high impact on labour mobility?
2. How could/should labour mobility look in 2025?
3. What are the most critical policy recommendations with respect to fostering intra-EU labour mobility?

The HELM process combined desk research and input from the HELM advisory board of European experts on labour mobility. Input and guidance from the HELM advisory board was solicited via four workshops that were held from summer 2013 through winter 2014 (Figure 10). The purpose of these meetings was to:

- Bring together different perspectives so as to enable the conceptual cross-fertilisation essential to the scenario-building process, by including experts from across Europe representing the business, academia, policymaking and labour sectors;
- Produce scenarios for the future of European labour mobility;
- Develop and critically assess policy recommendations for European labour mobility on the basis of these scenarios.

Figure 10: HELM Process



Source: By authors.

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The purpose of the first workshop was therefore to create an understanding of how advisory board members perceived the future of labour mobility within the European Union. This was achieved via four cross-disciplinary presentations that were used to develop interdisciplinary and inter-organisational strategic themes. These themes fell into five categories:

- Transforming power structures
- Boundaries dissolving
- Technological breakthrough
- Economic prospects
- EU policies

From these categories, the HELM advisory board identified more than 50 areas of uncertainty (please see appendix for full list of uncertainties).

Between workshops I and II, the uncertainties were expanded into polarities representing two extremes of development. For example, for the area of uncertainty concerning labour-market partners in 2025, HELM advisory board members asked whether labour-market partners would be open and inclusive towards mobile workers or might instead oppose migrant labour, as it could depress the wages of domestic workers. Polarities such as this were used as axes for the scenario matrix.

In Workshop II, the advisory board qualified and assessed the critical areas of uncertainty and the associated polarities used to define European labour-mobility scenarios. The polarities and uncertainties were evaluated according to the degree of uncertainty associated with them and their potential impact on European labour mobility.

Between workshops II and III, CIFS drafted the scenarios, which the advisory board modified and approved in Workshop III. The advisory board also provided input regarding relevant policy recommendations in each scenario. During the scenario-drafting phase, CIFS tested alternative axes in order to ensure that the scenarios exposed clear tensions that challenged the areas under study. The following uncertainties were selected from among a wider list of possibilities to form the scenario matrix (Figure 11):

- Economic growth axis – return to growth vs. continued stagnation
- Employment and social-policy axis – changes in European policymaking intended to unleash market forces (market-creating policies) vs. changes in European policymaking aimed at correcting market results through regulation and redistribution (market-correcting policies).

Economic growth axis

In a vote taken at the second advisory-board meeting, the HELM advisory board elected to work with the economic growth uncertainty, which fell under the strategic theme of “economic prospects”. Deemed to hold the greatest uncertainty and impact on European labour mobility, this issue also provided distinct alternative contexts for developing future scenarios for European labour mobility. The economic growth uncertainty was unfolded into polarities representing a “return to growth” and “continued stagnation”.

Employment and social-policy axis

At the third workshop meeting, the HELM advisory board selected the second axis, employment and social policy, falling under the strategic theme of “boundaries dissolving”. This was deemed to be the area of uncertainty with the most direct impact on European labour-market mobility, at least in comparison with the alternative issues of “demand for labour”, “changes in life patterns” or the “future of the EU project”.

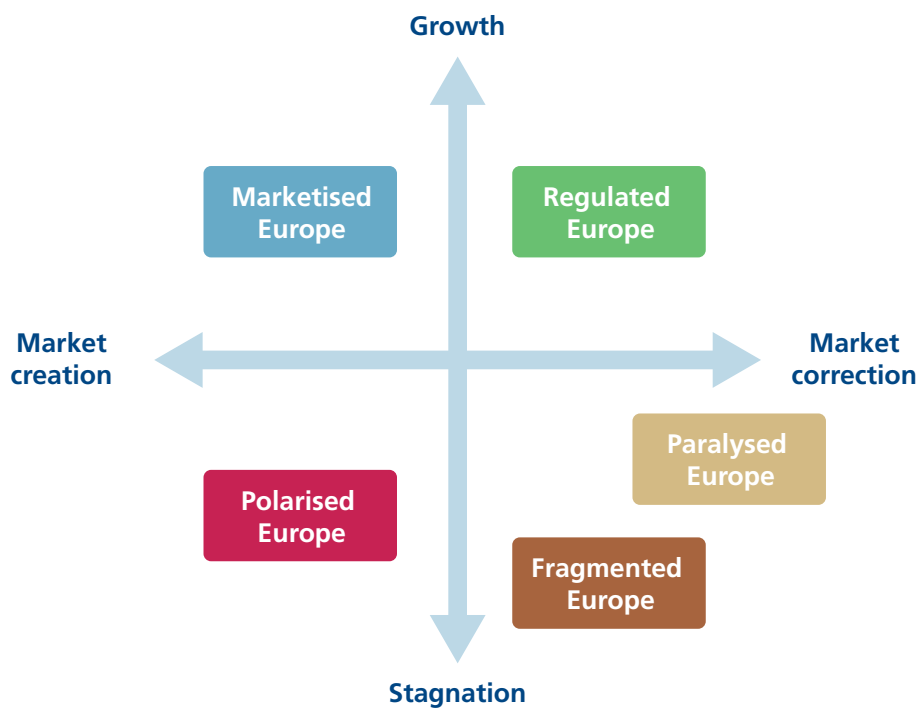
The scenarios implied by this axis expose clear tensions that pose challenges to policies supporting European labour-market mobility. This area of uncertainty covers a wider area of social issues than do uncertainties such as “languages” or “recognition of qualifications”, which have narrower focuses. The employment and social policy uncertainty was expanded into polarities described as “market-creating” and “market-correcting” following review and input by the HELM advisory board.

Five scenarios

The combination of the economic growth and employment and social-policy axes created five scenarios (Figure 11). In order to provide clearly distinguishable possibilities for the future development of the European Union and its associated patterns of mobility, the scenarios explained below have been described in comparatively extreme terms. Just as caricatures overemphasise the most prominent traits of a personality, the scenarios have been rigorously drafted to convey their most important features. The five scenarios are:

- Polarised Europe
- Marketised Europe
- Regulated Europe
- Fragmented Europe
- Paralysed Europe

Figure 11: Scenario matrix



Source: By authors.

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Table 2: Scenario grid

Indicators	Polarised Europe	Marketised Europe	Regulated Europe	Fragmented Europe	Paralysed Europe
Era in Europe	Polarisation and economic instability in the region	European prosperity and diversity	A stable, integrated and prosperous Union	Economic and political crisis and extreme nationalism	A poorly managed attempt at EU integration
Economic governance in EU	Inter-governmentalism: EU institutions (i.e., Council) dominated by core states; austerity through binding fiscal rules; cost-based competition through competitive disinflation; political tensions between debtor and creditor countries	Deregulation: strong economic framework (Single Market, single currency, competition law) enforced by Commission and European courts; nation-states deregulate and reduce market interventions; subnational regions (e.g., NUTS 1) grow in importance	Integration: Federation; stabilisation through fiscal transfers and risk sharing (e.g., eurobonds); further institutional and economic integration ("political union"); strengthened role for European Parliament	Fragmentation: Partial break-up of the monetary union; European institutions lose influence; uncoordinated national policies (e.g., capital controls) and protectionism threaten EU project and the Single Market	Poorly designed and implemented pervasive political integration: Member States and EU institutions enforce greater institutional and legislative integration; poor design and implementation paralyse member economies, creating tensions and increasing EU scepticism
Growth and competitiveness	Stagnation. Core AAGR \approx 1%, periphery has 0 or negative growth; divergence of competitiveness and polarisation between core and periphery	AAGR above 2%; high and increasing competitiveness in global marketplace driven by thriving private sector; productivity gains based on expansion of business and financial services and international demand; consumption/credit-led growth	AAGR above 2%; high competitiveness driven by public investment in education, R&D and infrastructure; productivity gains based on capital deepening and technology; investment/export-led growth	AAGR is <1% or 0 in most countries; uncertainty is high, preventing private investment; low public investment due to high debt burdens	AAGR is close to 0 or negative in most countries; competitiveness declines; excessive debt financing of welfare services and economic stimuli
Economic imbalances among states	Growing economic inequality among EU states: strong polarisation among core and periphery countries; different economic models coexist	Reduced inequality between states due to NUTS region-based value networks	Reduced inequality between states due to EU-wide fiscal transfers and redistributive policies; convergence on common economic model	Growing economic inequality between EU countries; few bright spots (e.g., London, Paris, Vienna); otherwise stagnation	Growing economic inequality; financial transfer systems between Member States alleviate inequality to a certain extent, but also provide disincentives and lead to moral hazard for rich and poor countries
Social inequality	Growing inequality, especially in periphery countries that are increasingly "left behind"	Growing inequality due to progressive technological change and economic restructuring (increasing automation in production and services) in conjunction with liberalised welfare policies	Reduced inequality in societies due to intensive investment in human capital and redistributive policies counteracting dislocations caused by greater integration and technological change	Growing inequality due to high unemployment and strained welfare budgets	Increased inequality as newly enacted reforms aggravate labour-market segmentation, creating a sizeable share of working-age population that is excluded from employment

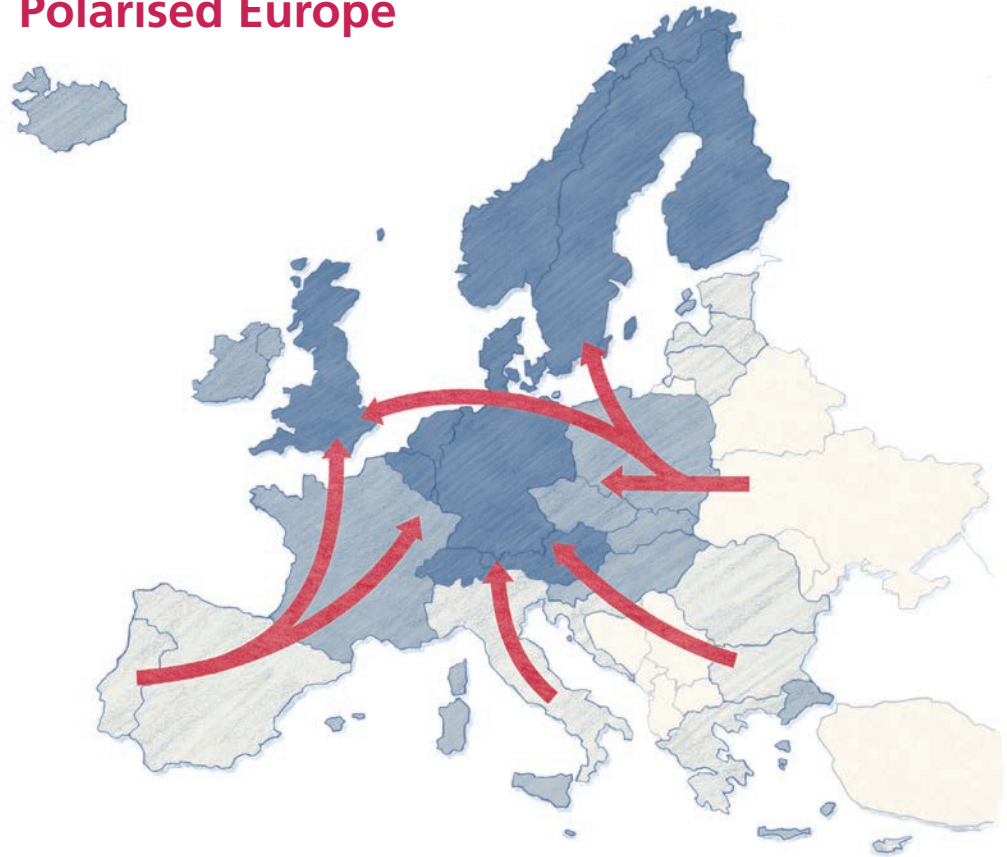
¹ Average annual growth rate

² Core consists of the most powerful countries which include Germany and France, but also the UK, the Benelux (the Netherlands, Belgium and Luxembourg) and the Nordic countries. The periphery is subject to decisions made by this hegemonic core and mainly consists of countries lying to the south and east of the EU, as well as Ireland to the west.

Table 2: Scenario grid (continued)

Indicators	Polarised Europe	Marketised Europe	Regulated Europe	Fragmented Europe	Paralysed Europe
Labour market	Labour shortages in rich regions with aged populations; high unemployment in the countries of the periphery	Automation transforms labour market: digitalisation and automation of transactional (e.g., bank teller, retail cashier) and interactional (e.g., nurse, lawyer) jobs; low-skilled workers are shed	Regional labour shortages are balanced common EU labour-market policies and the increasing automation of labour	High unemployment throughout the EU due to continued economic stagnation and economic uncertainty following euro collapse	High and long-term unemployment, as economies fail to adapt to the market needs and fail to provide workers with new skills
Social security	National social-security systems remain intact; policies focus on adjusting existing welfare models	Social security is reduced to a minimum; new markets for private-sector social security emerge	Flexicurity: Labour-market flexibility in a dynamic economy is combined with high levels of income security; commission develops plans for creating an EU-based social-security system	High budget deficits and unemployment put pressure on national social-security systems; policies focus on saving existing welfare models	Austerity programmes are reversed and budget deficits expand as security and benefits are provided; Europe-wide welfare system emerges, which duplicates national systems
Ideology/ dominant values	Economic conservatism: austerity, economic patriotism, individual responsibility, focus on family	Market liberalism: consumerism, individualism, competitiveness, free trade, efficiency	Social liberalism: solidarity, sustainability, equality, social inclusion	Social conservatism: protectionism, nationalism, social security, traditional values	Pan-Europeanism at first, but social conservatism gains traction with disillusioned population
Identity	National identities	Cosmopolitanism	Shared European identity	Nationalism	European identity in doubt
Further EU expansion	Core EU countries create high barriers to further expansion	EU is attractive for the countries in the region and open to growing markets (e.g., Turkey) for further enlargement	EU is attractive for other countries; however, presents potential new candidate countries with high barriers	EU has lost its attractiveness for potential new members	EU is unattractive, with no potential candidates for expansion
Welfare model in ascendance	Continental European model in core states and the British model in periphery countries: <ul style="list-style-type: none"> ■ Rough welfare state: more poverty and higher inequality ■ State provides universal single-payer health care, redistributes income and guarantees an income at subsistence level 	The Anglo-Saxon/U.S. model: <ul style="list-style-type: none"> ■ Each person should be left to succeed or fail on their own ■ Social programmes exist only for the poor, unemployed and those who cannot work due to youth, old age or disability 	The Nordic model: <ul style="list-style-type: none"> ■ Strong influence of labour unions and employers' organisations ■ State provides generous unemployment benefits and retraining for those made redundant ■ Flexicurity model combines flexible labour markets with high levels of social security 	Continental European model: <ul style="list-style-type: none"> ■ Strict rules on job protection and a large amount of regulation in industry ■ Labour market is inflexible and slow to react to globalisation ■ Generous insurance-based unemployment benefits, reduced poverty and high-quality health care 	Southern European model: <ul style="list-style-type: none"> ■ Strict rules on job protection and inflexible labour markets ■ Bloated and inefficient public-sector structures ■ Fragmented and corporatist welfare system with generous benefits for the privileged and rudimentary protection at the margin ■ Risk of poverty and marginalisation grows

Polarised Europe



Summary It is 2025, and with very few exceptions, economic development in Europe has been sluggish since 2008. Already existing periphery-core migration patterns have become more pronounced as lower-than-average growth rates in more remote parts of Europe drive Europeans in those regions to seek opportunities elsewhere. Given the unfavourable economic situation, Europe as a whole remains an unattractive destination for labour and capital from outside Europe. Intra-EU mobility is driven by need rather than opportunity and is greatest among medium- and low-skilled workers, who move from poorer to richer cities, regions and Member States. Economic and social polarisation is increasing, creating social and political tensions across Europe.



- The European Union has lost competitiveness on a global scale
- A continued lack of public and private investment
- A crisis in governance and political tensions
- A lack of leadership at the EU level
- The growing importance of social networks
- Anti-EU parties are popular and increasingly cooperate to derail the EU project

Driving forces in this scenario

In 2025, more than 15 years of slow economic growth have frayed European social, political and economic fabrics. The EU consists of a patchwork of competing states, regions and cities without an overarching vision. Europe has become what Japan was in the 1990s and 2000s – an economy in the doldrums and a poster child for the inability to entice investment and growth. Political tensions are widespread among core and periphery countries, and anti-EU parties are successful at blocking reform initiatives in the EU parliament. Localism and nationalism have re-emerged as a dominant factor in national and EU politics.

Localism emerges

EU economies and companies struggle to compete on the global marketplace. In addition, 15 years of stagnation have caused core and periphery countries to diverge. The European Union is polarised between uncompetitive and economically depressed periphery countries and relatively strong core countries. Several cross-country divergences in sectoral specialisation have emerged. Core countries focus on high-value-added production, while low-value-added and labour-intensive industries flourish in the periphery.

Polarisation across region

Economic growth in the European Union is anaemic as a result. Average annual growth rates hover around 1%. Countries on the periphery are lucky to achieve any sustained positive growth. Most often their economies stagnate or continue to shrink.

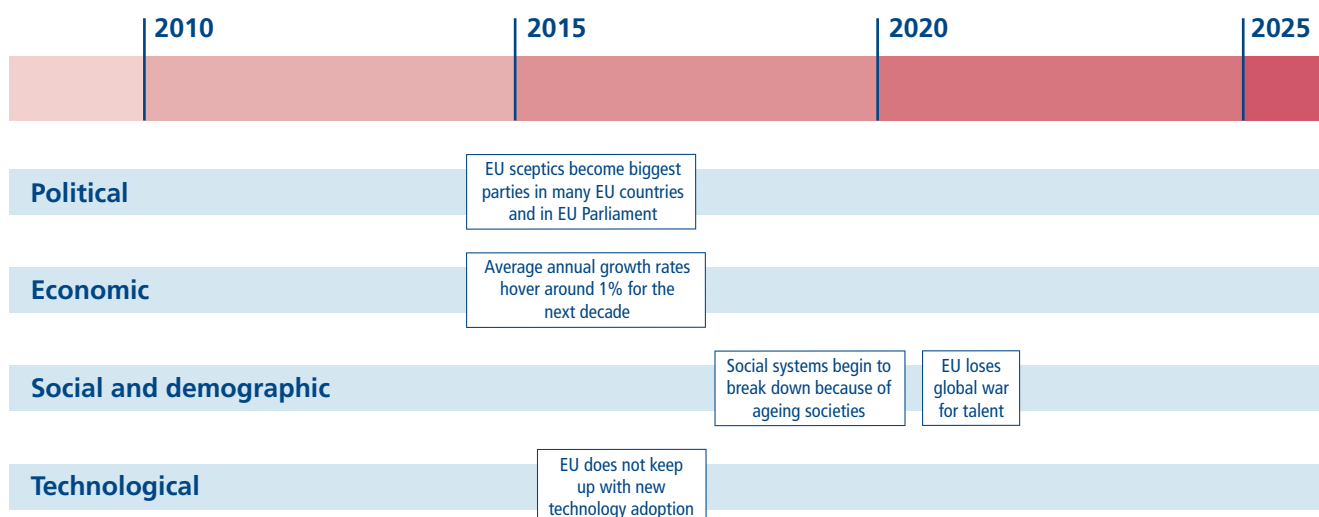
The European Union failed to meet its 2020 targets due to anaemic growth that affected public- and private-investment activity. Austerity has impacted enrolment rates at European institutions of higher learning, while poverty and social exclusion rates continue to rise (see Figure 12 below).

Figure 12: Timeline

Polarised Europe

Europe 2020 targets	Achieved*
Employment: 75% of 20-64-year-olds	–
R&D: 3% of the EU's GDP	–
Education: <ul style="list-style-type: none"> ■ Early school leaving below 10% ■ 40% 30-34-year-olds completing tertiary education 	0
Fighting poverty and social exclusion: 20 million fewer people in or at risk	–

* Target achieved: ++; improvement made: +; no change: 0; slight decline: –; failure: --.



Source: By authors.

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Austerity shrinks welfare systems

The general economic malaise and occasional scandals increase Europeans' cynicism towards major public and private institutions. Almost all European countries enacted austerity programmes to balance their budgets throughout the 2010s – some of them voluntarily, others under pressure from institutions such as the European Central Bank and the International Monetary Fund (IMF). These institutions, governments and economists, however, underestimated the restrictive force that austerity programmes would have on future growth.

In response to declining support from state authorities, Europeans in many countries turn to their families and their networks to make ends meet. Many underground economies and alternative consumption models have emerged across Europe.



Labour-market inequality increases in Europe. Labour markets are highly segmented according to nationality, skill level, contract type, etc. In core countries, labour shortages occur due to ageing populations. In periphery countries, unemployment rates remain high.

Segmentation in labour market

Educational systems in Europe are under pressure, and the skills they impart to European workers are outdated. The lack of mutual recognition of diplomas and competences among Europe's national education systems and labour markets makes the common labour market operate inefficiently.

Outdated education systems

While national social security systems remain intact, policies focus on adjusting welfare models to economic conditions. Core states still provide generous insurance-based unemployment benefits, high-quality health care, and unemployment support. In peripheral countries, the welfare model is under pressure. Cutbacks are common, and waiting lists are long and growing longer.

Social inequality increases

Labour mobility is high and mainly driven by economic necessity. Unstable incomes and high unemployment rates in the stagnant countries of the periphery, together with more abundant employment opportunities in the prosperous core, encourage workers and their families to search for a better life elsewhere. Only a small fraction already have job offers before moving to their destination countries. Instead, they use social networks on an ad hoc basis to determine where to move next. Family, relatives and friends in the destination country provide accommodation and help newcomers find jobs, sometimes in the shadow economy.

Mobility from the periphery to the core

While these workers are often well educated, they overwhelmingly work in low-skilled and low-wage sectors of the economy. For one thing, the diplomas and competences acquired in their home countries are often not fully recognised in destination countries. For another thing, they often do not speak the local language and lack the necessary experience to navigate the local labour market, leading to discrimination by employers.

Mobile workers mostly in low-skilled sectors

The growing migrant communities tend to concentrate in certain neighbourhoods of bigger cities, leading to social problems (such as long-term unemployment, homelessness, crime) or fears of such. Discussions about a new "immigrant underclass" in the media and in political circles are common.

Mobility creates social problems

It has become increasingly clear that states have to invest more in the integration of mobile EU workers and their families. This project is resisted by others who point to already empty public coffers. In addition, integration is not considered an appropriate policy objective for groups who might be no more than temporary residents. Still, EU workers are needed to fill growing labour shortages in various sectors of the economy and to stabilise social security systems put under pressure by demographic change. Meanwhile, sending countries deplore the depopulation of rural regions and the permanent loss, or so-called brain drain, of the young and skilled workers in whose education and training they have invested. However, these countries are also increasingly dependent on the inflow of remittances to sustain consumption and investment.

Table 3: Intra-EU mobility in Polarised Europe

	Polarised Europe
Size	High
Main type (duration)	Long-term
Legal form	Free movement
Direction	Periphery to core
Structure of mobile workforce	Medium and low-skilled
Main mechanism /channel	Informal networks
Drivers (push/pull)	<ul style="list-style-type: none"> ■ Unemployment and low income in periphery countries ■ Growth and employment opportunities in the core
Challenges for intra-EU mobility	<ul style="list-style-type: none"> ■ Brain drain in sending countries ■ Discrimination against non-native workers; skill waste ■ Integration needs of mobile workers ■ Increased ethnic and cultural diversity, lower social cohesion

Source: By authors.

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The perspective of sending countries: Brain drain or brain gain?

Klára Fóti, Eurofound

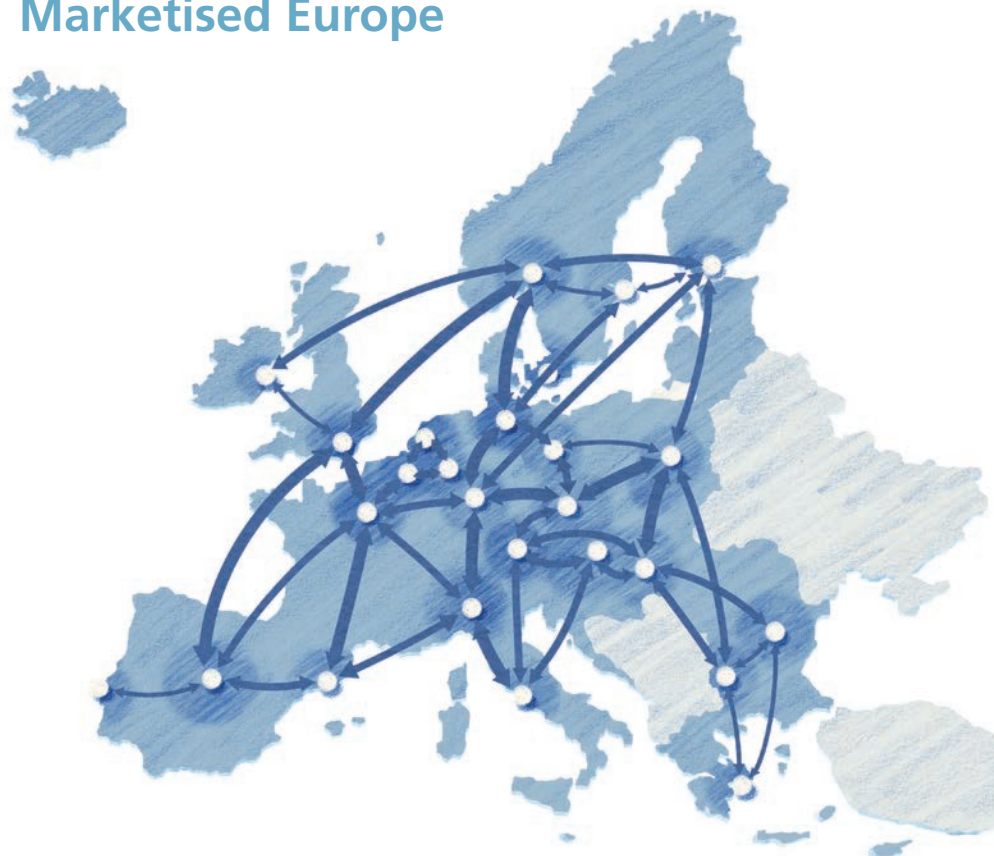
The impact of increased labour mobility within Europe in receiving countries has been high on the agenda following the two significant waves of EU enlargement (2004 and 2007). Less attention has, however, been paid to the perspectives of sending countries, although affected governments have raised concerns over the consequences of their citizens' increased outflow. Among migrants, young people are over-represented, which has implications from both a demographic and an economic perspective. Similarly to most EU-15 Member States, the population of these countries is also ageing; the recent economic crisis affected national economies with serious social consequences (slow growth, high unemployment, increasing poverty rates and inequality). Therefore, if the medium- and long-term perspectives as well as the possible policy response to these challenges are considered, it is relevant to ask whether sending countries should cope with the consequences of "brain drain", or whether they could expect rather a "brain gain". Currently it is difficult to provide a clear-cut answer to these questions since the picture emerging so far seems not only too complex but also shows also a large variation among countries. For example, the available data indicate that the education level of mobile EU citizens tends to be high (especially from the eight Eastern European Member States (EU-8) which joined in 2004) but that the majority are employed in low-skilled occupations. This may suggest that the motivation behind migration may not only be the desire to earn higher income but possibly also to escape unemployment. Therefore, if the overall picture is considered, there is no evidence of brain drain in general. If, however, certain professions are taken into account, for example the migration of highly specialised doctors and the ensuing shortages of doctors in the sending country (Eurofound 2013) then some of the signs of brain drain can be detected.

In this case, the question is whether there could be a chance that such workers will return home in the future. The extent of a potential return in general (and possible brain gain) depends to a large extent on the economic perspectives of sending countries. So far, return migration has not happened on a massive scale (Eurofound 2012), presumably because the impact of the economic crisis was severe in most of the sending countries (Poland seems to be an exception, however). Therefore, it is not surprising that currently there is hardly any evidence for brain gain. Some country variation can be observed, however, also in this regard. For example, in the case of two smaller countries, Slovenia and Estonia, among the returnees, students constitute the largest group (Zaiceva and Zimmermann 2012). If the majority of the members of this group stay home at least for some time, the countries could benefit from the knowledge students acquired abroad. Even nowadays, however, an increased circularity (circular movement) can be observed in intra-EU mobility. This is likely to persist and expand in the future. If, as part of circularity, return migration occurs on a larger scale than today, the issue of brain drain and brain gain may not be as high on the agenda as it is currently.

Further reading

Eurofound. 2012. "Labour Mobility within the EU: The Impact of Return Migration". Dublin.

Marketised Europe



Summary Following the debt crises and recessions in the aftermath of the global financial crisis of 2008, the European project has emerged strengthened. Concerted austerity and deregulation programmes have led to a new period of growth, restoring EU citizens' belief in the free market and strengthening the European Union's credibility. The European Union has reverted to a focus on creating and maintaining the Single Market, and once again provides a strong economic framework. Its growing, more competitive economies increase companies' hunger for talent: the EU is thus an attractive destination for domestic as well as global talent. Due to global competition, technological development and deregulation, there is greater variety in the types of employment. A subsection of European workers has become nomadic, moving from country to country in search of work. New markets for private-sector social security mechanisms are emerging to serve these workers' needs.



- Increased market liberalisation and deregulation
- Strong growth strengthens EU credibility
- Subnational and cross-national socio-economic regions emerge as new policy actors
- Acceleration of technological progress automates many jobs in the service and manufacturing sectors. Jobs in transactional and complex knowledge-based activities are most affected
- Restored public support for the market as the most important coordinating instrument

Driving forces in this scenario

Following a tough period of political and economic liberalisation, the European Union has shaken off its second period of sclerosis, which lasted from the late 2000s to the mid-2010s. Deregulation and liberalisation has transformed the EU from a region ridiculed by global leaders and financial magazines for its lethargic economy and staid businesses to an innovative one with globally competitive companies. Many European countries have used Anglo-Saxon – particularly U.S.-influenced – welfare models as inspiration for their reforms, abandoning traditional values of solidarity and social cohesion. European labour mobility – although still below U.S. levels – continues to increase as new types of flexible and short-term employment grow and as dislocated workers lacking state support seek employment in other EU countries.

A liberalised Europe re-emerges

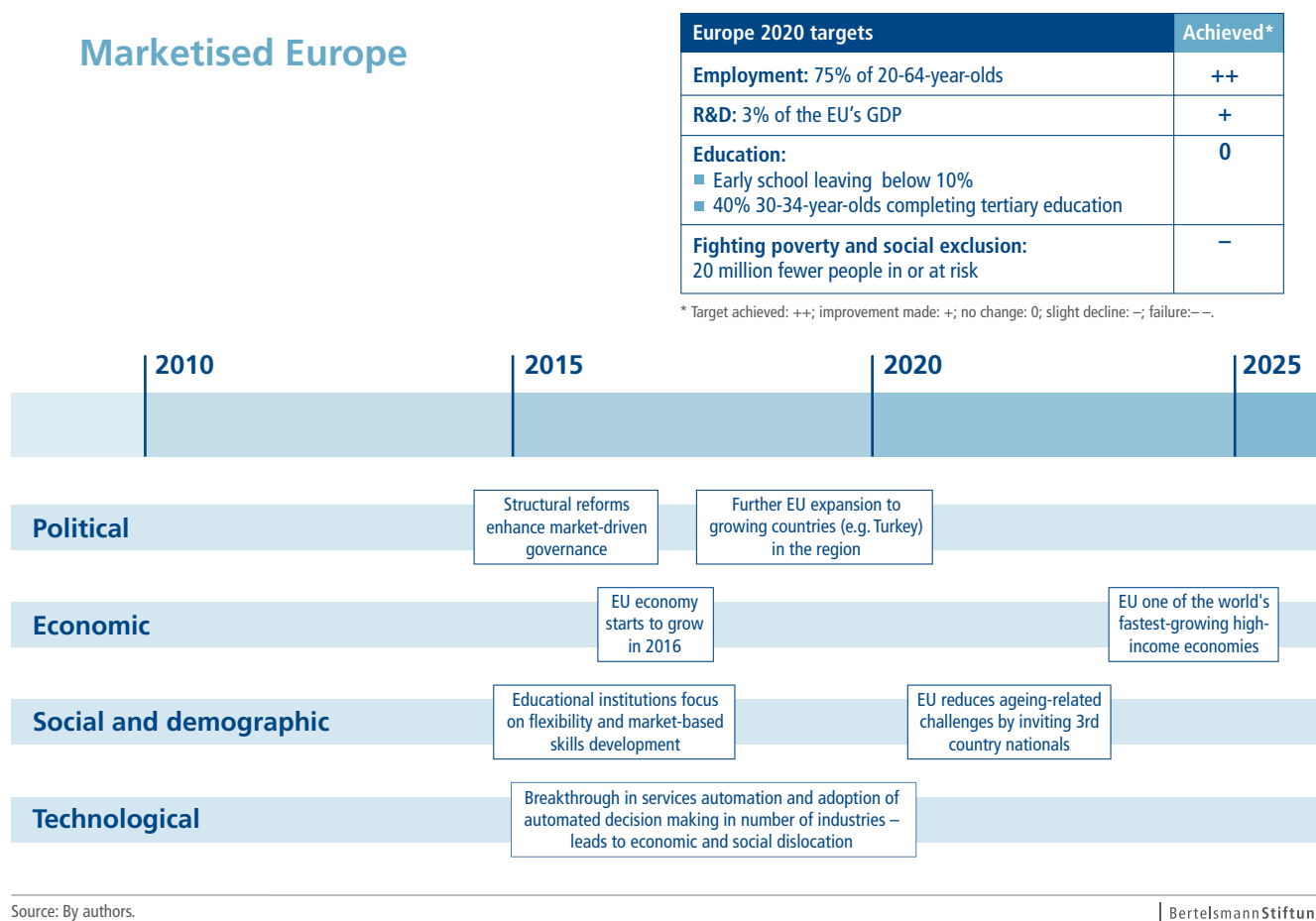
The structural reforms enacted during the 2010s to combat Europe’s economic challenges and debt crises helped EU countries regain their competitiveness compared to high-income markets in North America and Asia. EU countries lowered corporate taxes and social security contributions, and reduced real wage costs. These reforms have kick-started private-sector activity. At the same time, the European Union has negotiated and implemented a free trade agreement with the United States (TTIP). The integration of these markets has both increased opportunities and competition. Business and financial services were the two sectors that have benefited most from the EU’s renaissance.

Economic growth in the Single Market

However, these reforms have weakened national governments’ relative power compared to the EU and regional governments (NUTS 1). The Single Market, single currency, and EU laws and regulations enforced by the Commission and European courts provide a strong economic framework. The European Union’s growth rates have averaged more than 2% for the last several years.

As a result, the European Union came close to achieving its 2020 targets. Employment rates among 20- to 64-year-olds approached 75%. The European private sector has expanded its investments in R&D, as companies are now willing to take investment risks. However, efforts to fight poverty have been less successful. While many citizens in Southern Europe have been able to find work again, EU goals for reducing poverty and social exclusion have not been met, in part because growing labour-market polarisation has eroded middle-income jobs (see Figure 13 below).

Figure 13: Timeline



Regions emerging as loci of power due to deregulation

Deregulation at the national level has empowered subnational (e.g., NUTS 1 regions) and cross-national regional networks. They are now taking a greater role in developing collaborative labour-market policies to increase economic efficiencies at the local level. These new centres of power increasingly challenge the influence of some national capitals in national and EU political spheres.

New skills in demand

Productivity gains in the private sector continue to be permanent and substantial. European companies are early adopters of a number of technologies in the service and manufacturing industries, which have impacted a number of transactional (e.g., bank teller and retail cashier) and interactional (e.g., nurse and lawyer) jobs. These jobs are increasingly automated, creating social dislocation in many European countries. Skills maintenance and development have become critical areas of policy focus at the EU, national and regional levels.

Winner-takes-all labour market

The automation of transactional and interactional jobs, the growth in temporary employment, and the liberalisation and deregulation of welfare services in the majority of EU countries have dramatically increased the number of working poor in Europe. The European economy is becoming a winner-takes-all-market, where a few are able to capture the vast majority of benefits accruing from wealth creation while the rest see their incomes stagnate or even fall.



Social inequality increases in line with cuts in social security systems. The state cannot afford to provide as generously as it once could. Individuals have greater responsibility for their own educations and pensions. Social programmes exist only for the truly destitute, short-term unemployed, and those who cannot work due to disability. A large portion of public-sector spending and welfare services has been outsourced.

Social inequality increases

Cuts in public services introduce new push factors driving labour mobility in the European Union. Faced with a deteriorating quality of life in many economies, more EU citizens are tempted to test job opportunities in other European markets.

There is greater variety in the types of employment in 2025, including short-term contracts, zero-hour contracts and temporary work. Remote work is common with companies across Europe, and workers work from home, at the office or unconventional workplaces. Employees hired to long-term contracts find that while they may have a contract with the company, their actual activity is project-based. Their managers no longer expect them to fulfil one function for an indefinite period of time.

Flexibility in employment practices

Intra-European labour mobility is likewise high, especially for workers at the top and the bottom of the qualification structure. In general, the decline of traditional (localised) values, such as family and nation, and a growing orientation towards individualism, consumerism and cosmopolitanism (where English increasingly becomes the language of work) has increased the propensity among European citizens to work in another country. For example, large familial structures that once were the bedrock of social systems in many European countries have been in decline as non-traditional nuclear families (single parents, combined families, and families with same-sex parents) have become more common.

Mobility is high among the high and low skilled

High levels of growth and the constant demand for specialised skills attract high-skilled professionals to booming European regions and cities. In the “war for talent”, regions and firms welcome the highly skilled and court them by offering attractive living conditions, preferential tax rates, benefit packages, etc. Demand for skills, however, changes quickly as skills that are avidly sought at one moment become irrelevant the next. Highly skilled workers are at risk of burning out, and increasingly have to take responsibility for maintaining their work-life balance.

War for talent

A subsection of professionals working in the business and financial-services sectors has become nomadic. Employment in these fields is often project-based. These professionals either move between companies and countries on temporary, short-term contracts and assignments or via intra-company transfers in large corporations that have subsidiaries in multiple countries. Another group of professionals make their careers by selling their services to companies across Europe, servicing them remotely, and having to travel to meet customers and project teams in person only on occasion.

Professional nomads

The role of short-term moves in intra-EU labour mobility

Anne Green, Institute for Employment Research, University of Warwick

Historically, studies of geographical labour mobility have tended to make a distinction between journeys-to-work (i.e., commutes) typically undertaken on a daily basis and permanent relocation on a long-term basis. Yet the reality is that such types of mobility represent the poles of a continuum, with long-distance weekly commuting and short-term moves of longer duration than long-distance weekly commuting, but not involving permanent relocation on a long-term basis, lying in between. Such short-term moves may be undertaken for a variety of reasons – including simple short-term economic gain, broadening experience to enhance longer-term career development, improving language skills and/or discovering a different country. There is no precise and agreed-upon definition of what constitutes a short-term move, but one working definition of a short-term move is a move between EU Member States for a period of less than a year (Green et al. 2009). Likewise, there is no universal recording system for recording such short-term moves between EU Member States and neither are existing measurement tools and data collection frameworks – including registration systems, censuses and surveys – well designed to capture such moves. Hence, short-term moves tend not to be well captured by official statistics.

Yet there are several reasons to suggest that short-term moves will play an increasing role in intra-EU labour mobility in the future. First, the internationalisation of labour markets suggests that there will be increasing scope for such moves. Second, and relatedly, multinational companies seek to transfer workers between international locations – often on a project by project basis which is associated with short-term moves. Third, the availability of cheap travel makes short-term moves realisable for many more people in a way that was not so possible in previous eras. Fourth, the growth in numbers of students and the increased significance of international student mobility has implications for the development of “mobility mind-sets” and international social networks, and so for subsequent short-term intra-EU labour mobility. Fifth, ongoing developments in information and communications technology make for easier recruitment on an international basis and allow those who are internationally mobile to maintain close contact with their contacts in other countries, thereby facilitating further short-term moves.

Short-term moves are, at least in part, a reflection of the increasing complexity of intra-EU labour mobility – and potentially, albeit not necessarily, short-term intra-EU moves may be advantageous from individual, employer and EU perspectives.

Further reading

Green, Anne E., Beate Baldauf, and David Owen. 2009. “Short-Term Mobility: Final Report”. Report prepared for the European Commission.



Increased flexibility within the labour market is heightened by reduced social security (pensions, health care). As a result, new markets for private-sector social security mechanisms are emerging to serve these worker needs.

A growing number of workers who lose their jobs due to technological change and disappearing industries are looking for work in other EU countries. The ranks of the mobile working poor swell as a result. These workers are not necessarily unskilled, but do not possess the skills necessary to be competitive in the new “knowledge economy”.

Mobile working poor

Employment growth is strong in the personal-care economy (housekeeping, maintenance, and assistance with children and the elderly). Wealthy households’ demand for services in this sector from migrant women is particularly brisk.

In other sectors, as unemployment benefits are meagre and of only limited duration, even the most unpleasant jobs are taken. Employment is often seasonal (construction, agriculture, hospitality, tourism), working conditions are bad, and salaries are low.

Abuse and exploitation of workers is a growing challenge, and media scandals and court cases increase in frequency. Workers are recruited by labour brokers and temp agencies in their home and destination countries. To mobile workers, these companies sometimes make unrealistic promises about living conditions and wages abroad. In destination countries, workers often find themselves in a vulnerable position, as they do not speak the local language, are not familiar with laws and regulations, and are only partially covered by social security systems. Female workers in cleaning, personal care and other domestic services are especially vulnerable.

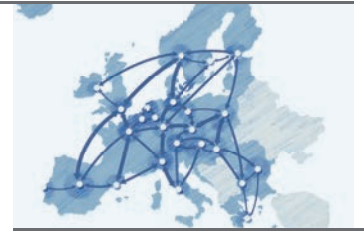
Abuse and exploitation are frequent

Table 4: Intra-EU mobility in Marketised Europe

	Marketised Europe
Size	High
Main type (duration)	Temporary mobility via multiple contractual relationships
Legal form	<ul style="list-style-type: none"> ■ Free movement ■ Posting of workers ■ Intra-company transfers ■ Remote working ■ Commuting
Direction	Multi-directional
Structure of mobile workforce	<ul style="list-style-type: none"> ■ Polarised with high mobility at the top and bottom of the skill structure ■ Mobility will be high in the sectors of the economy where physical presence is required. Others will work internationally via remote work solutions
Main mechanism /channel	Market, online exchanges, temporary and recruiting agencies, and informal networks
Drivers (push/pull)	<ul style="list-style-type: none"> ■ Growth and skill shortages in the booming regions and cities ■ Cuts in public spending including unemployment benefits ■ Dislocation of low-skilled workers due to technological change
Challenges for intra-EU mobility	<ul style="list-style-type: none"> ■ Education and training of dislocated workers ■ Social security for mobile workers ■ Exploitation of low-skilled workers

Source: By authors.

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Technological perspectives on the future of mobility

Tine Andersen, Danish Technological Institute

Technology has always had a profound impact on the nature of people's mobility around the globe. The great migration wave from Europe to the United States in the early 20th century would not have been possible without steamships, and today, mobile workers around the world benefit from access to cheap air travel.

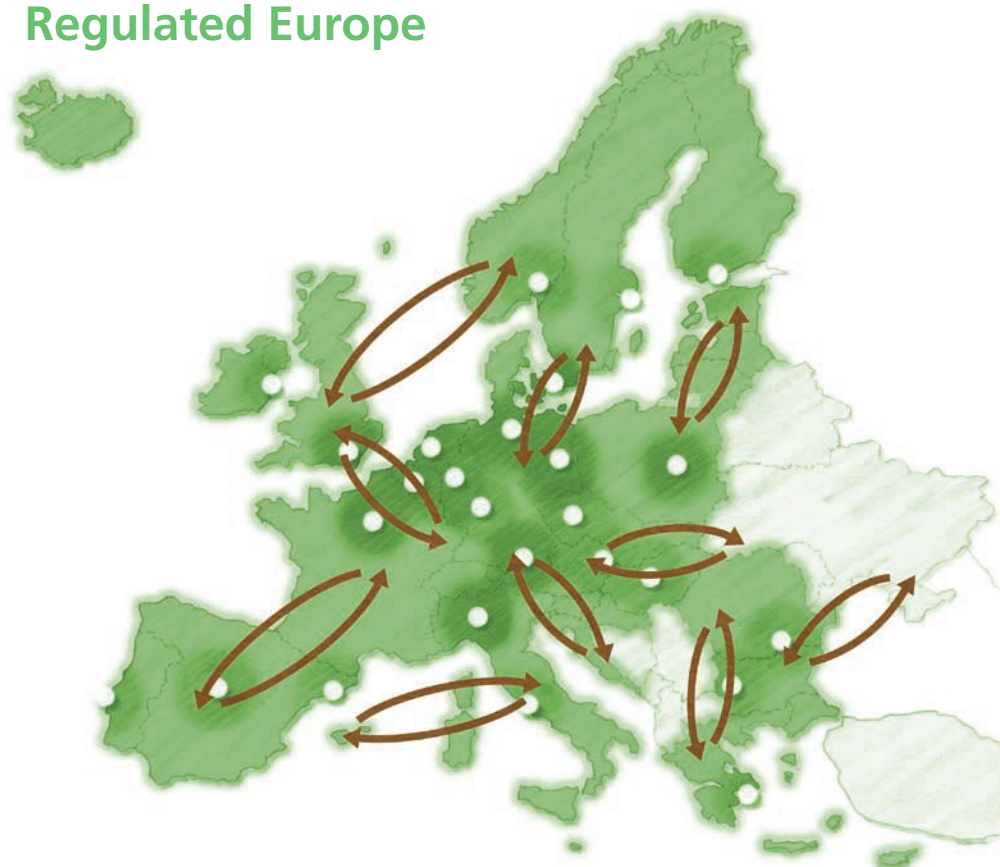
But how will technologies impact mobility in the future? It is evident that some technologies drive mobility, while others will potentially lead to less mobility.

People who go to another country to work or study often do so only for a limited period. If they have a family in their home country, they want to be able to maintain contact. Two types of technology offer this opportunity: transport technologies and communication technologies. With a network of motorways, high-speed trains and cheap flights, it is easy to reunite. And with real-time audio-visual connections, people can remain in contact despite being separated by thousands of kilometres. Finally, sending money back to the family is greatly facilitated by the increased access to electronic money transfers. Also, projects that would have been discarded earlier as overly costly due to communication difficulties or high transport costs become increasingly feasible. Finally, it is easier to work "on the go", as mobile technologies allow workers to remain in contact with their home base.

At the same time, however, the need to travel is in some situations decreasing. Internet-based communication increasingly enables knowledge workers to remain stationed in front of their computer rather than travel in order to collect information and data. Virtual presence is with us: Meetings can be held in cyberspace, interviews conducted using internet-based video calls. And the possibilities are growing: Remote control of a plethora of functions is facilitated through a combination of robotics, sensor technologies and the internet. An engineer will no longer need to go abroad to inspect a broken-down installation – he can download its data and send instructions to local technicians to repair it. Advanced biotechnological analyses, combined with the ability to process and analyse large datasets, increasingly allow doctors to diagnose illnesses over great distances and give instructions to local health staff or patients or even perform operations using remote-controlled robots.

In summary, technologies affect mobility in ways that run counter to each other. One consequence could be that in the future, mobility will increasingly become the result of conscious and deliberate choices made by an individual or company. For those forced to be mobile for economic reasons, the technologies needed to ease the inconveniences they face will be available.

Regulated Europe



Summary The economic downturn that started in 2008 taught European leaders an important lesson: European prosperity could only be achieved via deeper political integration, tighter and greater enforcement of regulations, and by furthering the EU project. The goal is now to move towards an EU federation with increasing interdependence at all levels. As part of the plan to achieve this goal, European leaders and Member States are striving to lay the foundations for a common labour market, increase the flexibility and mobility of EU citizens, and strengthen the single currency and other EU institutions. Fiscal transfers have slowed the decline of peripheral economies, lessening the relevance of push factors as economic incentives for mobility. Mobility has become more circular and less permanent, and is based on pull factors such as skill needs. In this scenario, a functioning fiscal union has been established; the EU Commission recently announced initiatives to develop an EU-level unemployment benefit and social security scheme, which is in part designed to further remove potential barriers to mobility.



- Political decisions to create a deeper, more interdependent European Union
- Strengthening of social partners' involvement in the labour market
- Strengthening of Europe-wide labour-market networks and exchanges to promote pan-European mobility
- EU and national leaders push society towards responsible solidarity as a means of overcoming economic dislocation and potential for social conflict
- Solidarity, sustainability, equality, social inclusion as main values

Driving forces in this scenario

Following the financial, debt and economic crises that began in 2008 and lasted for almost ten years, European leaders took away one important lesson: Economic prosperity could only be achieved by creating a more integrated and tightly regulated Europe. This led to a push for a “new Constitutional Treaty”. EU leaders and their national counterparts launched a series of compromises and top-down reforms aimed at the creation of a stable, integrated and more prosperous union, well beyond the completion of the Single Market.

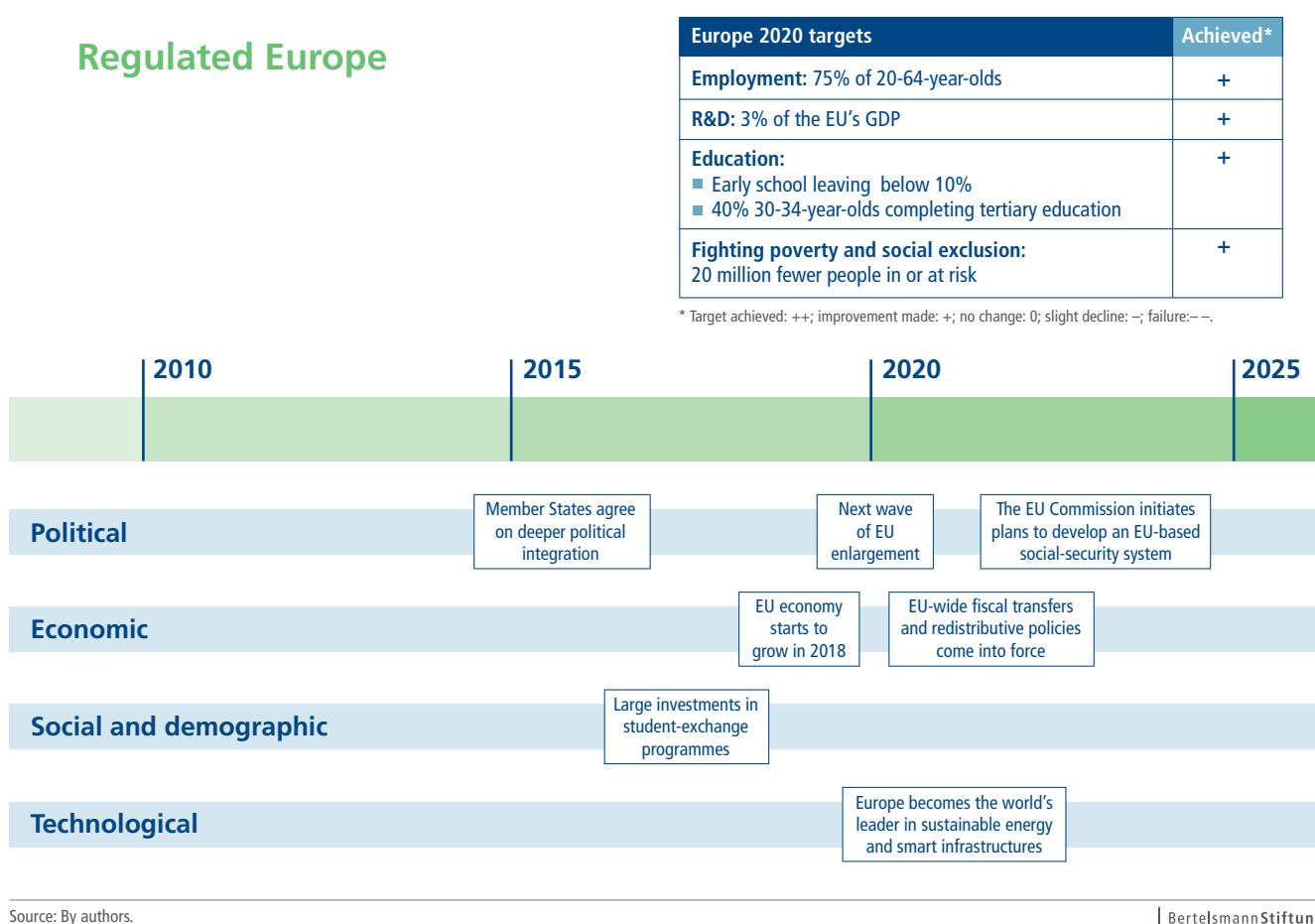
Integrated Europe

The process can at times be tedious, but the goal is clear: the creation of a federated Europe that will offer greater stability through fiscal transfers and risk sharing (e.g., eurobonds), further institutional and economic integration (“political union”), and greater democratic involvement by strengthening the European Parliament’s role in governance.

European leaders have prioritised an increase in intra-EU mobility through education programmes and the creation of Europe-wide labour market networks and exchanges. Political commentators are anticipating the launch of the Commission’s plans for an EU-based social security system, which will be presented later in 2025 to further facilitate the mobility of European workers.

As a result of these activities, the European Union came close to achieving its 2020 targets. Employment rates have approached 75% among 20- to 64-year-olds. R&D spending is growing, driven by massive increases in public-sector spending. Such spending includes education, health care and infrastructure investments, which are in turn boosting broader economic competitiveness. EU and national-government investments are particularly focused on positioning EU companies at the forefront of the global energy and smart-infrastructure industries.

Figure 14: Timeline



Common social-welfare model

The last ten years have witnessed the cacophony of anti-European movements slowly losing popularity. The overwhelming majority of European leaders and national politicians recognise and are able to convince their electorates that a deeper integration of the European project is in Europe's and their own interest. European and national leaders have launched a series of initiatives to create a common social-welfare model based on:

- Stability through multilevel economic and social surveillance, fiscal transfers, and risk sharing
- Stronger social protections for those affected by economic dislocations due to increased internal competition and technological advancement
- Increasingly unified employment and industrial policies



The European Union's three policy goals for much of the past decade have been focused on reducing poverty levels, social exclusion and the economic inequalities both between Europe's north and south and its west and east. The results of this effort are finally coming to fruition. In 2023, EU-wide fiscal transfers and redistributive policies came into force. EU policymakers expect that inequality levels among EU countries should in time begin to decline.

Towards greater economic equality among regions

National governments continue to strengthen progressive and redistributive taxation policies, provide generous unemployment benefits, and offer retraining to workers made redundant. In order to gain business-sector acquiescence, national governments have made it easier to lay off unnecessary or unproductive workers.

Starting in 2014, working mainly through the implementation of the Multi-Annual Financial Framework 2014 - 2020, the European Union has advocated intensifying investment in improving human capital so as to help its working population adjust more rapidly to increases in internal and global competition and to redundancies caused by technological development and the automation of work.

Active labour market policies help workers to adapt

Skills development and retraining (e.g., active labour-market policies) are increasingly being promoted and coordinated at the EU level. The mantra in Brussels and in national capitals is that "educational programmes must support market needs". EU and national leaders continually promote closer ties between educational institutions and businesses.

Firms are encouraged to invest in the training and development of their workers via apprenticeships or through training programmes for consultants and project employees. The EU continues to promote greater mutual recognition of diplomas and competences across Member States.

EU leaders and labour-market specialists point towards the Nordic flexicurity model as a way to help create dynamic labour markets that support the weakest citizens and those dislocated by economic integration or technological development.

Flexicurity

A number of countries have begun to rebuild their labour-market policies on the flexicurity model, which combines labour market flexibility with a high level of income security. Progressive income-tax policies and a fairly high level of overall taxation by way of fiscal harmonisation have been introduced across Member States. This revenue allows for more generous unemployment benefits and retraining of those laid off.

Mobility is moderate due to effects of fiscal transfers, but high among young people

Intra-EU labour mobility is relatively moderate, although it is at a higher level than in 2014. Fiscal transfers and improving prospects in depressed regions reduce the incentive to move to other countries. However, the propensity to live and work in another country is particularly high among the young, who consider working abroad for some time an essential part of growing up. Supported by public sponsorship schemes and subsidy programmes, young people not only study but also work in other European countries to learn new languages, build cultural awareness and gain new skills.

Migration is circular

Most return to their home country after a few years, and employers are eager to hire these workers that possess a “European background”, making the time abroad an essential asset. Receiving countries eagerly welcome the young workers, as they help to ease labour and skill shortages in regions affected by ageing. In addition, companies recognise that mobile workers bring innovative potential and new experiences to their jobs.

Facilitation of labour-market mobility

The EU Commission has focused on facilitating labour mobility in order to ease internal imbalances. It has strengthened the EURES network to enable the movement of workers from areas with a labour surplus to those experiencing shortages. The EURES network of public-employment services has developed into the most significant hub for job and training placements across Europe, providing not only job offers and support, but also funds for language and cultural courses. European mobility is becoming multi-directional as awareness of opportunities – even in periphery countries – grows. While moving without support is associated with considerable risks and uncertainties, moving within the EURES framework gives workers a large network of resources they can draw upon to make their move a success.

Labour mobility of older employees remains low

Despite these developments, older workers have a lower propensity to move, as they have acquired greater degrees of social protection and larger pension entitlements. While diplomas and degrees are commonly recognised across Europe, competences acquired on the job after the completion of formal training are still difficult to transfer to a new job in the same or in another country.

EU-based social-security system is in the works

The European Commission has announced plans for creating an EU-wide unemployment benefit and social security scheme. Political commentators expect that this will lead to significant growth in public spending due to the costs of integrating policies. However, these integration policies receive strong support from the population at large, as they are based on the values of solidarity, sustainability, equality and social inclusion.



Table 5: Intra-EU mobility in Regulated Europe

	Regulated Europe
Size	Moderate
Main type (duration)	Circular, relatively short-term
Legal form	<ul style="list-style-type: none"> ■ Free movement ■ Posting of workers
Direction	Multi-directional
Structure of mobile workforce	All skills levels where physical presence is required, mainly young workers
Main mechanism /channel	Public institutions (PES, EURES)
Drivers (push/pull)	<ul style="list-style-type: none"> ■ Labour shortages in some regions due to demographic change ■ Recognition of innovative potential of mobile workers
Challenges for intra-EU mobility	<ul style="list-style-type: none"> ■ Organising EU-wide labour and skill matching (labour market forecasts, analysis of skill shortages, etc.) ■ EU-based unemployment insurance and transferability of pensions and other insurance schemes ■ Coping with variety of languages and cultures ■ Mindsets towards immigration

Source: By authors.

BertelsmannStiftung

The potential of labour mobility in increasing innovation, productivity and growth

Stefan Vetter, Deutsche Bank Research

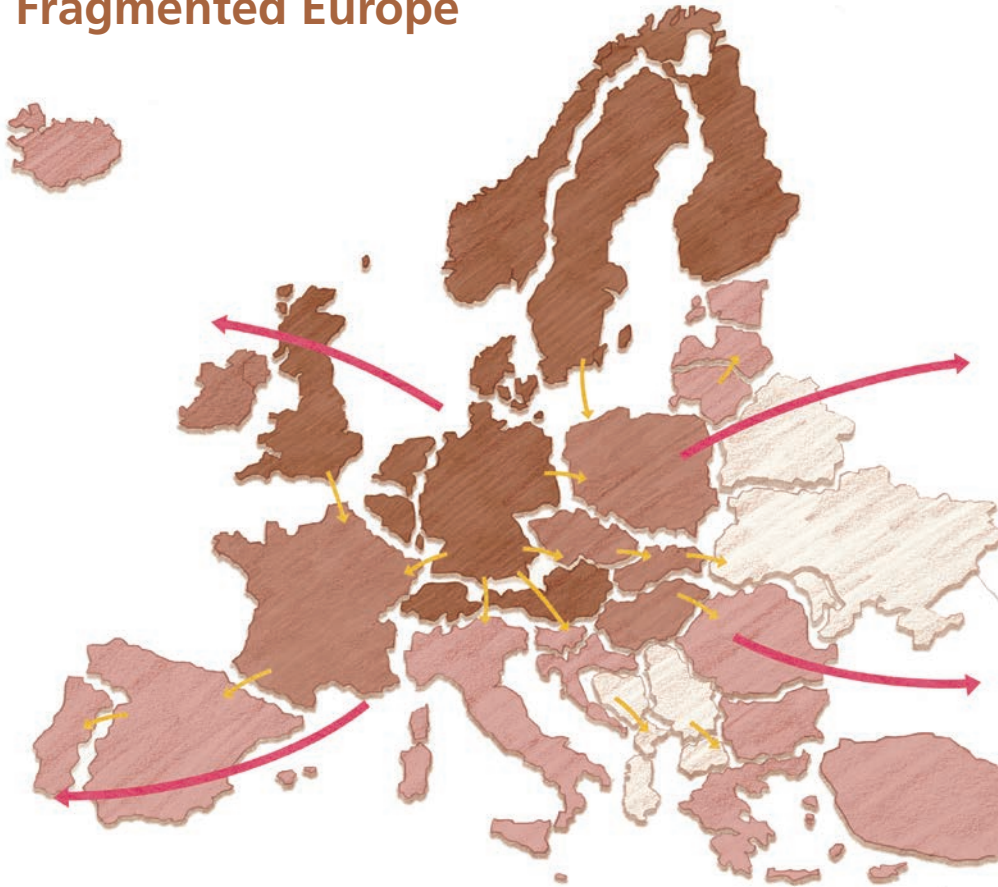
Labour mobility is beneficial for the individual if the likelihood of finding a job or the potential wage is higher abroad than at home. However, there are also economic benefits at the aggregate level. Better employment opportunities abroad accrue when there is a shortage of adequately trained local residents. Labour mobility thus leads to a reallocation of workers from less productive to more productive sectors. But mobile citizens contribute to economic growth not only by achieving a better matching of the supply and demand for labour but also via the diffusion of knowledge and skills, which increases productivity and innovation capacity.

A valid concern in the context of skilled migration is the possibility of “brain drain”. However, with the exception of very few specific sectors, this concern is often unfounded, especially in view of the low labour mobility in the EU. For the vast majority, international migration is skill-enhancing as it offers employment opportunities which are unavailable at home. In countries plagued by high unemployment, there is often also a scarcity of adequate jobs in high-skill occupations. This leads to a cascade where high-skilled workers have to accept medium-skill jobs, and medium-skilled workers move to low-skill occupations. Thus, we observe the twin phenomena of high unemployment and a high share of the population working in occupations which do not match their skill level. Both groups can improve their economic situation and enhance their skill set by being internationally mobile.

Eventually, the majority of mobile workers sooner or later return to their home country. In fact, it is often because of the additional qualifications acquired abroad that they become particularly attractive to companies at home. The domestic economy receives better-trained workers than it has sent away, and the net result is actually a “brain gain”. The presence of a better-trained workforce has a positive effect on productivity, and economic studies have shown that this holds especially true if mobile workers have complementary skills to the ones of the existing workforce. However, the availability of more qualified workers will also induce companies – local as well as foreign – to establish and invest in skill-intensive and high-technology industries. Unless income differences between countries are so huge that they seriously inhibit the return migration of high-skilled workers, a mobile labour force is ultimately to the benefit of both the home and the destination country.



Fragmented Europe



The European project is in a shambles. The less competitive countries have left the euro, as they can no longer bear the costs of staying inside the framework. The European Union is no longer an attractive partner for countries that once considered themselves prospective members. The European Union is caught in a “doom loop,” and its economic competitiveness compared to other major regions continues to decline. Member States struggle to maintain their welfare services in the face of creditor pressure for increased austerity. As a result, EU citizens’ optimism is at an all-time low. Instead of moving to other EU countries, talented EU workers often choose to migrate to other, more dynamic regions. The level of intra-EU mobility is very low. It is better to stick with the security and benefits that you know rather than risk an uncertain future in another part of Europe.

Summary

Driving forces in this scenario

- European states in crisis, with conflicts in the region
- Financial regulation has failed
- Increasing antagonism towards the European project
- Europe has lost competitiveness in the global economy
- Constrained leadership at EU level

Economic and political deterioration

The EU project is a shambles. The last 11 years have been one long period of economic and political deterioration, with several periphery countries leaving the euro in 2018. Economic crisis and extreme nationalism threaten the EU project.

Single Market under threat

Economic growth hovers around zero or is negative in most countries. Countries on the periphery of the euro have begun to reintroduce their former national currencies. During this period of instability, EU countries have introduced capital controls and other national regulations in an uncoordinated manner. Protectionism threatens what remains of the EU project and the Single Market. The European project has lost its attractiveness to countries that were once perspective members. No one talks seriously about enlargement anymore.

Talent leaving the EU

European national economies are deindustrialising at an accelerating pace as companies seek stable operating environments elsewhere. It is a disorderly breakdown. Massive budget cuts in all countries are threatening future prospects, as educational institutions cannot adjust their offerings to local market needs. Talented individuals from both inside and outside the European Union seek educational opportunities in North America and Asia instead of within EU countries.

Lost innovation capacity

Interventionism and protectionism have increased economic inefficiencies across Europe. Hi-tech and life-science industries are moving to other, more stable regions around the globe. Innovation capacity is extremely low, and most companies focus on increasing their resilience by decreasing their labour and other costs. As a result, flexible contracts, zero-hour contracts for jobs requiring on-call availability, and marginal employment grow across Europe.

The European Union has failed to meet its Europe 2020 targets. Employment rates continue to drop, a phenomenon that has in turn reduced private- and public-sector investment in R&D. Social exclusion and poverty rates are on the rise as unemployment strains public budgets across the European Union (see Figure 15 below).

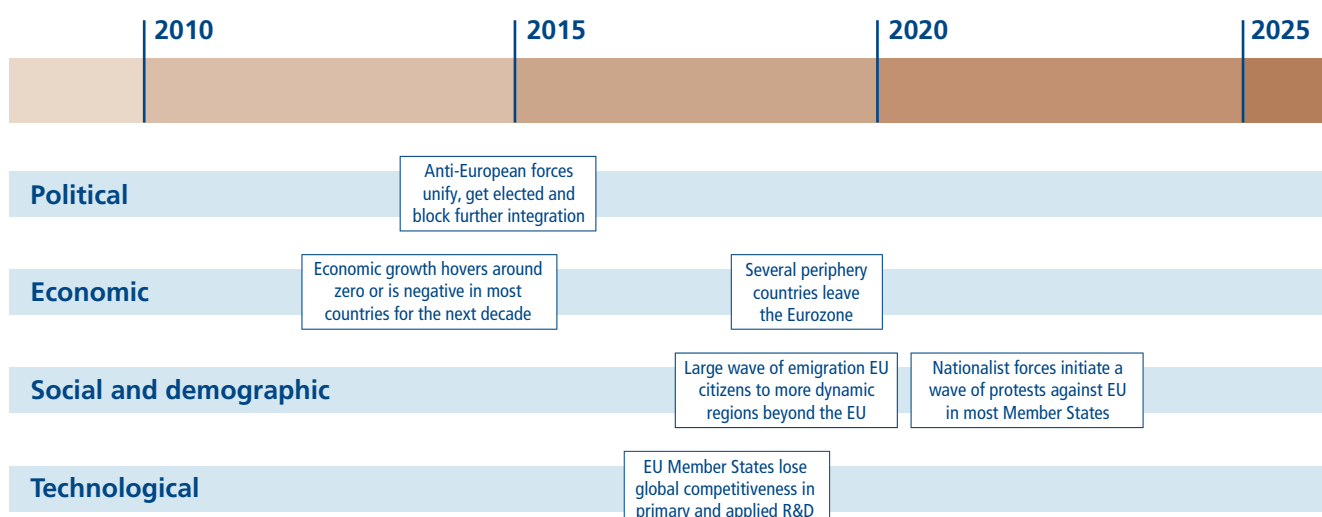


Figure 15: Timeline

Fragmented Europe

Europe 2020 targets	Achieved*
Employment: 75% of 20-64-year-olds	–
R&D: 3% of the EU's GDP	–
Education:	0
■ Early school leaving below 10%	
■ 40% 30-34-year-olds completing tertiary education	
Fighting poverty and social exclusion:	0
20 million fewer people in or at risk	

* Target achieved: ++; improvement made: +; no change: 0; slight decline: –; failure: – –.



Source: By authors.

BertelsmannStiftung

High unemployment levels persist across Europe due to continued economic stagnation and economic uncertainty. National social-security systems are under pressure, and policymakers focus on saving existing welfare models.

Growing costs of existing welfare models

This ambition comes under strain, as public spending has exploded due to huge expenditures on social security combined with declining tax receipts. Europe faces a number of debt crises across the continent. The welfare state is being hollowed out across Europe to meet debt obligations and due to creditor-nation demands.

Countries make efforts to protect the jobs they can. The ad hoc imposition of regulations in a number of industries distorts the European economy and undoes many of the EU's achievements over the last 40 years.

Migration to home

Labour mobility is at a historic low. Due to continued stagnation and high levels of economic uncertainty, EU citizens prefer to stick with the security and entitlements they have in their home countries, rather than risking an uncertain future in another part of Europe. People who move primarily do so for private or family reasons. Instead, an increasing number of EU citizens who lived abroad are returning to their home countries, as they feel less and less welcome in their new homes.

Protectionism and nationalism dominate

Values such as protectionism and nationalism dominate the public discourse and receive massive support from an increasingly intolerant electorate. Discrimination and xenophobia spread across the region as a result. “Jobs for nationals only” is the motif behind new government policies to restrict the labour-market access of non-citizens. Welfare-state services are increasingly limited to the native population and exclude foreigners, regardless of whether they come from inside or outside the European Union.

Table 6: Intra-EU mobility in Fragmented Europe

	Fragmented Europe
Size	Low
Main type (duration)	Long-term
Legal form	<ul style="list-style-type: none"> ■ Free movement ■ Barriers increase, but low
Direction	Return migration
Structure of mobile workforce	Non-work related
Main mechanism /channel	Informal networks
Drivers (push/pull)	<ul style="list-style-type: none"> ■ Personal reasons ■ Discrimination in host countries
Challenges for intra-EU mobility	<ul style="list-style-type: none"> ■ Nationalism and xenophobia spreading across Europe ■ Desperate welfare challenges in periphery ■ Emigration from European Union to other regions of the world

Source: By authors.

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The benefits of labour mobility from an individual perspective

Claire Dhéret, European Policy Centre

With each successive wave of EU enlargement, discussions over the costs and benefits of labour migration have increasingly caught the attention of policymakers and commentators.

However, an objective analysis of costs and benefits should be far less simplistic than the negative picture that some policymakers are currently presenting. Labour mobility can generate both challenges and opportunities which vary according to time, location and the people concerned. Current debates should therefore focus rather on identifying the right policies to maximise the benefits of labour mobility, instead of thwarting it. Adopting a change of attitude towards labour mobility is all the more important given that being mobile can have significant positive effects on EU citizens. Indeed, labour mobility often offers considerable benefits for an individual's future. Although moving to another country can be a huge undertaking, people do generally move for good reasons, be it for family, a job and/or lifestyle-related interests.

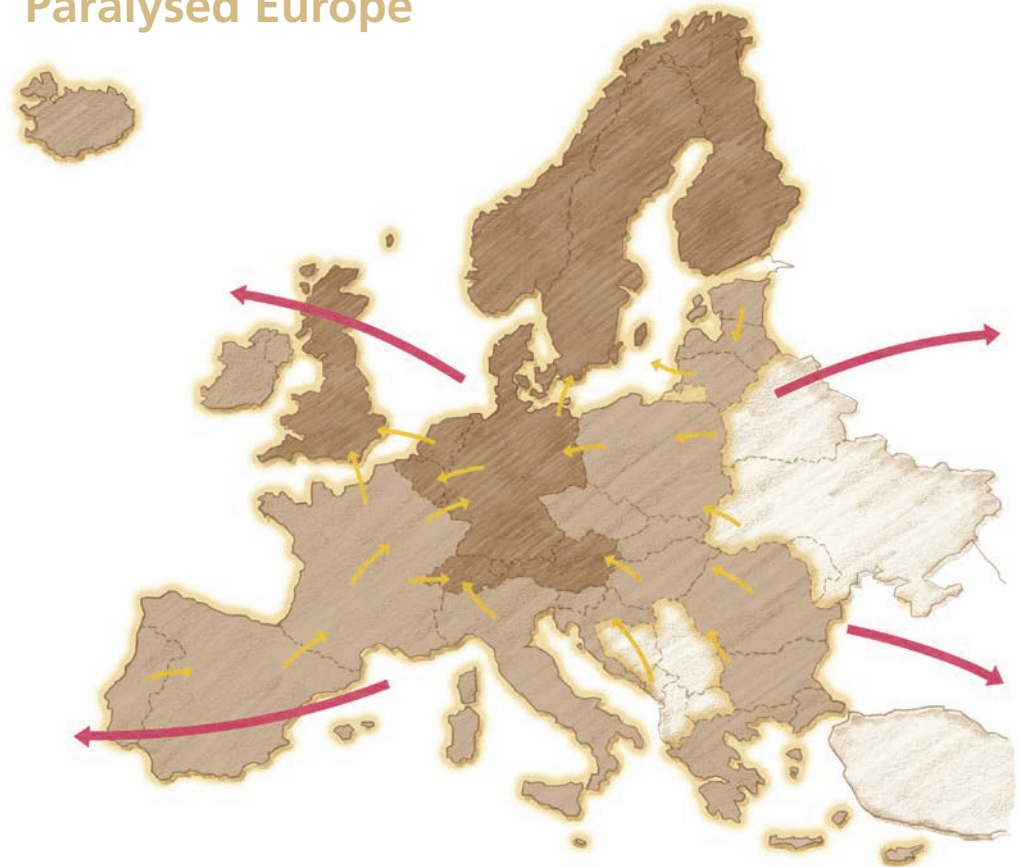
Current research on the impact of labour mobility on individuals often highlights short-term effects, in order to highlight negative phenomena such as workers taking jobs for which they are overqualified, possible "down-skilling" or the burdens of working overtime. Although these arguments are generally backed by strong evidence, they neglect the long-term view, as more positive developments could be charted over time. Indeed, there is very little knowledge of how EU mobile workers adjust to labour markets, and it should be kept in mind that such workers might simply need time to find the right job which truly matches their level of qualification.

Moreover, experiencing a period in a job for which one is overqualified does not reveal everything about the potential benefits a mobile worker could gain from labour mobility. Indeed, post-enlargement migrants are considered to be among the largest winners with regard to labour mobility in the EU. Even if down-skilling might be a real issue in the short term, post-enlargement migrants have also benefited from higher salaries and higher living standards in the EU-15 due to significant wage and unemployment gaps between sending and receiving countries (Kahanec 2012). In addition, EU mobile workers also enjoy better career prospects, even if they briefly are overqualified for work done in their host country, when they come back to their home country. The kind of skills and knowledge acquired abroad, such as learning a language, increase an individual's human capital. Last but not least, mobility experience signals to employers that an individual is flexible and has the capacity to adapt to a new system, which increases his or her employability in the future.

Further Reading:

Dhéret, Claire, Alex Lazarowicz, Nicoli Francesco, Yves Pascouau, and Fabian Zuleeg. 2013. "Making Progress towards the Completion of the Single European Labour Market". EPC Issue Paper 75. European Policy Centre.

Paralysed Europe



Summary In a hasty attempt to overcome the crisis, EU leaders relentlessly pushed for pervasive political integration through much of the 2010s, regarding political integration as a panacea that would lead Europe out of its slump. In 2025, Europeans are now aware that this political integration has exacerbated existing structural problems rather than ameliorating them. For example, larger EU and national budgets financed through more aggressive taxation schemes at the EU and national levels have led to higher costs for companies. These companies have responded by moving operations outside of Europe or shutting down.



The need for structural reforms is paramount. The European Union and its members, however, have adopted a rigid and rule-based approach to regulation, creating inflexible bureaucracies. These sclerotic structures and regulations prevent taking action. Although it is now easier to move around Europe, few do so. Instead of moving to other EU countries, mobile workers choose to migrate to other, more dynamic economies in Latin America, Asia, North America and Australia.

- Poorly designed and implemented political integration
- European fiscal transfers introduce moral hazard and disincentives for reform throughout Europe
- Duplicated, outdated, and bloated public-sector structures at European and national levels
- Member economies are paralysed, and European competitiveness declines due to high tax burdens and over-regulation
- Stagnant or negative growth across Europe
- Initial pan-Europeanism, today replaced by social conservatism across Europe

The EU project has become a “good thing gone bad”. European economic competitiveness continues to decline. Political leaders in Member States, while driving for an expansion of EU competencies, were unwilling to let go of national competencies. This resulted in a duplication of national institutions at the European level. An attempt to drive a new era of EU integration has failed due to poor design and implementation. The European Union now suffers under sclerotic growth, and its population is increasingly disillusioned with the EU project.

European and national leaders saw that a fiscal union was essential for maintaining the euro zone’s integrity and stability. European leaders argued that a strong monetary union could not function over the long term without a fiscal union. Despite popular reticence in a few heavyweight countries, European elites were able to create slim majorities across Europe in favour of a new fiscal union.

While national social-security systems remain intact, EU policies focus on stabilising the weakest countries’ social-security systems as a counterbalance to the negative consequences of fiscal austerity. Core states still provide generous insurance-based unemployment benefits, high-quality health care, and unemployment support. Despite help from core countries, the welfare model in peripheral countries is under pressure. Cutbacks are common, and waiting lists are long and growing longer.

Recently launched, but misguided financial-transfer systems between Member States have fulfilled fiscal-union naysayers’ worst fears. The fiscal union introduced disincentives and moral hazard in poorer, less productive countries, further eroding productivity in periphery economies.

Driving forces in this scenario

European integration has become a “good thing gone bad”

Fiscal union seen as essential for euro zone stability

German naysayers’ fears realised

Stagnant and negative growth across the EU

Over-regulation has exacerbated Europe's productivity crisis. Growth has been stagnant for much of the last decade, and many countries' economies continue to contract. For the last decade, European leaders have sought to employ political reforms backed by debt financing to stimulate the economy, but to little effect. These efforts now severely constrain governments' capacity to act.

Scepticism grows in core EU countries

European and national leaders have introduced strict rules on job protection, as well as other labour regulations that have made the labour market increasingly inflexible. New measures intended to protect jobs have had the opposite effect, reducing foreign investment and increasing incentives for companies to move operations abroad. At the same time, EU leaders have worked to improve labour mobility within the European Union in an attempt to counteract internal imbalances.

While poorer countries show anaemic economic performance, rich European countries perceive the effects of moral hazard. This creates growing intra-European tensions, along with disillusionment and even scepticism towards politics and the EU project among populations in core EU countries. Tax avoidance and evasion are growing challenges, and anti-tax movements are becoming more popular. These movements are seen as a protest against out-of-control spending and inefficient government. The prevalence of informal and undeclared economic activities is rapidly rising across the EU, further reducing government revenues from taxation and social contributions.

Social inequality grows

Social inequality increases as technological progress transforms the economy. In response, European and national leaders attempt to improve European educational systems from a state-led perspective. Yet educational reforms simply cannot keep pace with changing marketplace demands. Those with the right skill-sets find few opportunities in Europe due to the region's poor competitiveness.

European Union fails to achieve 2020 targets

As a result, the European Union has failed to meet its Europe 2020 targets. Employment rates continue to decline, reducing private-sector investment in R&D. Interest in education also falls as the population sees a large portion of graduating students going directly on unemployment rolls. Public expenditures in R&D lead to few economic or social benefits, and are not enough to replace cuts imposed by private-sector companies. Social exclusion and poverty rates rise as unemployment strains public budgets across the European Union (see Figure 16 below).

The general lack of economic progress, increasing perception of moral hazard among periphery states by core states, and growing social inequality are producing a disillusioned population that is sceptical of the European project. On a personal level, although it is now easier to move around Europe, few choose to do so. Instead of moving to other EU countries, talented EU workers often choose to migrate to other, more dynamic regions. Those who do migrate internally do so for personal reasons. The European Union is no longer attractive to potential candidates for expansion.

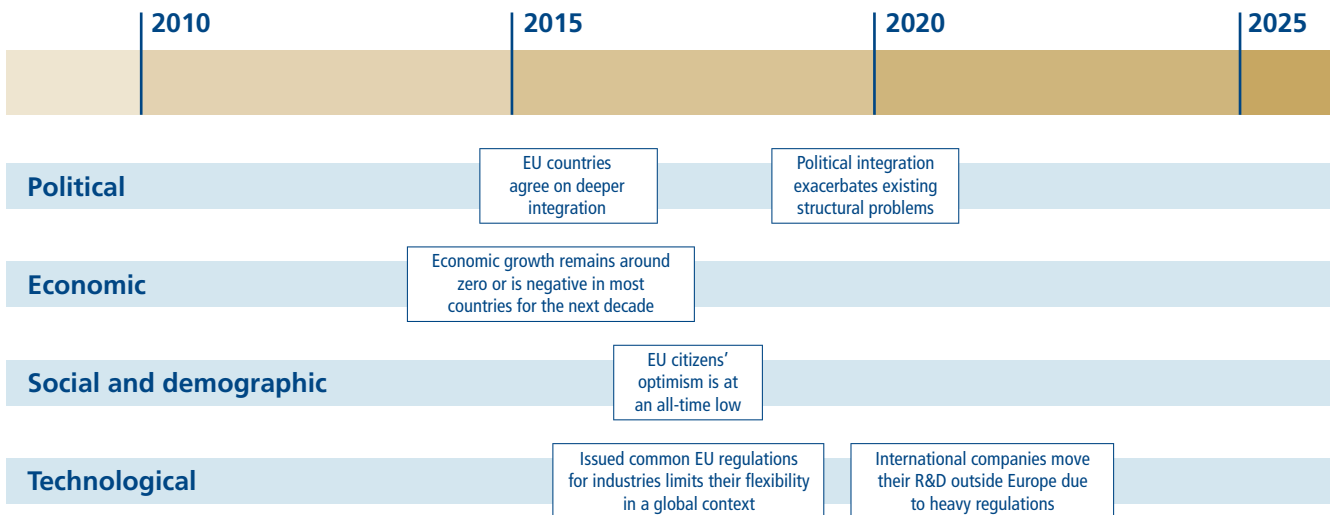


Figure 16: Timeline

Paralysed Europe

Europe 2020 targets	Achieved*
Employment: 75% of 20-64-year-olds	–
R&D: 3% of the EU's GDP	–
Education:	0
<ul style="list-style-type: none"> ■ Early school leaving below 10% ■ 40% 30-34-year-olds completing tertiary education 	
Fighting poverty and social exclusion: 20 million fewer people in or at risk	–

* Target achieved: ++; improvement made: +; no change: 0; slight decline: –; failure: ––.



Source: By authors.

BertelsmannStiftung

Popular scepticism toward the EU project is also growing due to perceptions about an increasing number of “poverty migrants” showing up in larger European cities. They are mostly part of social groups that are marginalised in their home countries, and who have nothing left to lose. While their primary goal is to make ends meet by finding jobs in the expanding informal economy, the public impression is that these people are coming to illegitimately claim social assistance and welfare services in the more generous Western European welfare states. This leads to grumbings that “welfare scroungers” should be kept out. Voices calling for restrictions on the mobility of these groups for reasons of “public security” and “public health”, or even for an end to the regime allowing free movement between countries, are becoming louder.

Fears over welfare and poverty migration

Table 7: Intra-EU mobility in Paralysed Europe

	Paralysed Europe
Size	Low
Main type (duration)	Long-term
Legal form	<ul style="list-style-type: none"> ■ Free movement ■ Barriers decline, but few take advantage of the opportunity
Direction	Emigration out of Europe
Structure of mobile workforce	Non-work related
Main mechanism /channel	Informal networks
Drivers (push/pull)	<ul style="list-style-type: none"> ■ Personal reasons ■ Poverty and marginalisation of disadvantaged groups ■ Generous welfare systems in destination countries
Challenges for intra-EU mobility	<ul style="list-style-type: none"> ■ Scepticism and disillusionment with the EU project ■ Overcoming low-mobility mindset despite declining barriers ■ Emigration from European Union to other regions of the world ■ Poverty and welfare migration

Source: By authors.

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Welfare migration: Myth or reality?

Lucia Mýtina Kureková, Slovak Governance Institute

Understanding the impact of welfare systems on migration flows and their composition occupies an important share of migration studies. While the public in advanced countries believes that many migrants come to exploit generous social nets, evidence on higher welfare usage among migrants is rather inconclusive: It varies across countries, across immigrant groups and over time. Rigorous studies in general find that higher welfare take-up among migrants essentially disappears once we take into account factors such as sectors of employment and other individual characteristics. Moreover, intra-EU migrants and, especially, third-country migrants, face constraints on access to welfare systems in host countries. Most social rights are conditioned on previous contributions to the welfare system in the form of legal employment. Welfare take-up of migrants is circumstantial to particular institutional features of welfare regimes (i.e., eligibility criteria) and the interaction of home and host countries' welfare systems.

The welfare magnet debate also dominated policy discussions prior to the eastern enlargements of the EU in 2004 and 2007. Due to fears of welfare misuse, EU-15 countries introduced precautionary measures, such as transitory periods on the free movement of labour or adjustments to social benefits entitlements. For example, although the United Kingdom liberalised its labour market for EU-8 workers from May 2004, it introduced a mandatory worker registration scheme. This tool was established to monitor labour market developments and react with further adjustments if proven necessary, but also entailed important legal elements with repercussions on welfare access. Further, a requirement of continuous legal employment of 12 months with breaks of less than 30 days was included as a condition for passing the habitual residence test required for many means-tested benefits. Empirical evidence on EU-8 migrants in the United Kingdom found that migrants were much less likely to claim benefits and social housing than were natives, and that EU-8 migrants, among all immigrant groups, rely on welfare the least, with the exception of child benefits and tax credits.

While transitory periods have passed, access to social rights for migrants from new accession states continues to be conditioned on the existence of an employment history in a host country. This means that a range of social citizenship rights are in many countries granted or adjusted based on previous formal legal employment and its sufficient duration. For the case of intra-EU migration, difficulties in transferability of social rights (social insurance benefits or pension rights) belong to key setbacks towards higher levels of labour mobility. Furthermore, an important factor shaping intra-EU labour mobility is the welfare systems in home states, which profoundly shape opportunities and constraints in domestic labour markets and directly and indirectly affect migration choices.

Further reading:

Mýtina Kureková, Lucia. 2013. "Welfare Systems as Emigration Factor. The Case of Central and Eastern Europe." *Journal of Common Market Studies* 51 (4): 721–39.

HELM policy recommendations

Eric Thode and Joscha Schwarzwälder, Bertelsmann Stiftung

Based on the five scenarios and additional research carried out within the HELM project, this section presents 16 strong policy recommendations aimed at harnessing European labour mobility. Developing policy solutions to facilitate cross-border labour mobility is not an easy task, given the heterogeneous nature of various mobility patterns across Europe and the variety of policies and institutions that impact and are impacted by labour mobility. Various groups within the labour market face different challenges when taking up jobs in another country; policies thus have to be adapted to national, regional and local circumstances. The five scenarios outlined above highlight the broad range of variables that have to be factored in for any policy to be successful, and therefore provide a valuable framework by which to think about necessary policy changes.

The recommendations were derived from the scenarios in the sense that they each address specific requirements and challenges for intra-EU mobility posed by the scenarios. They were then developed with reference to existing policies at the EU and member-state level, detailing areas where further action was deemed most necessary. Of course, the list of policy proposals cannot offer a detailed blueprint for reform, and any initiative for harnessing labour mobility should take into account the following points.

First, as is generally the case when devising policies, there are no one-size-fits-all solutions when it comes to fostering cross-border labour mobility. As already mentioned, policies will have to be adapted to national and local circumstances. In some respects, some countries may already be performing much better than others, and while this presents an opportunity for learning from other countries, reforms have to be implemented with an eye to existing institutions as well as to prevailing societal attitudes and values. There is also a strong need to look separately at particular segments and groups within society, in particular women, the comparatively less skilled, and younger workers.

Second, only a joint effort by all stakeholders playing a role in cross-border labour movements will enable Europe to increase mobility and maximise mobility's positive impact. Although the policy recommendations below focus on possible contributions at the national-government and EU levels, non-governmental activities in support of mobility are no less important. In particular, regional and local authorities, employers and trade unions, and other civil society organisations can be key partners in building frameworks that promote and facilitate intra-EU labour mobility.

Third, there is a need to develop a comprehensive strategy for a common European mobility policy that goes beyond the technical and administrative aspects of various policies and programmes. The opportunities of the European labour market must become more visible, and people should ideally perceive a single comprehensive mobility policy associated with specific institutions,

keywords and procedures. Otherwise, the EU might end up with a well-organised mobility regime that people simply are not aware of.

Finally – a key point of the current study – policymakers have to bear in mind that the very same set of policy proposals can have different impacts under varying future developments. While some policy recommendations would be viable regardless of how the future develops within Europe, others may work only in certain settings and under certain circumstances. For this reason, the HELM policy proposals are “stress-tested” in the following section by evaluating their degree of effectiveness in and applicability across the five scenarios. The stress-testing exercise carried out by the HELM advisory board allows policy recommendations to be further differentiated, and enables identification of the steps most necessary in progressing toward the goal of a common European labour market.

Table 8: Intra-EU mobility in five different scenarios

	Polarised Europe	Marketised Europe	Regulated Europe	Fragmented Europe	Paralysed Europe
Size	High	High	Moderate	Low	Low
Main type (duration)	Long-term	Short-term migration via multiple contractual relationships	Circular	Long-term	Long-term
Legal form	Free movement	Posting of workers Intra-company transfers Remote working Commuting	Free movement Posting of workers	Free movement Barriers increase, but low	Free movement Barriers decline, but few take advantage of the opportunity
Direction	Periphery to core	Multi-directional	Multi-directional	Return migration	Emigration out of Europe
Structure of mobile workforce	Medium and low-skilled	Polarised, with high mobility at the top and bottom of the skill structure	All skills levels where physical presence is required, mainly young workers	Non-work related	Non-work related
Main mechanism / channel	Informal networks	Market, online exchanges, temp and recruiting agencies	Public institutions (PES, EURES)	Informal networks	Informal networks
Drivers (push/pull)	Unemployment and low income in periphery countries Growth and employment opportunities in the core	Growth and skill shortages in the booming regions and cities Cuts in public spending, including unemployment benefits Dislocation of low-skilled workers due to technological change	Labour shortages in some regions due to demographic change Recognition of innovative potential of mobile workers	Personal reasons Discrimination in host countries	Personal reasons Poverty and marginalisation of disadvantaged groups Generous welfare systems in destination countries
Challenges for intra-EU mobility	Brain drain and brain waste Need to integrate mobile workers Increased ethnic and cultural diversity, lower social cohesion	Education and training of dislocated workers Social security for mobile workers Exploitation of low-skilled workers	Labour and skill matching across the EU Variety of languages and cultures EU unemployment insurance Transferability of pensions and other insurance schemes	Nationalism and xenophobia spreading across Europe Desperate welfare challenges in periphery Emigration from European Union to other regions of the world	Scepticism and disillusionment with the EU project Overcoming low-mobility mindset despite declining barriers Poverty and welfare migration Emigration from European Union to other regions of the world

Source: By authors.

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Perception of individual-level benefits for mobile workers and migrants within the EU: the need for (a) common sense (of place)

Ricard Morén-Alegret, Universitat Autònoma de Barcelona

Migration within Europe is nothing new and, beyond the sound of what might be heard as trumpets of the apocalypse, there is a long history of migration across borders that have instead been music to European ears, helping to overcome economic gaps and political conflicts (Pascual 1970). Of course migration and mobility are not always harmonious – sometimes there is a lack of rhythm (the supply of workers does not cover existing demand) or the rhythm instead seems too fast (multiple immigration waves in a short period can be perceived as overwhelming). Today, if the EU-28 is considered a musical ensemble, the common European orchestra needs to play smarter and in tune. This lack of harmony can be an opportunity for common improvement. Regarding migration or mobility within the EU, it would be wiser to bear in mind a wide meaning of “benefit”, such as “a favourable or helpful factor or circumstance”, than to consider just a narrow meaning, such as “payment” (Thompson 1995). A score is often helpful when playing music and, similarly, scientific research can be helpful in designing a new European policymaking framework on mobility and migration. There is a need for more evidence-based research about the current migration situation. Regarding both individuals on the move and potential future migrants, such European policies should take into account that there is a link between emotion and movement between places. A sense of place may be felt on many scales, and there is no single sense of place, but rather many embedded and interconnected feelings that may be seen in particular settings (Mendoza and Morén-Alegret 2013). Accordingly, the perception of individual-level benefits for mobile workers and migrants within the EU may take place on several scales. There is not only the need for multilevel governance on migration (Zincione, Penninx and Borkert 2011), but also a possible multiscale sense of place among EU citizens has to be taken into account. If the goal is to be a lasting union, Europe should then be considered as a welcoming place where individuals can find a place to truly live, not just a general or abstract political space. Europe, then, as a place of places. “Places exist not only as physical entities but also as a result of people’s different experiences, and places are full of meaning and encompass an existential dimension, an emotional link with the human being. People’s lives occur in and interact with specific places with well-defined attributes ... In an increasingly unequal global world, places may acquire a greater role in providing security and assurance for individual identities” (Mendoza and Morén-Alegret 2013). However, regarding mobility and migration, does Europe have well-defined attributes and does it provide security and assurance? As in a music performance, smart European policy on migration and integration is not just about technical expertise but about the whole sensorial experience.

Further reading

Mendoza, Cristóbal, and Ricard Morén-Alegret. 2013. “Exploring Methods and Techniques for the Analysis of Senses of Place and Migration.” *Progress in Human Geography* 37 (6): 762–85. doi:10.1177/0309132512473867.

Scenario 1: Polarised Europe

Encourage return migration

Intra-EU mobility should not benefit some countries at the expense of others that lose qualified workers. Instead of a “brain drain”, circular migration offers the chance of a “brain gain”, as sending countries benefit from the human capital that mobile workers have acquired during their time abroad. In order to encourage return migration, sending countries should enact policies that aim at maintaining mobile workers’ links with their home countries, seeking to foster a sense of transnational citizenship, while ultimately working to facilitating their return.

For example, policies designed to maintain links with the home state might include actions such as expanding the use of e-government tools and providing citizens living abroad with the right to vote in national elections; organising an institutional network among nationals abroad; and actively promoting native-language schooling within expatriate communities. Facilitation measures should include the dissemination of information on home-country job offers, living and working conditions (e.g., on websites focusing specifically on these issues); assistance and financial support for businesses created by returning mobile workers (e.g., through establishing a venture-capital fund); and financial incentives for selected labour-force categories such as medical professionals or researchers.

Finally, making circular migration work also requires a change of mindset among firms and employers in countries of origin. Policymakers should work with local employers to create a corporate culture that values skills and qualifications acquired in other countries. Targeted measures for the successful reintegration of returnees into the local labour market (such as creating a formal means of recognising qualifications and knowledge acquired in the host country, or by providing specific counselling services) can help to avoid situations in which European work experience becomes a disadvantage rather than an asset for individual career development.

Foster a European fair deal on talent

In an economically polarised Europe, workers increasingly move from long-term crisis-stricken countries to those experiencing prolonged economic growth. In such a scenario, the free movement of labour accelerates talent imbalances in EU Member States and threatens to cement the economic prospects of Member States into two groups: those that are talent hubs and those that repel home-grown talent. As it is typically the young and educated who move, countries with prolonged net talent deficits see the age structure of their workforce shift upwards. These countries find themselves trapped in a vicious cycle, repeatedly losing out on the investments they have made educating future members of their workforce. These individuals’ decision to leave and pay taxes in other Member States further compounds the economic woes of the home country. Yet as jobs are scarce in crisis-stricken countries, keeping talent at home is not a viable alternative to free movement.

The European Union could introduce a mechanism that is able to compensate talent-sending countries for their investments. Such a “talent mobility stabiliser” would consist of a financial package administered at the EU level, designed to help EU Member States that contribute to the talent pools of their neighbours develop the human capital of their own national workforces and reduce domestic unemployment rates. Such a temporary mechanism would ease the negative consequences of outward mobility in sending countries, while helping to counterbalance economic disparities between EU countries.

Promote and simplify the recognition of professional qualifications, as well as skills and competences acquired through non-formal and informal learning

According to national laws or regulations, the practice of certain professions (e.g., architects, engineers or physiotherapists) can be contingent upon having particular qualifications. Training requirements for obtaining such professional qualifications can differ from country to country and may thus make the exercise of a profession in another Member State quite difficult, or even impossible. The non-recognition of professional qualifications can therefore prevent workers from establishing themselves in another Member State, or lead to situations of wasted skill in which mobile citizens work in jobs below their actual level of qualification.

With Directive 2005/36/EC, which entered into force in 2007, the EU provided the first comprehensive reform of the system for the recognition of professional qualifications since this system’s introduction over 40 years ago. While a significant improvement, the current system automatically recognises qualifications in only seven out of 740 professions (e.g., doctors, dentists, pharmacists, veterinary surgeons, midwives, nurses and architects). Under the “general system” which applies to the large majority of regulated professions, the host country decides on a case-by-case basis and has a fair bit of discretion in terms of granting access to a given profession, a situation that creates legal uncertainty.

The recent update to the professional-qualification directive contains some important provisions that have the potential to speed up and simplify administrative procedures such as the European Professional Card, as well as common training frameworks allowing for automatic recognition. When transposing the directive (a process lasting until January 2016), Member States have to make sure that the reforms do not lead to an ever-more-complex system with separate rules for each profession, but should rather make best use of the new instruments to promote professional mobility across countries.

In addition to professional qualifications, the recognition of non-formal and informal learning – learning that takes place outside formal education institutions – can further facilitate a better match between skills and labour demand, while promoting mobility within the European labour market. Again, the work already done at the EU level and the recent Council recommendation on the validation of non-formal and informal learning represents an important step in the right

direction. By 2018, the recommendation obliges Member States to establish national systems for the validation of non-formal and informal learning that provide all citizens with an opportunity to undergo an audit of their skills and competences. Special care should be taken that the recognition procedures and practices are of high quality and are consistent throughout the European Union, so as to avoid providing misleading information about individual skills. In addition, the newly developed frameworks should focus on learning outcomes that are highly valued in the labour market.

Address integration needs of mobile workers and their families

EU citizens who exercise their right to free movement are considered “mobile citizens” rather than “migrants”. As such, they are accorded a set of political and social rights which is nearly equivalent to the native population and find themselves in a strong position compared to third-country nationals. However, their favourable status does not imply that the process of settling in and adapting to a new environment is easier for them than for those coming from outside the European Union. On the contrary, mobile citizens may have many of the same integration needs in terms of language and orientation as non-EU nationals. Yet mobile EU citizens and their families are not commonly targeted by national integration policies, and hence do not benefit from orientation and language programmes offered for non-nationals.

Without calling into question the principle of equal treatment, EU Member States should proactively include mobile EU citizens in language and orientation courses on a voluntary basis. In particular, EU citizens – even if staying for only a limited period of time – should be able to benefit from support services in the first months of their stay, such as orientation programmes that provide information on administrative structures, employment rights and how to access key social services. A sufficient understanding of the host country’s language remains the most essential precondition for social and professional integration. At least basic language courses should be offered on a local level and be free of charge for mobile citizens and their families. In addition, firms and employers should be encouraged to provide language courses (including a professional component) to workers from other EU countries, through means such as organising and supporting regional networks of employers, chambers of commerce, educational institutions and other relevant stakeholders.

The recognition of professional qualifications as a barrier to mobility

Katerina-Marina Kyrieri, European Institute of Public Administration

The mutual recognition of qualifications is a key element in establishing an efficient EU-wide labour market, but progress in this area has been slow. Training requirements for obtaining professional qualifications can differ from country to country and may, therefore, make the exercise of a profession in another Member State quite difficult, even impossible. A positive harmonisation approach would have to deal with the fact that plumbers' skills and medical doctors' qualifications are not as easily defined as a car's safety and pollution characteristics. In addition, so long as Member States maintain unnecessary entry restrictions and employees' or service providers' soft skills, competencies and qualifications are not recognised in a fast, simple and reliable way by employers, market agencies, customers, or patients, disproportionate limitations and poor judgments can hinder labour mobility.

Beginning in the mid-1990s, the European Commission began considering the alignment of educational provision and mutual recognition of qualifications as an important policy area for increasing mobility. Since then, a number of measures have been developed to facilitate the transparency and transferability of skills, qualifications and experience across the EU.

Most recently, the European Commission proposed a targeted modernisation of Directive 2005/36/EC on the recognition of professional qualifications. The need for simplification of the existing rules was clear, as at least 15% of all SOLVIT cases (the Commission's framework to assist EU citizens and businesses in asserting their rights vis-à-vis a company or official body in a Member State) concern issues of professional qualifications. At the same time, the working-age population in many Member States is estimated to shrink by 6 million persons by 2020, while the demand for highly qualified workers continues to increase. The amending directive continues to offer three different routes on recognition whilst extending its scope to trainees and apprentices. A key feature is the introduction of a European Professional Card taking the form of an electronic certificate to allow an easier and quicker recognition of qualifications.

The directive also launches a proactive alert mechanism for health professions and professionals dealing with children, but it does not explain how to address the differences in the disciplinary national systems (e.g., so-called black lists, persecutions, prohibitions, enhanced supervisions, investigations or courts' decisions). The control of language knowledge is also reinforced for professions with patient safety implications. Nevertheless, it leaves margin of appreciation to the Member States' competent authorities as how (e.g., language testing or evidence of language competencies) and when (before or after the registration) they will apply the linguistic obligations, thus making the access to the profession a two-step process. In addition, it remains to be seen who will carry out an a priori assessment of the suitability of the European Professional Card per country and profession as well as how costs/fees will be evaluated in relation to administrative procedures, as these need to be reasonable, proportionate and commensurate with the costs incurred by the home and host Member State.

Scenario 2: Marketised Europe

Invest in training and up-skilling of mobile workers

In a pan-European labour market with a single European workforce, the European Union must take responsibility for the development of workers' skills and human capital. As an increasing number of workers will work outside the countries where they have been educated and trained, Member States will be less interested in investing in these areas. Medium- and low-skilled highly mobile workers also tend to fall through the cracks of national skills-development policies. These workers who are dislocated by increased competition and technological change will have to be supported in transitioning into new jobs. The highly skilled, who are able to invest in their own human-capital development, will likely require less assistance.

The reformed European Social Fund (ESF) under the Multi-Annual Financial Framework 2014 – 2020 can be a key instrument in developing a framework for skills development and retraining in the context of mobility. Among its four thematic objectives, the ESF funds measures for “promoting employment and supporting labour mobility” as well as “investing in education, skills and lifelong learning”. These objectives have to be interlinked, as education and training are crucial in helping individual workers and job seekers to move to new jobs and new countries. In addition, a stronger focus on people in difficulty and disadvantaged groups is necessary, since they are generally the ones most affected by increased competition and technological change. The European Commission as well as Member States have to make sure that the mobility dimension of ESF measures is sufficiently reflected in the operational programmes based on the new regulation.

Invest in infrastructure projects for mobility

Cross-border commuting and short-term forms of mobility, in which workers habitually live in one country while working in another, tend to be preferable to more permanent forms of migration. Commuting does not involve the upheaval of moving away from home, leaving behind family, friends and existing support networks. Commuting also tends to impose less pressure on public services in destination countries (schools, health care, integration services, etc.).

However, to be viable, commuting requires an efficient and affordable transportation system. This means that the European Union should increase its investment in the European high-speed rail network. A real European railway rather than a collection of national railways would allow more passengers to travel over medium to long distances across national borders and thereby boost labour mobility. For shorter distances, regional public transportation systems along the borders should be integrated, thus allowing for efficient, punctual and cheap transportation across borders for daily commuters. For this to become reality, cross-border cooperation needs to be improved in order to get rid of red tape. In addition, more investment by Member States in the broadband internet infrastructure would further facilitate commuting, as remote-work solutions reduce the need

to travel to the workplace on a daily basis. Instead, so-called telecommuters can work from home at least part of the time, making it easier to combine private life with a job in a different country.

Develop an EU-wide minimum-wage and working-conditions policy

In a marketised Europe, Member States will necessarily be less and less able or willing to regulate their labour markets on a national basis. Heightened competition and increased flexibility are likely to put pressure on wages and working conditions, while reducing trade unions' ability to organise workers and bargain for higher wages. In addition, high labour mobility increases the importance of having mechanisms to ensure that minimum-wage standards provide protection for mobile workers and posted workers, groups often not covered by collective-bargaining agreements. Common rules on minimum wages and working conditions not only prevent social dumping and cutthroat competition, but are also vital in protecting mobile workers from exploitation.

Of course, this cannot be done by setting one uniform minimum wage for the whole European Union. Rather, minimum wages have to be adapted to local wages and prices in order to accommodate productivity differentials between countries. One sensible rule could be that the national minimum wage should not be lower than a certain percentage of the national median wage (e.g., 60%). The EU could also establish common rules on how to set national-level minimum wages and monitor the impact through the open method of coordination. While such policies might reduce mobility at first, they would nevertheless help to increase overall popular support for open labour markets.

Migration, mobility and accessibility

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Labour mobility is an important ingredient for well-functioning labour markets. It helps address skill and labour shortages in booming areas, ease employment pressures in depressed areas, and makes investment in skills and education more rewarding for workers. But mobility is also costly for the individual and thus rather “sticky”. This has two implications. First, mobility in the form of international migration, as in the European context, responds slowly to differences in economic opportunity and adjusts only partially when economic circumstances reverse. Second, it is often need-driven rather than opportunity-led, and thus linked to downward pressures in pay and working standards for both migrants and local workers. We can see this clearly in today’s context. South-to-north migration has indeed risen with the crisis, but only after record unemployment levels decimated large parts of the south; while in the north, migration flows have impelled scepticism towards deeper European integration. Traditionally, labour mobility in Europe has taken the form of permanent and unidirectional migration moves, typically from the less-developed south to the north. More recently, however, Europe is increasingly seeing a different type of migration, which is speedier, more transitory and more circular. The return- and repeat-migration moves of Polish citizens in the United Kingdom or of Romanians in Spain are a visible part of this and come to add to patterns of relocation that were in the past limited to the west (north-north migration). But Europe is also seeing a rise in mobility in the form of long-distance commuting, not exclusively by high-skilled professionals, which has started to replace (and sometimes to complement) more permanent migration moves.

Institutional approximation (Single Market) and the opening up of borders (Schengen) have clearly played a vital role in this. But the single most-important factor has been the opening up of cheap and accessible routes (low-cost flights, high-speed rail, and better serviced road networks) that have effectively shortened the distance across Europe. Importantly, this has allowed migrants to maintain ties with their origin countries so that, once the “push” conditions are reversed, many return to settle back home, exploiting the financial and human capital they acquired while abroad. In a way, enhanced accessibility alters the meaning and nature of migration in Europe, bringing it closer to the abstract notion of (labour) mobility.

In the context of today’s pressures for north-south adjustment, this brings a powerful message. To harness mobility in Europe, to make it less costly and essentially less “sticky”, it is imperative to invest further in accessibility and effective proximity. Other impediments will of course remain: linguistic and cultural barriers, problems of portability of accumulated rights, even barriers related to employment regulation. But even if these are addressed, without enhanced accessibility mobility will remain less circular and less responsive to economic asymmetries; it will remain need-based and unidirectional rather than dynamic and opportunity-driven.

Scenario 3: Regulated Europe

Improve EU-wide job matching

In order for the European labour market to work efficiently, institutions that match supply and demand for labour and skills across countries will need to be significantly improved. Public employment services and the EURES European job mobility network can play an important role in this respect. Ideally, the job search and recruitment processes should be as simple and thorough at the EU level as at the national level.

Public employment services (PES) should be the first point of reference for any citizen looking for work in another country. Workers and their partners should have quick access to job openings and skills-upgrade opportunities prior to or following their move, and should be provided with a means to have their existing skills recognised. National employment agencies in the country of destination could provide personalised career guidance for mobile workers, especially upon arrival, including information on working and living conditions and administrative procedures. This would improve the ability to match workers' skill sets to employment opportunities across the European Union.

However, if the full potential of these programmes is to be reached, EURES has to be considerably strengthened and developed further. While the EURES operational reform of 2012 represents a step in the right direction, further reforms are necessary. A reinforced EURES network should in particular aim at:

- Increasing its scope by including all nationally registered job offers in the EURES database.
- Mainstreaming its activities into the day-to-day business of national PES organisations, for example by making EURES a major component of all national job-agency websites and job-search services.
- Offering additional high-quality services for mobile workers, with a focus on matching, placement and recruitment.
- Making the EURES web portal more accessible and user friendly for job seekers, as well as more attractive to employers by allowing them to upload company profiles in addition to specific job offers.

Complete and simplify the coordination of social-security systems for EU citizens

Since the establishment of the regime allowing free movement of persons, the European Union has invested a great deal of effort in the coordination of social-security systems, creating an intricate legal framework that ensures persons moving within the EU do not suffer disadvantages in their social-security rights. Despite the important legal acquis in this area, certain gaps remain that must be closed in a timely manner. In particular, this concerns the coordination of unemployment

and long-term care benefits, as well as the portability of supplementary pension rights. With regard to the revision of the coordination of unemployment benefits, special care has to be taken that unemployed mobile workers receive benefits that reflect contributions to insurance schemes made in other EU countries. In addition, as a general rule, unemployed workers who wish to seek a job abroad should be able to export their unemployment benefits for a period of up to six months. A longer job-search period would allow workers to look for better jobs, thereby increasing the efficiency of job matching.

Furthermore, social-security coordination has to be made more transparent and accessible for the individual citizen. The complexity of the current system and the lack of information provided to citizens create uncertainty that prevents people from moving. Apart from the simplification of the legal framework and a reduction of administrative burdens, the European Union should make social-security coordination more visible. This could be achieved by introducing a European social-security card and a European social-security number, following the successful example of the European health-insurance card. This number would provide citizens with a European administrative identity and assure them that all their social-security contributions, regardless of the country where they are paid, are being accounted for. In addition, a hotline for one-stop advice on social-security rights for those seeking information or reporting an abuse of their rights should be created. This hotline should also provide callers with information on legal means of recovering their rights.

Support mobility-oriented mindsets

Apart from institutional and economic factors, EU citizens' decisions to migrate depend on individual preferences and expectations regarding the costs and opportunities of living and working in another country. In many Member States, the propensity of people to move is traditionally very low, and looking for work abroad is not commonly considered desirable.

While this inertia is often attributed to cultural factors, policies can play an important role by introducing a “mobility mindset” among Europeans at a young age. The provision of high-quality language lessons in secondary and vocational education settings, cultural programmes, and exchange programmes for students of all ages and levels makes it more likely that young people will develop a positive attitude towards mobility. Hence, these experiences should be made available to as many youth as possible. Opportunities for “learning mobility” and for gaining exposure to other cultures and languages via study, training or work opportunities are made available by EU programmes such as Erasmus, Leonardo da Vinci, Comenius (now combined under the new Erasmus+ programme), the “Your First EURES Job” programme, and the European Voluntary Service. The European Union must continue to fund these programmes sufficiently in order to allow as many young people as possible to acquire experience with intra-EU mobility. While the immediate gains behind these measures are not always evident, in particular during times of political and economic crises, their long-term benefits for EU integration and identity should not be underestimated.

Mobility of students and researchers: Erasmus as a role model for EU mobility policies

Nannette Ripmeester, Expertise in Labour Mobility (ELM)

Regardless of what was anticipated in 1957 when the European Economic Community established in Article 45 the principles of freedom of labour, in 2012 only 6.5 million EU citizens have exercised their right and were working in another EU Member State. With the new Erasmus+ programme that aims to boost skills and employability over the next seven years, this situation should improve considerably.

The Erasmus+ programme received a 40% budget increase for a total of €14.7 billion to underline the EU's commitment to invest in study and training opportunities in other EU Member States. The reason behind this substantial increase is two-fold. The earlier Erasmus programme proved that people who had the opportunity to study abroad were more inclined to be mobile later in life. Moreover, it turns out that a period abroad also makes people more culturally sensitive and aware that what may work in one country is not a standard recipe for success in others – an understanding much appreciated in working life.

The fact that nearly 6 million young people are unemployed in the EU while 40% of European employers report difficulties in finding skilled workers is rather alarming. The new Erasmus+ programme will not be a panacea, but it is definitely a step in the right direction. Providing EU citizens with an opportunity to meet other fellow EU citizens during a study exchange will support an openness that is essential for the European project to succeed. Each Erasmus student will be able to tell you a story about the challenges they encountered with regard to communication. In addition to the difficulties of speaking a different language, they will all relate to cultural differences, in particular the diverse ways of interpreting something that one may have always thought straightforward. Imagine how students communicate with academic staff: on a first-name basis or by academic title? Picture work with a diverse group of students: striving for consensus before starting on a research project or going with the idea that is offered most convincingly. The ability to work in teams, developing strong communication skills, cultivating cultural sensitivity, flexibility and diplomacy, just to name a few, are also developed during a study period abroad. And these are exactly the skills companies mention when asking what they look for in prospective employees. The possibility that Erasmus+ offers our young people – school children, older students, young entrepreneurs and researchers – is a golden ticket to better-equipped European workers.

If Europe in 2020 wants to succeed in be(com)ing a strong economic power, respected for its competitiveness, its economic growth and its strong labour market, we need more mobility for EU citizens to reach these education and employment goals. We cannot waste Europe's talent; instead we need to grow and sustain that talent, and supporting mobility for students and researchers is a model for European success.

Reforming EURES – what’s in it for employers?

Ulrike Klein, Austrian Federal Economic Chamber

The basic idea is quite simple. As the European Vacancy Monitor of February 2014 (DG Employment 2014) has shown, many people are unemployed in some European countries while companies suffer from skill shortages in other European countries. Youth unemployment rates in Spain and Greece are above 50%, for example, while Austrian employers lack workers in mainly technical fields.

So let’s fill the gaps and bring together the unemployed and job vacancies for the benefit of all. EURES, the European Job Mobility Portal – together with other European Commission initiatives – should help make this a reality. Until now, however, EURES has not been working well enough. This article will briefly set out the key issues for Austrian employers as part of the ongoing EURES reform process.

First of all, EURES has to be made more attractive for both job seekers and companies. The Austrian Federal Economic Chamber appreciates that the matching of vacancies and job seekers will be the core of EURES, instead of concentrating on just providing information.

A Europe-wide pool of vacancies definitely makes more sense, if as many vacancies as possible are fed into it. So far, some labour market services do not post vacancies to the site. In other Member States – such as Austria – all vacancies are posted online automatically. Naturally, this situation requires a well-functioning and efficient public employment service that is equipped with sufficient resources.

It is often claimed that before relocating to another country for work, an individual should speak the country’s language. Basic knowledge of a new language is certainly useful when moving abroad. However, given the different language families in the EU, it is not realistic to expect people to speak a new language perfectly before their move. The Austrian Federal Economic Chamber therefore has been asking throughout the reform process for an automatic translation tool on EURES. Even a link to an automated translation system would be better than nothing, to ensure that a candidate can get an overview of the labour market of the “new country”.

One important part (though not yet technically started) of EURES reform is a pilot project called, “Your First EURES Job”. This mobility scheme gives targeted financial support to both the unemployed and to companies. Funds can be applied for example to cover travel costs for an interview or for language courses. Employers can ask for support for internal training programmes that are adapted to the needs of the new employee. Since money is another obstacle for moving within the EU, from an employers’ perspective, this programme could be a valuable contribution to labour mobility within the EU.

Scenario 4: Fragmented Europe

Help localities deal with social burdens created by mobility

Increased mobility can lead to new challenges regarding social inclusion in cities as well as disadvantaged and rural areas. These can place a particular strain on local public services such as health care, education and housing. The inflow of large numbers of newcomers to certain cities may lead to difficulties in planning these services, as well as to disproportionate financial burdens related to the need for more hospital beds, teachers, housing and other such resources. Mobile EU citizens may also arrive in villages and rural areas that lack experience with immigration, leading to increased diversity and related challenges within these local communities (e.g., more second-language pupils in need of additional support). Finally, mobile EU citizens tend to settle in underprivileged neighbourhoods already characterised by various social problems such as overcrowding, poor-quality housing and high rates of crime.

On the other hand, the outflow of workers from declining regions and cities in sending countries also leads to problems, such as shrinking cities and rural-area depopulation. In general, emigration tends to reinforce regional disparities within countries and often amplifies unfavourable demographic trends, threatening the financial sustainability of social services. In helping localities to deal with these burdens, it is foremost the responsibility of individual Member States to promote urban and rural development and provide compensation for heavily burdened regions. Nonetheless, EU social and cohesion policy should pay more attention to addressing the uneven territorial effects of increased mobility. A dedicated European mobility fund could support local authorities in providing appropriate reception and housing facilities, thus facilitating management of the inflow of mobile EU workers.

In addition, other financial mechanisms intended for social inclusion and integration such as the European Social Fund (ESF) and the European Integration Fund should be targeted to a greater extent to the inclusion of mobile EU citizens in host societies as well as to supporting those left behind in sending countries, such as children and the elderly.

Promote free movement and oppose nationalism by emphasising the benefits of mobility

Intra-EU labour mobility is viewed as a problem rather than as a solution in the public discourse. While the negative side effects of increased mobility should be addressed, the benefits of mobility for the European Union as a whole as well as for its Member States and citizens are overwhelming. It is the responsibility of politicians at the national and European level not to exploit mobility for populist purposes, but to emphasise its potential in tackling some of our most pressing problems, from demographic change to sluggish growth and high unemployment in some Member States.

The European Union can support a more positive image of labour mobility by conducting further research on the size and effects of mobility and by communicating the findings to the European public. Improved evidence and monitoring on mobility, such as a system of benchmarks and indicators, would not only improve our understanding of evolving mobility trends, but also help individuals to make better migration decisions and offset mobility lags. The European Union should also actively seek to engage national authorities, trade unions, employer organisations and other stakeholders on all levels to promote labour mobility.

Make national labour markets more flexible and fight discrimination based on citizenship

National policies that improve labour-market flexibility and reduce segmentation make it easier for migrants to enter a foreign labour market successfully. In dual labour markets characterised by stable employment, high levels of protection and good working conditions for insiders, but which also offer insecure and temporary employment for groups outside the core labour force, migrants, including mobile EU citizens, will be overrepresented among the outsiders. Policies that improve flexibility, such as reducing employment protections, also act to diminish direct or indirect discrimination and serve as functional equivalents to more deliberate mobility-enhancing policies. For example, in labour markets with low employment protection or extensive probation periods for new contracts, employers can test migrants' actual skills and qualifications on the job, reducing the need for a harmonisation of formal qualifications and training standards. Increased flexibility does not necessarily imply a diminution of workers' rights if it is combined with active labour-market integration measures and high levels of income security in cases of unemployment, as demonstrated in the Danish "flexicurity" model.

Policies seeking to reduce labour-market segmentation must be complemented by strengthening mobile EU citizens' ability to exercise their free-movement rights, particularly regarding equal treatment within host countries' labour markets. Currently, although the regulation on free movement mandates non-discrimination when it comes to employment and working conditions, remuneration, and dismissal, mobile workers too often face discrimination by employers and national authorities that fail to comply with EU law. In addition, EU citizens do not have sufficient information about their rights, and lack effective instruments for enforcing those rights. In order to secure the discrimination-free access of all EU citizens to domestic labour markets, the European Union must show greater commitment to enforcing the freedom of movement for workers. The current Commission proposal for a directive on enforcing the freedom of movement for workers (COM(2013) 236) is hence an important addition to existing EU law. However, given the insufficient ability to enforce the right of free movement at the national level, as well as the extensive scope for discretion allowed by the directive, the proposed provisions should be inserted directly into the free-movement regulation.

BUSINESSEUROPE's views on labour mobility

Robert Plummer, BUSINESSEUROPE

Labour mobility within the EU is important from an economic and social perspective. It brings a positive contribution to the successful functioning of the European Single Market and Member States' individual economies. The free movement of workers can also improve the way in which European labour markets function by ensuring the right conditions for people to move around for jobs within enterprises as well as across occupations, enterprises, sectors and geographically without borders. By doing so, mobility helps to address mismatches between labour supply and employer demand, for which there is an established trend at the EU level.

The context for employer demand for labour is largely provided by projected changes to Europe's demographic make-up over the coming decades. This will see the retirement of the post-war baby boomers and an anticipated need to replace 75 million workers by 2020. There are also issues associated with the need to overcome skills mismatches in the EU. Policies are therefore needed that will encourage labour mobility and mitigate or dismantle the existing barriers to it. This mobility is to be seen as part of the EU's wider policy mix for enhancing productivity and competitiveness, rather than being treated as the silver bullet. Labour market mobility policies must be accompanied by national labour market reforms as well as a focus on improving learning outcomes as part of education and training in order to address the EU's skills needs.

BUSINESSEUROPE highlights the following key points:

- Mobile workers are a vital resource in a number of sectors across the EU where they complement the indigenous workforce. This involves sectors such as tourism and leisure, agriculture and health care.
- Mobile workers contribute new ideas and a fresh way of thinking that can drive economic growth and innovation.
- A flexible, demand-driven approach towards labour mobility is needed.

Bearing in mind the different legal status of EU citizens vi-à-vis third country nationals, BUSINESSEUROPE has identified the following recommendations for targeted actions that would help stimulate labour mobility within the EU:

- Country-specific recommendations could be issued on language learning in schools so that pupils have the opportunity to learn at least one other EU language before they reach the school-leaving age.
- Develop simplified and time-efficient procedures for the recognition of qualifications. This should involve a common approach to ensuring certain quality levels for education and training across the Member States.
- Member States should regularly review the extent to which a profession needs to remain regulated.
- Supplementary pension entitlements accrued across borders within the EU must be preserved.
- EU citizens should be provided better information and appropriate support and advice services.

Scenario 5: Paralysed Europe

Sustain support for free movement by limiting opportunities for fraud and abuse

In order to counter concerns about “welfare migration” and “benefits tourism” and sustain popular support for the right to free movement, the European Union should improve the clarity and fairness of the rules governing social-security coordination. This concerns in particular the entitlements to residency-based, non-contributory benefits such as means-tested social assistance, as well as universal benefits such as support for children. In the case of non-contributory benefits, granting access to newcomers who have not yet paid into the public purse is regarded as particularly unfair, a sentiment that is likely to strengthen in times of austerity and large-scale cuts to welfare programmes. The current situation, in which benefit entitlements are determined on a case-by-case basis by national courts, is characterised by high legal uncertainty. This is not only to the detriment of mobile citizens, but also fuels ongoing public debates.

One option would be to extend the minimum length of residence during which a Member State has no obligation to grant social assistance to economically non-active EU citizens (currently three months). The EU should also clarify the rules and procedures on deportation, and make “assisted return” a viable option for those mobile citizens who do not succeed in a destination country’s labour market. Apart from employment coaching and information on opportunities elsewhere, such a return package could also include support for travel and moving costs.

Target financial support at least-mobile groups

The EU should extend the Erasmus idea – that is, mobility schemes that provide financial support – beyond students to individuals who have already established a career. The lower the qualification level, the lower individuals’ geographical labour mobility tends to be. Low labour mobility among less-skilled workers can be a rational choice because the prospective gains of increased income can be insufficient to outweigh the immediate losses incurred by leaving established social networks that compensate for low income.

Providing less-skilled workers with pecuniary incentives to become mobile can therefore be especially effective in increasing labour mobility. In practice, such measures can be implemented within the framework of Member States’ active labour market policies and, for example, consist of time-limited wage subsidies for needy job-seekers who take up employment in another country.

Support initiatives to foster mobility at a regional and bilateral level

In light of growing labour and skill shortages in some European regions, a plethora of initiatives for the recruitment of foreign workers has emerged. Programmes and projects by cities, employers’

organisations such as local chambers of commerce, and public authorities help employers, in particular SMEs, to recruit workers from abroad. Often, these initiatives provide language classes for incoming workers, offer assistance with administrative procedures, and provide contacts to the dispatching countries' labour markets. Other initiatives, such as bilateral agreements for the recruitment of health care professionals, target certain sectors. These initiatives are often quite successful, but also remain limited in size and reach. Member States should consider reinforcing these regional networks and supporting them in the construction of sustainable structures. The EU's role could be to provide a pan-European platform for networking and sharing best practices in the area of cross-border recruitment processes. In this way, successful models could be brought to light and transferred to other countries and sectors.

Building blocks of a Single European Labour Market

Hélène Syed, Confrontations Europe

Since the beginning of European integration in 1957, the free movement of workers has been a source of heated controversy. The role of labour mobility is in fact two-sided, as while it theoretically improves the functioning of the euro area, it also disrupts the systems of industrial relations constructed historically at the national level. In this time of crisis, competitiveness differentials require the organisation of a system of transnational mobility in employment and training that is related to the production and industrial needs of European countries.

Today there is no European labour market which facilitates a European citizen's professional and geographical transition. But concerted European action can be decisive at an institutional level. The EU can initiate the establishment of a European market, based on the three pillars which are fundamental to any economic definition of a labour market. The first pillar refers to a system of qualification recognition and training; at a European level, such a system is underdeveloped and needs to be complemented, for example, by European curricula. The second pillar refers to transparent, accessible and free information about labour market conditions (job offers, vacancies, wages and so on) at a European level; this could be offered by a public employment service on the basis of genuine reform as part of the European Job Mobility Portal (EURES). Finally, the third pillar refers to a continuity of social and fiscal rights; an expanded transnational portability of rights would be welcomed at the European level.

Let's not forget third-country nationals who have yet no right of immediate mobility within European national labour markets. These individuals respond quickly to differences in competitiveness at a national level, including discrepancies in wages and unemployment rates. Their sensitivity to these differences can contribute substantially to intra-European mobility. In this regard, closer coordination of European immigration policy, labour market policy and intra-EU mobility policy would be welcome (first and foremost, for EU Blue Cards).

HELM policy recommendations compared

During the final workshop, the HELM advisory board stress-tested the policy recommendations according to the threats and opportunities posed by the scenarios. Each policy recommendation was assessed as to whether it was core, supporting or counterproductive in each possible future.

- **Core:** Core policy recommendations are those that were considered key to promoting labour-market mobility in a given scenario, both in terms of objective and possible impact.
- **Supporting:** Supporting policy recommendations are those that were identified as having secondary importance, but which could help to improve labour-market mobility in a given scenario.
- **Counterproductive:** Counterproductive policy recommendations are those that were identified as having no effect or even a limiting effect on labour-market mobility in a given scenario.

Depending on the scenario, a policy recommendation could be core, supporting or counterproductive. Figure 14 shows the results of the stress-testing exercise.

Based on the results of the stress-testing, policy recommendations were grouped into three categories according to their degree of effectiveness in and applicability across all scenarios. Five policy recommendations were deemed “essential”, meaning that they were core policy recommendations in almost all scenarios and were not counterproductive in any single scenario. These were the strongest and most robust proposals, as they functioned across all possible futures. Hence, any action to increase labour mobility should prioritise reforms in these areas.

An additional seven items were considered to be “additional” policy proposals, as they were able to support labour mobility in any given scenario, but would most likely not be very effective in increasing labour mobility on their own. However, these policies could have added benefit in an appropriate policy mix, and should be part of any long-term strategy seeking to enhance labour mobility.

Finally, three scenario-dependent policy recommendations were identified. These policies were valuable in specific scenarios, but might pose problems under changed circumstances. For example, whereas a European minimum wage policy could be appropriate in a Marketised Europe scenario in order to avoid social dumping and exploitation, the same policy might be problematic in situations where regulatory burdens were already high and labour markets inflexible, as in the Paralysed Europe scenario. In the same vein, regional and bilateral initiatives for increasing labour mobility could be an effective tool in the absence of EU-wide cooperation. However, if effective common EU institutions were in place, they could lead to unnecessary duplication and higher transaction costs. Hence, these policies should be enacted with care, and if implemented should be evaluated periodically to ensure they are consonant with the changing social and political environment for European labour-market mobility.

Table 9: Stress-tested policy recommendations

	Polarised Europe	Marketised Europe	Regulated Europe	Fragmented Europe	Paralysed Europe
Policy recommendations based on Polarised Europe					
Encourage return migration	Core	Supportive	Supportive	Supportive	Supportive
Foster a European fair deal on talent	Supportive	Supportive	Core	Supportive	Supportive
Promote and simplify the recognition of professional qualifications as well as skills and competences acquired through non-formal and informal learning	Supportive	Supportive	Supportive	Supportive	Supportive
Address the integration needs of mobile workers and their families	Core	Supportive	Supportive	Supportive	Supportive
Policy recommendations based on Marketised Europe					
Invest in training and up-skilling of mobile workers	Core	Core	Supportive	Supportive	Supportive
Invest in infrastructure projects for mobility	Supportive	Supportive	Supportive	Supportive	Supportive
Develop an EU-wide minimum-wage and working-conditions policy	Core	Supportive	Supportive	Core	Counterproductive
Policy recommendations based on Regulated Europe					
Improve EU-wide job matching	Core	Supportive	Supportive	Supportive	Supportive
Complete and simplify coordination of social-security systems for EU citizens	Core	Supportive	Core	Supportive	Supportive
Support mobility-oriented mindsets	Supportive	Supportive	Supportive	Core	Supportive
Policy recommendations based on Fragmented Europe					
Help localities deal with the social burdens created by mobility	Supportive	Supportive	Supportive	Supportive	Supportive
Promote free movement and oppose nationalism by emphasising the benefits of mobility	Core	Supportive	Supportive	Core	Supportive
Make national labour markets more flexible and fight discrimination based on citizenship	Supportive	Supportive	Supportive	Supportive	Supportive
Policy recommendations based on Paralysed Europe					
Sustain support for free movement by limiting opportunities for fraud and abuse	Supportive	Counterproductive	Counterproductive	Supportive	Core
Target financial support at least-mobile groups	Supportive	Supportive	Core	Supportive	Supportive
Support initiatives to foster mobility at a regional and bilateral level	Supportive	Supportive	Counterproductive	Core	Supportive

■ Core policy recommendation
 ■ Supportive policy recommendation
 ■ Counterproductive policy recommendation

Source: By authors.

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Essential policy recommendations

- Encourage return migration
- Invest in training and up-skilling of mobile workers
- Improve EU-wide job matching
- Complete and simplify the coordination of social-security systems for EU citizens
- Promote free movement and oppose nationalism by emphasising the benefits of mobility

Additional policy recommendations

- Foster a fair deal on European talent
- Promote and simplify the recognition of professional qualifications as well as skills and competences acquired through non-formal and informal learning
- Address the integration needs of mobile workers and their families
- Invest in infrastructure projects for mobility
- Support mobility-oriented mindsets
- Help localities deal with social burdens created by mobility
- Make national labour markets more flexible and fight discrimination based on citizenship
- Target financial support at least-mobile groups

Scenario-dependent policy recommendations

- Develop an EU-wide minimum-wage and working-conditions policy
- Sustain support for free movement by limiting opportunities for fraud and abuse
- Support initiatives to foster mobility at a regional and bilateral level

In conclusion, a number of cross-cutting themes and issues for fostering labour mobility can be identified that deserve emphasis:

The importance of language training

The linguistic variety of languages in the EU certainly represents one of the main hurdles for cross-border mobility. Unlike the United States, moving across the linguistic borders of Europe requires considerable additional efforts and creates higher costs that do not exist in a uniform language area. Yet, the cultural value of Europe's many languages should not be pitted against economic considerations. Instead of striving for a single language, and thereby losing much of the cultural diversity and creativity characterising Europe, the EU should continue to foster the idea of multilingualism. Beginning at a young age and throughout their entire school career, children should learn at least two other languages in addition to their mother tongue, and perhaps

understand something of a few others. The instruction in and learning of foreign languages in Europe is not to be confined to English only. While learning languages does not become easier with age, lifelong learning should also comprise the learning of languages, which is of course especially relevant for mobile citizens.

The completion of the Single Market

Despite the considerable achievements in the integration of European markets for goods, capital, services and labour, the Single Market is not yet complete. Important gaps remain in some areas, such as finance and banking. In others, administrative obstacles and lacking enforcement of existing regulations hamper its functioning. In particular, mobile citizens are not only affected by the regulations on the freedom of movement of workers. They are also dependent on complementary areas of the Single Market if, for example, they want to open a bank account or rent real estate in another Member State. In the same vein, a fully integrated transport system is vital for labour mobility to function well in practice. For this reason, efforts to further develop the Single Market for goods, services and capital have the potential to boost labour mobility and should have high priority.

The potential of circular migration

Already today, mobility flows in the EU are becoming increasingly complex with traditional long-term relocation being complemented by shorter and more transitory forms of mobility. This development towards a more circular and dynamic mobility pattern is to be welcomed. First, it expedites intra-EU mobility and makes it more responsive to asymmetric shocks thereby increasing its potential to act as an adjustment mechanism in times of crisis. Second, it allows mobile workers to maintain their ties with their country of origin, creating new linkages and economic opportunities. Finally, it makes a “brain drain” in sending countries less likely and even allows for “brain gain” through the increased circulation of knowledge and skills.

However, in order to realise the potential of circular mobility, policies and institutions have to be adapted to this new reality. For example, in many countries registration procedures such as check-in and check-out requirements are time-consuming and not geared towards repeated relocations. Also, Member States will have to find new models for the “transitory integration” of mobile citizens. While providing orientation and information regarding, for example, working rights and access to social services, such policies cannot any more presuppose long-term membership of or even naturalisation in the host society. Finally, countries of origin should enact measures to make sure that returning mobile citizens are smoothly re-integrated into the domestic labour market.

The importance of a mobility-friendly culture

While being mobile is first and foremost an individual choice, often prompted by a complex set of economic, social and personal motivations, cultural attitudes towards migration are important factors shaping the environment in which these decisions are taken. Both in the countries of origin and destination, negative attitudes against foreigners or perceptions of migration and return as “failure” make mobility a much less attractive option. Hence, the promotion of a mobility-friendly culture, while difficult to achieve by political means, remains important. Such a mobility-friendly culture includes an increased cultural awareness among employers, consumers and co-workers for the particular challenges of adjusting to life in another country. Also, public authorities on the regional and local level can play their role by practising a “culture of welcome” in offices, schools and elsewhere. Finally, promoting tolerance, diversity and openness towards other cultures is a key role of actors in civil society, from trade unions in the workplace, to sports clubs and other associations.

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Annex

Table 10: List of uncertainties and polarities for European labour mobility

Strategic Theme / Grouping	Polarity A	Uncertainty	Polarity B
1. Transforming power structures			
1.1. Changes in power structures	Networks	Social structures	Institutions
1.2. Role of labour-market partners	Inclusive	Labour-market partners	Exclusive
1.3. Cooperation among social partners	Fragmentation	Social partners	Coordination
1.4. Urbanisation	Cities/Regions	Loci of power	Countries
1.5. Changes in life patterns	Bedrock	Role of traditional social institutions	I choose to be on my own
1.6. Cooperation among others (local, regional actors, EURES advisers, CSOs, communities)	Fragmentation	Roles to be played	Lack of coordination
1.7. Future of the EU project	Dissolution	Future of the EU	Further integration and enlargement
1.8. Migration policy	Conservative migration policies	Shifting political preferences	Liberal migration policies
1.9. Demand for labour	Demand for local labour	Changing labour-market needs (care sector in particular)	Demand for migrant labour
1.10. Demographic changes	New population boom	Demographics	Ageing / depopulation
2. Boundaries dissolving			
2.1. EU cooperation	Deepening	EU member countries	Fragmentation
2.2. Further rounds of enlargement	Expansion	EU enlargement	Consolidation
2.3. Decreasing number of EU members	“Slam the door”	EU break-up	“Leave as friends”
2.4. Process of EU integration	United States of Europe	Sovereignty	Club of nation-states
2.5. Recognition of qualifications	European	Standards	National
2.6. EU citizenship as identity	European	Identity	National
2.7. Integrated social security system	European	Pensions, health care and unemployment insurance	National
2.8. Basic income security	Host-country-based	Social support	Source-country-based
2.9. Labour-market regulation	High degree of coordination	Labour-market coordination	Low degree of regulation
2.10. Nationalism, racism and xenophobia	Marginal	Prominence	Loud
2.11. Integrated fiscal system	European	Fiscal /tax system	National
2.12. External relations in the near periphery of the EU	Modernisation / democratisation	Relations with EU periphery	Retrenchment / instability
3. Technological breakthrough			
3.1. Globalisation	Glocal	Physical work location	Global
3.2. High automation	Displacement	Obsolescence of labour	Reintegration
3.3. Logistics and transportation	Reduced	Costs	Increasing
3.4. Virtualisation of work	High	Virtualisation of work	Low
3.5. Energy-source transformation	Unsuccessful	Socio-ecological transition	Successful
3.6. Innovation capacity of the EU	Fewer jobs	Innovation capacity	More jobs
3.7. Globalisation of value chains	Increasing fragmentation	Value chains	More locally based value chains

Source: By authors.

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Table 10: List of uncertainties and polarities for European labour mobility (continued)

Strategic Theme / Grouping	Polarity A	Uncertainty	Polarity B
3.8. Globalisation of labour markets	Globalised and segmented	Labour markets	Labour markets are present in most occupations and at all levels
3.9. Relative position	Smart growth / technology frontier	Distance from global technology frontier	Routinisation / standardisation
3.10. Distance-learning teaching	High	Use distance-learning technologies	Low

4. Economic prospects

4.1. Economic growth	Stagnation	Economic growth	Return to growth
4.2. Economic inequalities	Intra-EU divergence	Per capita GDP (PPP)	Intra-EU convergence
4.3. Euro zone	Collapse	Common market	Euro zone holds
4.4. The economic model	Plurality	Economic model	Convergence
4.5. Labour market	Commodification	Social policies	Decommodification
4.6. The EU compared to other markets (China, India, MENA)	Follower	Europe's position	Leader
4.7. Skills appropriation	Great mismatch	Skills in EU	Skills alignment
4.8. Outsourcing and offshoring	Glocal	Value networks	Global
4.9. Financial incentives from the state level	Lack of coordination of different state actors	Workability	Measurement
4.10. EU funding	Lack of information, communication	Restructuring of policy areas	Lack of understanding of EU regulations
4.11. Behavioural change of agents	Self-focused/individualistic behaviour	Behavioural change	Socially responsible economic behaviour of agents
4.12. On-shoring / Re-shoring and co-location of activities	Sticky	Economic diversity	Non-adhesive
4.13. Industrial policy	European	Industrial strategy	National
4.14. Economic / production structure	Divergence	Specialisation	Convergence
4.15. Changing drivers of growth	(Public) investment	Sources of demand	Financialisation

5. EU policies

5.1. Mobility within EU	Rights-based approach	Promotion of intra-EU mobility	Economic approach
5.2. Integration of policies	"One-stop shop"	Policies	The maze
5.3. Establishment of balancing mechanisms	Indirect steering	Protectionism and boundaries	Liberal migration
5.4. Transparency	EU- and state-based	Transparency	Free market
5.5. Awareness	Cross-border cooperation	Awareness of possibilities	Lack of information
5.6. Bureaucracy	National	Bureaucracy	One social-security number
5.7. Monitoring and evaluation (input and output indicators)	Insufficient results, not overview of good practices	Targets achieved, better methods and tools to be used	Lack of continuity
5.8. Impact assessments	Limited use, lack of continuity	Maintain database	Political unwillingness
5.9. Languages	No priority in EU policy	Funds	EU priority
5.10. The future of the European project	Inter-governmentalism	Political union	Supranationalism

Source: By authors.

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