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INTERNATIONAL RELATIONS AND EUROPEAN STUDIES

**LABOR MIGRATION AS A SOCIO-ECONOMIC  
PHENOMENON –  
SLOVAKIA AND THE CZECH REPUBLIC IN  
A COMPARATIVE PERSPECTIVE**

By  
Eva Olejárová

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Department of International Relations and European Studies

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Supervisor: Professor Julius Horvath

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## **ABSTRACT**

The thesis deals with the issue of labor migration of the Czech and Slovak population and aims to uncover the factors that account for the divergent situation in the magnitude of labor migration out of these countries. The analysis is based on the existing theories of migration, out of which pertinent assumptions about the drivers of migration are generated. Next, the migration patterns of the Czech and Slovak population are analyzed throughout the period of pre-transition to the present. Lastly, the theoretical assumptions are confronted with the empirical evidence. I find that the migratory movements are primarily temporary for both population and employment displays a largely cyclical character, especially among the Slovak population. On the whole I find that the overall better socio-economic situation continues to be the major factor that drives migration and determines the contemporary higher level of outflow of Slovak citizens. Nevertheless, it is important to take other factors into considerations as well. In case of the Czech Republic, the general negative attitude and the strong bond to the homeland seem to create a 'culture of non-migration', whereas the Slovak population seems to be characterized by a 'culture of migration'.

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## **LIST OF ABBREVIATIONS**

**MLSA/ESA** Ministry for Labor and Social Affairs/Employment Service Administration,  
Czech Republic

**RILSA** Research Institute for Labor and Social Affairs, Czech Republic

## INTRODUCTION

The collapse of the socialist order in the late 1980s posed for the former communist countries a number of challenges in terms of the need to undergo a comprehensive transformation of their political, economic and social systems. The transition from the centrally planned socialist system to the capitalist system resting on the market principles meant for the countries a whole set of social, institutional, and behavioral changes, impacts of which have been gradually translated into a new pattern of society.

Even though that the post-communist countries share number of similar characteristics inherited from the socialist system, the initial conditions, level of development, structure of the economy, geographical proximity or similar history and traditions have predisposed them to build natural clusters in terms of the aforementioned common patterns of the resultant development of the economy and society. As such, the four Visegrad countries – the Czech Republic, Hungary, Slovakia and Poland – build a group of countries with many similarities, which are underscored in particular when contrasted with the other transition economies in Eastern Europe and the former Soviet Union. The Visegrad countries do not however at the same time build a homogenous group but display several differences; still, the shared similarities make them a natural subject for comparative research. This paper represents one of the attempts to put the Visegrad countries in a comparative perspective, specifically the Czech Republic and Slovakia, and discusses one important feature of every society, namely the labor migration of their citizens, realization of which has been largely suppressed during the socialist times.

Labor migration or labor mobility<sup>1</sup> is an important socio-economic phenomenon. Even though that from a purely economic perspective labor mobility is an economic phenomenon and represents a mechanism which equilibrates labor markets in international

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<sup>1</sup> The terms labor migration and labor mobility are used interchangeably in this paper.

scope and facilitates labor market adjustment to idiosyncratic shocks in national economy, the issue of labor mobility may be viewed as a subgroup of general migratory movements particularly in the context of developed countries where the political reasons for migrating are largely negligible and the migration is driven mostly by socio-economic reasons. Still, the fact that political reasons do not play the decisive role in determining the migration decisions of EU citizens does not diminish the importance of labor migration issue in political debates. As such, labor migration has become increasingly discussed and debated topic.

The question of labor migration in the transition countries of Central and Eastern Europe has attracted much attention particularly in the context of their accession into the European Union. The focus of the research has been put primarily on quantifying the potential labor migration flows into and out of the countries based on the assumed migration incentives<sup>2</sup>, stemming to a large degree from the West European fear of imminent danger of flooding the labor markets of old Europe with East Europeans and subsequent endangering their labor markets' stability. Even though that the negative impacts on West labor markets have proved to be unjustified<sup>3</sup>, it has to be acknowledged that there is a notable proportion of the citizens of the new Member States, who continue to seek employment in West Europe and by whom the opening of the labor markets of some West EU countries is perceived as a big opportunity<sup>4</sup>. The fact that precise data on mobility is generally missing remains to be one of the big challenges to further research. Nevertheless, the existing estimates of numbers

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<sup>2</sup> For a comprehensive overview of the studies conducted in order to assess the migration potential of CEE countries to the West see: Bijak, J. and others. *International migration scenarios for 27 European countries, 2002-2052*, Central European Forum For Migration Research, CEFMR Working paper 4/2004.

<sup>3</sup> See: European Commission, *Communication from the Commission to the Council, the EP, the EESC and the Committee of the Regions: Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty (1 May 2004–30 April 2006)*, COM(2006) 48 final, Brussels, 8.2.2006.

<sup>4</sup> In the newly released paper of Brücker, H. the author states that the Eastern enlargement of the EU has triggered a net migration from the new Member States into the EU-15 of some 250,000 persons per year in the first two years after accession. In: *Labor Mobility After the European Union's Eastern Enlargement: Who Wins, Who Loses?*, IAB Nuremberg and IZA Bonn, The German Marshall Fund of the United States, Feb. 2007

of labor migrants from transition economies represent a point of departure for further analysis of the labor mobility issue in this region.

This thesis builds exactly upon the existing figures on labor migration from the Czech Republic and Slovakia, which give several impetuses for a more detailed analysis. Specifically, there is a remarkable difference in the amount of people leaving these two countries. While Czech citizens seem to be very reluctant to move, the labor migration seems to have an increasing tendency in the Slovak Republic. Such observation is interesting in regard to the common history and tradition of these two countries, joint transition experience after 1989, and comparable socio-economic development including the characteristics of their societies such as educational level or gender participation rate in employment. Similarly, in spite of their country-specific development trajectories in the transition period, both countries are experiencing significant economic growth in recent years (Slovak economy surpassing the Czech economy recently).

Building on these observations, the aim of this thesis is to uncover the following question: *What are the factors that induce/impede the labor mobility of the Czech and Slovak population?* Among other socio-economic factors, special focus will be put on identifying to what degree the unemployment rate – the social scourge of transition economies – influences the actual outflow of labor force out of the countries.

In order to approach the research question, the analysis will be based on the existing theories of migration, which allow for generating several assumptions about the possible drivers of migration. The formulated assumptions will be subsequently analyzed using the available data. Assumptions derived from the particular macro, meso and micro economic and socio-economic theories of migration will be analyzed against the statistical datasets displaying information about the socio-economic performance and based on the distinguished migration patterns. The large-scale countries' surveys conducted by other researchers

assessing the migration potential of the Czech and Slovak population based on the expressed migration intentions of the people will be entailed in the analysis as well. Such examination will unravel which of the potential factors induce or impede labor mobility of the Czech and Slovak citizens. By providing a qualitative analytical appraisal of the cases and their cross-country comparison, common trends and most notably differences that are the source of divergent situation in regard to labor migration will be uncovered. Moreover, this method succeeds to reveal that the existing theories explain the present situation only partially, since they do not address all of the pertinent issues.

Nevertheless, the paper has some significant limitations. Analytical part of the paper was impeded by the poor availability of data. First of all, the available data about the number of workers outside the countries of origin are just estimates. Therefore, besides not knowing the precise numbers, it is impossible to know the actual structure of the migration flows, in terms of the real profile of migrating workers. Secondly, the existing surveys conducted in order to assess the actual migration potential and the migration incentives of the population are based upon surveying the population in the home countries, i.e. there is a trap of getting skewed information about the migrant's profile even when technically sophisticated construction of the potential for migration based on individual survey data is made. The reason for it is that one has to consider a significant gap between the potential to migrate and the actual migration behavior. The thesis similarly does not attempt to address specifically the issue of brain drain, which however does not diminish its importance

The following framework has been adopted in order to answer the research question: The Chapter 1 illuminates the theoretical conceptions on migrations and shows that there is no single coherent theory; but rather a large scale of partial explanations that approach the issue from different views. Subsequently, assumptions pertinent for uncovering the potential drivers of labor migration are derived from the relevant macro, meso, and micro perspectives

on migration. The Chapter 2 represents an analytical appraisal of the migratory movements of the Czech and Slovak population and traces the development from the socialist times until the present days. Such analysis of the migration patterns represents an inevitable precondition for further inferences. Chapter 3 builds on the assumption generated in Chapter 1 and the analysis made in Chapter 2. In this part, the theoretical considerations are analyzed using the empirical evidence, which allows for making conclusions about the relevant factors inducing and/or impeding the labor mobility.

Uncovering the factors that induce/impede the labor mobility of the Czech and Slovak population and their cross-country comparison together with identifying the weak points of the existing theories in explaining the migration from these two countries contributes to the current debate related to labor migration in these two countries which has been so far devoted to other aspects of this issue. Beyond being scrutinized within the frame of the general research on labor mobility and migration potential in the accession countries of the Central and Eastern Europe to the EU<sup>5</sup>, which however covers the countries either in whole or makes country clusters (and thus ignore some important differences)<sup>6</sup>, the focus of the research in regard to labor migration differs significantly in the Czech Republic and Slovakia. Given the insignificant number of people leaving the Czech Republic and the low mobility of Czech workers within the country, the research is devoted rather to analyzing this aspect of the issue; specifically the functioning of labor mobility as labor market adjustment and reasons of low inter-regional labor mobility in general.<sup>7</sup> Moreover, since the country is faced with significant numbers of foreign labor coming to the country, extensive research has been made

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<sup>5</sup> See footnote 2.

<sup>6</sup> For example, in his study about the assessment of the potential to migrate from the acceding and candidate countries to the EU, Krieger creates country clusters since, as he argues, it is not possible to provide a statistically significant country-based analysis due to the technical difficulties. Thus, the Czech Republic, Slovakia and Hungary are scrutinized within one cluster, although he acknowledges that important differences remain. In Krieger, H. *Migration trends in an enlarged Europe*. European Foundation for the Improvement of Living and Working Conditions, Dublin, 2004.

<sup>7</sup> Fidrmuc, Jan and Peter Huber. *The Willingness to Migrate in the CEECs. Evidence from the Czech Republic*. WIFO Working Papers, No. 286. Vienna: AIER, Jan.2007.

in order to identify the challenges the Czech Republic as well as immigrants are facing and to propose ways of their integration into the home society.<sup>8</sup> As for the case of Slovakia, the researchers have so far dealt primarily with assessing migration flows into and out of the country, which is after the accession to the EU at least partially facilitated by the country of destination's registering mechanisms. Similarly in both countries, the focus of the research has been put on the migration of skilled labor – brain drain.<sup>9</sup>

I find that the migratory movements are primarily temporary for both population and employment displays a largely cyclical character, especially among the Slovak population. On the whole I find that the overall better socio-economic situation continues to be the major factor that drives migration and determines the contemporary higher level of outflow of Slovak citizens. Nevertheless, it is important to take other factors into considerations as well. In case of the Czech Republic, the general negative attitude and the strong bond to the homeland seem to create a 'culture of non-migration', whereas the Slovak population seems to be characterized by a 'culture of migration'.

Such findings allow concluding that the higher level of labor migration of the Slovak population does not necessarily imply negative consequences for the country; nevertheless, the primary concern of the Slovak government in order to better regulate the mobility is to further facilitate the economic growth.

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<sup>8</sup> Drbohlav, D., and others: *Czech Republic in Current Immigration Debates in Europe*: A Publication of the European Migration Dialogue., Niessen, J. et al. (eds.), Sept. 2006.

<sup>9</sup> Balaz (2004), Reichova (2006).

# CHAPTER 1: THEORETICAL FRAMEWORK FOR APPROACHING THE LABOR MIGRATION

## 1.1 Concept of labor migration

The concept of international migration is defined in the literature as a type of spatial mobility of people, which essence lies in the movement of people across state borders with the aim to spend a certain period of time in the target country.<sup>10</sup> The concept of labor mobility refers to changes in the location of workers both across physical space – geographical mobility and across set of jobs – occupational mobility<sup>11</sup>. Foreign labor migration is thus understood as a type of geographical mobility of workers to a foreign country.

On the theoretical side, labor mobility per se may be scrutinized strictly from the economic theory viewpoint. Within the economic theory labor mobility is together with capital mobility perceived from the economic efficiency perspective, i.e. under the rationalist assumption factors of production are naturally seeking the best place for their utilization, and the economic efficiency is thus achieved when free movement of production factors is not hindered. However, since mobility of labor forces embraces except the ‘economic component’ also the human factor, the issue of labor mobility becomes far more complex. Therefore, on the theoretical side it is possible to frame the issue also in the broader

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<sup>10</sup> Divinský, B.: *Zahraničná migrácia v Slovenskej republike - stav, trendy, spoločenské súvislosti* [Foreign migration in the Slovak Republic: situation, trends, social connections]. Research Center of the Slovak Foreign Policy Association, Bratislava 2005. pp.17

<sup>11</sup> Analysis of the 2005 Eurobarometer survey on geographical and labor market mobility found out that there is a complex relationship between the level of geographical mobility and job mobility in Europe, i.e. they coincide. However, this paper deals strictly with geographical mobility in the international context. In: EFILWC, *Mobility in Europe. Analysis of the 2005 Eurobarometer survey on geographical and labour market mobility*, Luxembourg 2006.

migration debate<sup>12</sup>. Still, even after acknowledging that by labor migration broader context than strictly economic factors<sup>13</sup> needs to be taken into consideration, labor migration is nevertheless generally understood as a mobility of labor forces that migrate in order to find work in another place than place of their residence. From the practical point of view it is however often difficult to disentangle migration motivated unequivocally by work incentives from migration where work is just an accompanying aspect of the migration process, what is evident particularly in regard to international migration. The chapter two explicates this aspect more in detail, for now it is important to underline that although labor migration is generally induced by work motives, other than economic factors may play a role as well.<sup>14</sup> In this paper, labor mobility is conceptualized as a geographical mobility of citizens (to foreign countries, since internal mobility is not the subject of this paper), by which citizens get employed in the foreign country regardless of the triggering factor for migrating and regardless of the time period. However, each of the theoretical contributions on migration provides different conceptualization of migration, and as such, when analyzing the assumptions stemming from individual theories, the concept of the theory is adopted.

The aim of this chapter is to provide an overview of the theoretical approaches toward international migration. Recognizing the various theoretical contributions to migration debate is necessary for subsequent generation of relevant assumptions about the factors influencing labor migration.

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<sup>12</sup> It is generally acknowledged that foreign labor migration constitutes one component of the international migratory movements, which are of multidimensional nature.

<sup>13</sup> Reacting to economic factors is understood as responding to labor market disequilibria. In particular, this aspect is scrutinized within national economy in cases of asymmetric shocks, i.e. it is analyzed if unemployed workers migrate from regions hit by an adverse shock to regions with more favorable conditions, and thus equilibrating the effects of asymmetric shocks

<sup>14</sup> Fidrmuc for example showed that inter-regional mobility in the Czech Republic appears at present more of a social or demographic rather than economic phenomenon. In Fidrmuc, Jan. *Labour Mobility during Transition: Evidence from the Czech Republic*. Discussion Paper No.5069, London: CEPR, May 2005.

## 1.2 Classification of theoretical contributions

In general, the inducements why a person decides to leave his/her home country can be of miscellaneous nature. This reality accounts for the matter of fact that the reasons for international migratory movements are difficult to categorize. Presently, there is no single, comprehensive theory (model, conceptual framework) of international migration. The ground for it is the complex nature of migration phenomenon, which embraces economic, political, demographic, social, cultural, environmental, psychological and other factors. A whole scale of partial theories or approaches is thus used for the elucidation of the reasons standing behind the people's decision to migrate.

While much attention has been devoted in the past to internal migration, the considerable growth of international migration all over the world during the last decades has conditioned a dynamic progress of migration research. Particularly in the 1990s number of comprehensive reviews of the migration literature was presented, e.g. by Massey et al.<sup>15</sup>, Greenwood<sup>16</sup>, and Borjas<sup>17</sup>, who provided more conceptual approaches, and e.g. Gallup<sup>18</sup>, who surveyed the development of the theoretical models more in detail. In order to structure the various theoretical contributions to migration, several classification dimensions have been developed. Krieger<sup>19</sup> provides a useful classification of the migration approaches.

- 1) Study of migration has always been an interdisciplinary field with contributions from a broad spectrum of the researchers' background, reaching from economics, sociology, demography, political science, social psychology, geography, and

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<sup>15</sup> Massey, et al. "Theories of international migration: a review and appraisal." *Population and Development Review*, vol. 19, no. 3 (1993): 431-466.

<sup>16</sup> Greenwood M. J., *The macro determinants of international migration: A survey*, Conference "Mass Migration in Europe: Implications in East and West", IAS-IIASA-IF, Vienna: 1992.

<sup>17</sup> Borjas, G. J.: "The Economics of Immigration", *Journal of Economic Literature*, 1994, 32:1667-1717.

<sup>18</sup> Gallup, John Luke. *Theories of Migration*. Development Discussion Paper No. 569, Harvard Institute for International Development, January 1997.

<sup>19</sup> Krieger, H. *Migration trends in an enlarged Europe*. European Foundation for the Improvement of Living and Working Conditions, Dublin, 2004. pp. 80.

other fields. Nonetheless, the main distinction is between economic and non-economic theories of migration.<sup>20</sup>

- 2) According to the level of analysis, scholars distinguish between macro, meso, and micro theories. They represent different levels of analysis of the incentives for migrating, but are not inherently incompatible. Since this framework is particularly convenient for structuring the migration theories, it was adopted also in this paper. It is summarized in figure one as presented by Faist.<sup>21</sup>
- 3) Another classification of theoretical contributions is related to different points in time, when the causal analysis of migration behavior and attitude begins. As such, it is possible to distinguish theories analyzing conditions which initiate the international movement and conditions arising in the course of the migration process, i.e. conditions which are crucial for perpetuation of migratory movements.<sup>22</sup>
- 4) Theories may be differentiated according to explanations for different types of international migration. The standard distinction is between permanent, semi-permanent or temporary migration.
- 5) A further classification dimension is the capacity of a theory to integrate other migration concepts. From this perspective several concepts of migration – often from different scientific disciplines – are entailed in a specific theory. Although, at present there is no synthesizing framework of international migration, the

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<sup>20</sup> Ravenstein belongs to the first authors who laid the foundations of the migration theory back in the 19<sup>th</sup> century. Observing the migration patterns in Great Britain and USA with the migrants flowing mainly from rural to urban areas, he asserted that the economic factors are the essential ones in determining migration decision. See: Ravenstein, E.G. “The Laws of Migration”, *Proceedings of the Royal Statistical Society*, XLVII(2), (1885):167-235.

<sup>21</sup> Faist, T., *The volume and dynamics of international migration and transnational social spaces*, Oxford, Clarendon Press, 2000.

<sup>22</sup> One of the most cited works on theories of international migration from Massey, et al. uses this classification of migration theories. See: Massey, Douglas S. et al.(1993): pp.448-454.

progress is evident particularly when compared to the first concepts of migration, e.g. the gravity model, which had a very specific and limited focus.

- 6) The last classification Krieger recognizes is between ‘real’ theoretical contributions, which give causal explanations of migration behavior, and so-called theories, which provide either classification, typologies and tautological explanations of migration, or individually plausible hypothesis, but where a general integrated framework is missing. Interestingly, Krieger points out in line with Kalter<sup>23</sup> that the widely used push-pull model of migration is less a theoretical approach rather than a suggestive form of classification of various influence factors.

**Figure 1: Main levels of migration analysis**

<b>MICRO</b> <b>Individual and his values, desires and expectations</b>	<b>MESO</b> <b>Collectives and social networks</b>	<b>MACRO</b> <b>Macro-level opportunity structures</b>
<p><i><b>Individual values and expectations</b></i></p> <ul style="list-style-type: none"> <li>- improving and securing survival, wealth, status, comfort, stimulation, autonomy, affiliation and morality</li> </ul>	<p><i><b>Social ties</b></i></p> <ul style="list-style-type: none"> <li>- strong ties: families and households,</li> <li>- weak ties: networks and potential movers, brokers and stayers;</li> </ul> <p><i><b>Symbolic ties</b></i></p> <ul style="list-style-type: none"> <li>- kin, ethnic, national, political, and religious organizations; symbolic communities</li> </ul>	<p><i><b>Economics</b></i></p> <ul style="list-style-type: none"> <li>- income and unemployment differentials</li> </ul> <p><i><b>Politics</b></i></p> <ul style="list-style-type: none"> <li>- regulation of spatial mobility through nation-states and international regimes;</li> <li>- political repression, ethnic, national and religious conflicts</li> </ul> <p><i><b>Cultural setting</b></i></p> <ul style="list-style-type: none"> <li>- dominant norms and discourses</li> </ul> <p><i><b>Demography and ecology</b></i></p> <ul style="list-style-type: none"> <li>- population growth;</li> <li>- availability of arable land, water</li> <li>- level of technology</li> </ul>

Source: Faist (2000)

<sup>23</sup> Kalter in Krieger, H.: *Migration trends in an enlarged Europe*. European Foundation for the Improvement of Living and Working Conditions, Dublin, 2004. pp.82.

### 1.3 Macro theories

The defining factor of macro theories is that they emphasize structural, objective conditions. It is useful to mention at this place that the presently most popular approach toward migration based on ‘push’ and ‘pull’ factors is often understood precisely in terms of these objective conditions. Divinsky for example states that the conditions of the economy, politics, ecology, demography and culture in the country of origin as well as target country function as ‘push’ and ‘pull’ factors for the migration.<sup>24</sup> However, it needs to be acknowledged that the push-pull model as provided by Lee<sup>25</sup> rests on individualistic interpretation of the factors and as such it is a micro approach. In his concept, he distinguishes four overarching factors determining migration: factors in the country of origin, factors in the country of destination (these are objective factors), existing barriers (e.g. distance, language), and individual factors (e.g. age, family status). Moreover, according to Lee, it is not objective conditions in themselves that determine migration behavior, but their perception by the potential migrant.<sup>26</sup> Nevertheless, since the particular factors are not of universal meaning, they are defined by researchers in miscellaneous ways depending on the study case, and as such, this model is of very general nature. Therefore, it seems highly appropriate this model has become, as argued by Krieger, less a theoretical approach rather than a suggestive form of classification of various influence factors.

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<sup>24</sup> Divinský, B. (2005): pp.24.

<sup>25</sup> Lee, E., ‘Eine Theorie der Wanderung’, in Szell, G. (ed) *Regionale Mobilität*, (Muenchen: Nymphenburger Verlagsanstalt, 1972).

<sup>26</sup> Ibid, pp.120.

### 1.3.1 Neoclassical macro theory

Based on the neoclassical theory of the labor market, Lewis (1954)<sup>27</sup>, Hicks (1963)<sup>28</sup>, and Harris and Todaro (1970)<sup>29</sup> set out the so-called neoclassical macroeconomic theory, which is nowadays probably the best known theory of international migration. Originally, it was developed to explain labor migration in the process of economic development, and assumes that international migration is caused by geographic differences in the supply of and demand for labor. Subsequently, countries where the endowment of labor relative to capital is limited average higher market wages compared to countries where the ratio of labor to capital is in favor of labor, which is what keeps wages low. The wage differentials thus represent the triggering factor for migrating. In addition, since the relative scarcity of capital in poor countries yields a high rate of return, it attracts investments. Thus, the flow of workers from labor-abundant countries is mirrored by the flow of capital from capital-rich to capital-poor countries. This includes also the movement of human capital – the skilled labor which is moving parallelly in order to reap high returns on their skills in a human capital-scarce environment. That is why the international movement of human capital renders a distinct pattern of migration that may be the opposite of that of unskilled workers.

The neoclassical macro theory assumes that migration would not occur in the absence of wage differentials between countries, and that labor markets are thus the primary mechanisms by which international flows of labor are induced. Therefore, the way for governments to control migration flows is to regulate or influence labor markets in the countries of origin and destination.<sup>30</sup>

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<sup>27</sup> Lewis A. W., “Economic development with unlimited supplies of labour”, *Manchester School of Economic and Social Studies*, (1954): 22: 139-191.

<sup>28</sup> Hicks, J., *The theory of wages*, London, Macmillan, 1963 (first published 1932).

<sup>29</sup> Harris J. R., and Michael P. Todaro. “Migration, unemployment and development: A two sector Analysis.” *American Economic Review*, (1970): 60: 126-142.

<sup>30</sup> Massey et al. (1993): pp.434.

The neoclassical macro perspective and the next theories on migration provide several implicit propositions and assumptions. Nevertheless, just the ones touching upon drivers of migration are generated in this paper and subsequently analyzed in the Chapter 3. The assumption derived from the neoclassical macro theory is the following:

- 1) *Wage differentials, measured usually in real terms of the difference of the purchasing power between regions or countries trigger migration.*

### **1.3.2 Dual labor market theory**

Dual labor market theory is similarly a macroeconomic theory. It questions the models of rational choice in decision-making about migration made by individuals and argues that international migration stems from the intrinsic labor demands of modern industrial societies. The most important proponent of this theory is Piore<sup>31</sup>, who claimed that permanent demand for immigrant labor is inherent to the economic structure of developed countries. The structure of the economy is divided into the high-wage level sectors characterized by a capital-intensive method of production and the low-wage level sectors characterized by a labor-intensive method of production. Specifically, it is the low-wage sector which needs the immigrant workers, and Piore gives three possible explanations: general labor shortages, the need to fill the bottom positions in the job hierarchy, and labor shortages in the secondary, low-wage level segment of a dual labor market. Additionally, Massey et al. explain the labor shortages in the secondary sector by the threat of structural inflation (if wages are increased in the low-wage level sector, they must be increased proportionally throughout the job hierarchy), the so-called economic dualism with jobs at the bottom hierarchy being unstable, demographic and social changes, and motivational

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<sup>31</sup> Piore M. J. *Birds of passage: Migrant labour in industrial societies*, Cambridge: Cambridge University Press, 1979.

problems.<sup>32</sup> Motivational factors seem to be particularly pertinent nowadays. In the industrial societies, certain jobs are less likely to be occupied by native workers, since people work not only for income, but also for the accumulation and maintenance of social status. Thus motivational problems arise at the bottom of the job hierarchy, and since the problem is inescapable and structural because the bottom can not be eliminated from the labor market, the employers need workers viewing bottom-level jobs simply as a means to earning money with no implications for status or prestige.

For my analysis of the factors of migration following assumption is derived from the dual labor market theory:

- 2) *Labor migrants react to the demand for labor in the low pay secondary sectors of the labor markets of post-industrial societies, which is expressed through recruitment practices rather than wage offers.*

I make additional assumption at this place in order to approach the research question. Such assumption stems implicitly from the aforementioned macro theories since it is derived from the objective structural conditions, namely the level of the unemployment rate. According to the literature on economic factors of international migration the unemployment has a negative effect on net international migration.<sup>33</sup> This hypothesis has been recently confirmed by Jennissen<sup>34</sup> in his study about the major economic determinants of migration in Europe. Thus, based on the relevant literature my assumption is the following:

- 3) *The higher the level of unemployment in the country, the more significant is the labor migration out of the country.*<sup>35</sup>

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<sup>32</sup> Massey, et al. (1993): pp.441-444.

<sup>33</sup> See e.g. Krieger, H. (2004).

<sup>34</sup> Jennissen, Roel P. W.: *Macro-economic determinants of international migration in Europe*, Population Studies, Dutch University Press, Amsterdam 2004.

<sup>35</sup> Krieger states that the leading hypothesis of the labor market theory is that unemployed people, particularly in countries with high unemployment rates are more mobile than employed people.

### 1.3.3 World system theory

The work of Wallerstein<sup>36</sup> inspired a number of sociological approaches towards migration. World system theory is a macrosociological perspective, which explains the origins of international migration by dynamics of the capitalist world economy. The drive behind capital accumulation forced capitalist countries to search for new raw materials, land, and new low-cost labor. Such penetration of capitalist economic relations worldwide has created a mobile population in peripheral, non-capitalist societies, i.e. the flows from center induce counter-flows from periphery such as labor migration. Migration of this type happens to be facilitated by various links between the country of origin and destination, namely cultural, transportation, communication links, or linguistic proximity. According to this theory, migration is therefore more likely to occur between past colonial powers and their former colonies,<sup>37</sup> and it is particularly useful for explaining the existence of linkages between countries, which are located over large geographical distance. Since this theory is not pertinent for my case, no assumptions derived from this theory are presented at this place.

## 1.4 Meso theories

Meso level theories perceive the migration flows as being derived from the system of linkages between states. Conditions that generate the migratory movements are the relations between two areas and not objective indicators. Social networks and other symbolic ties such as ethnic, national, political or religious organizations represent the factors that influence migration. Concept of systems and networks suggests that migration flows acquire a measure of stability and structure over space and time, which gives rise to relatively stable international migration systems. Migration systems are then characterized by intense linkages

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<sup>36</sup> Wallerstein I., *The modern World system. Capitalist agriculture and the origins of the European World economy in the sixteenth century* (New York: Academic Press, 1974).

<sup>37</sup> Sassen in Bijak, J. et al. *International migration scenarios for 27 European countries, 2002-2052*, Central European Forum For Migration Research , CEFMR Working paper 4/2004.

in terms of exchange of goods, capital, and people, as well as cultural and political links between core receiving region and a set of specific sending countries.<sup>38</sup> This assumption about existence of international migration systems is shared also by some theories on macro level such as world system theory or institutional theory.

#### **1.4.1 Network theory**

Network theory is a sociological approach toward migration, which emphasizes the existence of social networks within a shared community (Taylor, 1986)<sup>39</sup>. According to Massey, migrant networks are “sets of interpersonal ties that connect migrants, former migrants, and non-migrants in origin and destination areas through ties of kinship, friendship, and shared community of origin”<sup>40</sup> Subsequently, the existence of such networks increases the propensity of migration, since they provide information, support by job and house searching, as well as potential social integration in the destination country, i.e. they lower costs and risks of movement and increase the expected net returns to migration.

Overall, networks are to be understood as a corollary of migration process on the one hand, but also as factors that induce additional movement on the other hand. Therefore, network theory belongs to those theoretical contributions that explicate the perpetuation of international movements. Generally, it is useful to distinguish between conditions which initiate migration and conditions which perpetuate it across time as space, since, as rightly pointed out by Massey et al.<sup>41</sup>, these may be quite different. Although the initial factors may have not ceased to exist, in the course of the migration process new conditions may arise that function as independent causes themselves. Since these factors are not negligible, in the next

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<sup>38</sup> Massey, et al (1993): pp.454.

<sup>39</sup> Taylor E. J., “Differential migration, networks, information and risk”, In: Oded. Stark (ed.), *Research in human capital and development. Vol. 4: Migration, human capital, and development*, AI Press, Greenwich: 1986: 147-171.

<sup>40</sup> Massey, et at. (1993): pp.448.

<sup>41</sup> Massey, et at.(1993): pp.448.

part the most important theoretical contributions about factors that account for the perpetuation of migratory movements are presented.

#### **1.4.1.1 Other theoretical contributions explaining perpetuating of migration over time**

Except the network theory of migration, the institutional theory and the so-called process of cumulative causation explain while migratory movements are likely to perpetuate over time. Moreover, although not a separate theory but rather a generalization of other theoretical conceptions, the aforementioned migration systems perspective provides similar propositions as well.

Institutional theory looks at the migration from macro perspective and argues that once migration on the international level has begun, various private and voluntary institutions arise to satisfy the demand created by the large number of people who seek entry into capital-rich countries, and the limited number of immigrant visas offered by these countries.<sup>42</sup> Space for private entrepreneurs to take advantage of this opportunity is thus created, which yields development of institutionalized black market in migration. Subsequently, creation of underground market triggers voluntary humanitarian organizations to engage in providing support both for legal and undocumented migrants. As entrepreneurs and organizations become over time well-known to migrants and institutionally stable, they constitute a form of social capital, which further sustain and promote international movement.

Additional factors of perpetuating migration over time except spread of migration networks and institutions supporting migrants are termed cumulative causation by Myrdal<sup>43</sup> and Massey. According to Massey, “causation is cumulative in that each act of migration alters the social context within which subsequent migration decisions are made, typically in

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<sup>42</sup> Massey, et al. (1993): pp.450.

<sup>43</sup> Myrdal, G., *An international economy*, (New York: Harper and Row, 1956).

ways that make additional movement more likely”<sup>44</sup> Factors, which are discussed are distribution of income and land, the organization of agricultural production, the culture of migration, the regional distribution of human capital and the social labeling of jobs occupied by the migrants workers. In other words, changes in the social and cultural environment of the places of origin and destination condition sequent migratory movements.

Following assumptions are derived from the above theories:

- 4) *Areas with strong outwards migration in the past are also those areas with strong current outward migration.* <sup>45</sup>
- 5) *Networks expand and the costs and risks of migration fall, the flow becomes less selective in socioeconomic terms and more representative of the sending community of society.*<sup>46</sup>

## 1.5 Micro theories

Micro theories focus on the factors influencing individual decisions of persons, and analyze how potential migrants evaluate the particular costs and benefits of migration based upon their individual values and expectations. Micro theories often draw from rational choice theory, which gives however frequently rise to controversial assumptions about how and why individuals decide. Nevertheless, the micro perspective on migration is important since it analyzes the inner process of evaluation of various factors generating migration, and thus supplements the macro and meso perspective by analyzing how the individuals actually decide based upon objective and relational factors.

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<sup>44</sup> Massey, et al. (1993): pp.451.

<sup>45</sup> As formulated by Krieger (2004): pp.93.

<sup>46</sup> Massey et al., pp.450.

### 1.5.1 Neoclassical micro theory

The neoclassical micro theory was inspired by Sjaastad<sup>47</sup> who presented the migration decision as a human capital investment problem in which the potential migrant assesses the costs and benefits of migrating. Thus, individual rational actors decide to migrate because the cost-benefit calculation leads them to expect positive net return. Sjaastad distinguished between the factors related to wage differences and to difference in certain non-wage benefits and costs. Todaro later added to the ideas of Sjaastad a new emphasize on the uncertainty of finding a new job in the destination country and the migrant's impact on unemployment, i.e. since not all the migrants are able to find job initially, the potential migrant will compare the expected income at the destination with the sure income at home.<sup>48</sup>

Generally, this theory conceptualizes migration as human capital investment, with people choosing to move to where they can capture a higher wage rate associated with greater labor productivity. Borjas pointed out that since potential migrants may choose between various locations, they move to a place where the expected net return from migration is highest over some time horizon.<sup>49</sup> The problem of the model is that in order for the non-monetary factors to be included in the calculation; they need to be transformed into monetary values.

Although from the micro perspective it is not possible to distinguish objective factors that trigger migration, it is possible to name those factors which in the individual decision-making either increase or decrease the propensity toward migration (however, the differences in earning are necessary preconditions). Thus, following assumption is derived:

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<sup>47</sup> Sjaastad L. A., "The costs and returns of human migration", *Journal of Political Economy*, (1962): 70: 80-93.

<sup>48</sup> Todaro, M.P., "A model of labor migration and urban unemployment in less developed countries", *American Economic Review*, March 1969, 59(1):138-148.

<sup>49</sup> Borjas in Massey, et al., pp.434.

6) *The higher education and qualification increases the expected return on migration and thus increases the intentions towards migration. The older a person, the lower the expected lifetime gains from migration and the lower the propensity for migration.*<sup>50</sup>

### **1.5.2 New economics of migration**

Since the mid 1980s, some of the assumptions of the neoclassical micro theory have been put under criticism by Stark and Bloom<sup>51</sup>. The authors argued that migration decisions are not made by isolated individual actors, but by larger units of related people, typically families or households. Families thus not only want to maximize expected income, but also to diminish the risk of losing revenues. In this conception, households aim at controlling risks to their economic well-being by diversifying the allocation of their resources by operating in different labor markets. Hence, migration is seen as a form of insurance, particularly in developing countries where the institutional mechanisms for managing risks, such as private insurance markets or governmental programs, are absent.

The present theory assumes that international migration and local employment are not mutually exclusive. On the contrary, an increase in net return to local economic activities may heightened the attractiveness of migration as a means of overcoming capital and risk constraints on investing in those activities<sup>52</sup>. Moreover, the theory thus also argues that households send workers abroad not only to improve income in absolute terms, but also to increase income in relative terms when contrasted to other households. Subsequently, based on Massey<sup>53</sup> who claims that governmental policies and economic changes that affect shape

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<sup>50</sup> Krieger (2004): pp.91-92.

<sup>51</sup> Stark O., D. E. Bloom, The new economics of labor migration, *American Economic Review*, 1985, 75: 173-178.

<sup>52</sup> Massey et. al (1993): pp.439.

<sup>53</sup> Massey et al. (1993): pp.439.

income distribution will change the relative deprivation of some households and thus alter their incentives to migrate, I derive following assumption:

- 7) *The more unequal the income distribution in the society, the higher is the relative deprivation of some households and the higher is the incentives of their members to migrate.*

## CHAPTER 2: GENERAL ASSESSMENT OF THE LABOR MOBILITY OF SLOVAK AND CZECH POPULATION

This chapter aims to analyze the labor migration patterns of the Czech and Slovak population in the transition period until today with a more detailed investigation into the present situation. Due to the poor availability of data it is however impossible to provide a complete picture of the situation. Nevertheless, grasp of the labor migration trends of the respective populations is an inevitable precondition for subsequent disclosure of the responsible factors. The chapter starts with a brief overview of the migration realities in the Czech Republic and Slovakia once a common state, so as to provide an insight into the migration patterns of the respective populations in the past.

### 2.1 Brief overview of the situation prior to breakup of Czechoslovakia in 1993

In the period prior to 1989, when Czechoslovakia was a firm part of the communist political bloc, moving and traveling abroad was rather restricted and movements to the country were similarly limited and controlled. In spite of the tight controls emigration out of the country was nevertheless a prevailing phenomenon, although considered illegal.<sup>54</sup> Such escapes from the country grew especially after August 1968, when the Soviet Union and its Eastern European allies invaded the country, and continued until the end of the regime in 1989. Therefore, even though that the official statistics about the foreign migration between 1948-1989 displays in most of the years a positive migration balance for the country, it is not a very correct view of the foreign migration process due to the statistically non-registered 'illegal' emigration after February 1948 and especially after August 1968. According to

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<sup>54</sup> For more details see: Divinsky, B., *Migration Trends in Selected Applicant Countries, Volume V – Slovakia, An Acceleration of Challenges for Society*, IOM 2004. pp. 9-15.

several well-founded estimates of researchers, from 1950 through 1989 more than 550,000 people emigrated from Czechoslovakia<sup>55</sup>, out of which some 80,000-100,000 were Slovaks.<sup>56</sup> It should be accentuated that a large proportion of the illegal emigrants were highly educated and skilled persons at productive age.

Although it is not possible to talk in this period about free labor migration to foreign countries,<sup>57</sup> it is reasonable to look at the migratory movements between Slovakia and the Czech Republic once a common state, since this mobility was particularly important for both parts of the country and was to overwhelmingly induced by work incentives. As emphasized by Divinsky, migration between Slovakia and the Czech Republic was remarkable not merely from the aspect of mutual influencing population development, but also from the viewpoint of socio-economic development in both territorial units.<sup>58</sup> During the whole period of 1950-1989 the migration balance was unfavorable for Slovakia, with the most intensive exchanges taking place in the 1950s. Especially in the 1950s and 1960s the movements of Slovak workers to the Czech lands<sup>59</sup> were very often associated with the recruitment of workers to mines and steel mills and the constructions of big industrial plants, and due to the better labor, social and housing conditions in the Czech Republic, temporary migration often changed into permanent emigration from Slovakia.<sup>60</sup> Overall, in 1950-1989 Slovakia generated with the Czech Republic a net migration loss of 230,000 people.<sup>61</sup>

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<sup>55</sup> Drbohlav, D., *The Czech Republic: From Liberal Policy to EU Membership*, Charles University, August 2005. Available at: <http://www.migrationinformation.org/Profiles/display.cfm?ID=325>

<sup>56</sup> Strhan, Daniel, Skvarna, Vano in Divinsky, B. (2004): pp. 12.

<sup>57</sup> It is possible to talk about a coordinated labor mobility among the socialist countries, which to some extent cooperated by the exchange of workers in certain sectors.

<sup>58</sup> Divinsky, B. (2004): pp. 12.

<sup>59</sup> The 'Czech lands' is a term used to describe the historical territories of Bohemia, Moravia and Czech Silesia, which today compose the Czech Republic.

<sup>60</sup> Divinsky, B. (2004): pp.14.

<sup>61</sup> Vaňo, B (ed.): *Obyvateľstvo Slovenska 1945-2000* [Population of Slovakia 1945-2000], INFOSTAT, Bratislava, 2001.

Thus, with the significant movements of Slovaks to the Czech lands in the past - with young families with children dominating in the migration process<sup>62</sup> - an important concentration of Slovak population in either big cities or Czech borderland was created, which certainly determined the subsequent development of the migration realities between these two countries.

As for the period after 1989, the migration patterns of Slovak citizens did not really change, with the Czech lands being the main destination of the Slovak population and only an insignificant number of people officially emigrating to other countries.<sup>63</sup> In the Czech Republic, the emigration initially increased in the years after the independence, with a higher number of Czechs leaving the country compared to Slovak citizens, however, the emigration to Slovak Republic also played a role.<sup>64</sup> It is important to note that in both republics the net migration was officially positive (in case of Slovakia however without considering the movements to the Czech Republic).

Due to the fact that the labor mobility of the population is always interconnected with the socio-economic development of the country, it is necessary to provide information on the level of socio-economic development in the Czech Republic and Slovakia separately at the outset of the transition process. However, since it is not in the scope of this paper to discuss this issue in detail, only the basic figures are presented.<sup>65</sup>

The Czech Republic was traditionally the more developed and richer part of the republic; however, as it can be seen from Table 1, the gap between the two countries in terms

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<sup>62</sup> Vaňo, B (ed.): Obyvateľstvo Slovenska 1945-2000 [Population of Slovakia 1945-2000], INFOSTAT, Bratislava, 2001.pp.25.

<sup>63</sup> For comparison, in the last decade before 1989, roughly 500 people in average emigrated annually according to official statistics from Slovakia to other countries (not Czech Republic), and roughly 9,000 moved to the Czech lands in average. After 1989, there is a slight increase in the movements to Czech Republic averaging to 10,000 people a year, as well as a slight increase in foreign emigration, however just in the 1989, then the trend is declining, reaching 79 people in 1993 and only 59 in 1994. For exact statistics see: Divinsky, B.(2004).

<sup>64</sup> E.g. in 1990, 11,787 people emigrated officially from the Czech Republic, out of which 7,674 headed to Slovakia. See: Drbohlav, D., *The Czech Republic: From Liberal Policy to EU Membership*, Charles University, August 2005, Divinsky, B.(2004).

<sup>65</sup> For more see: Fidrmuc, Jan, Fidrmuc Jarko and Julius Horvath, *Visegrad Economies: Growth Experience and Prospect*. Prepared for the GDN Global Research Project, May 2002.

of the indicators of socio-economic development was not so evident. This is ascribed largely to the socialist ideology, as for example full employment was artificially maintained. Very important difference in terms of the structure of the economies stemmed however from the pre-socialist economic development. While the Czech lands industrialized during the second half of the 19th century and the first half of the 20th century, the industrialization in Slovakia unfolded to a large extent under socialism. As a result the growth of the Czech industry was occurring in response to the market incentives and was traditionally oriented towards economic relations with Western Europe.<sup>66</sup> The economy of Slovakia was however developing according to the requirements of the socialist division of labor. The consequences of the respective structures of the economies were visible in the early 1990s as the country embarked on transformation of the economy, opened to the world markets, and reoriented its economic relations; as Slovakia experienced much more severe fall in output as well as aggravating of other structural indicators such as unemployment.

**Table 1: Indicators of the socio-economic development at the outset of the transition**

	<i>Czech Rep.</i>	<i>Slovakia</i>
GDP p.c., 1989 at PPP (US\$)	8600	7600
GDP p.c., 1992 at PPP (US\$)	9780	7100
Unemployment Rate, 1990	0,8	1,5
Unemployment Rate, 1992	2,6	10,4
Life Expectancy, 1989	71,7	71
Male Prim. School Enrollment*	99	101
Male Sec. School Enrollment*	85	87
Male Tert. School Enrollment*	16	17
Employment in Agriculture	11	12
Employment in Industry	45	32

Source: Fidrmuc, Fidrmuc, Horvath (2002)

\* School enrollment is the number of students in the school category (irrespective of age) divided by the number in the respective age category (thus, it can exceed 100%).

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<sup>66</sup> Ibid. Pp.6.

## **2.2 Quantification of the labor migration of the Czech and Slovak population since the break-up until the EU-accession**

Quantification of the number of labor migrants is always a difficult task due to the poor availability of data on this heterogeneous group of peoples – ranging from official immigrants, people granted work permits, trade licenses or other type of required registering, not to say about illegal workers. Put in the context of the overall migration patterns in the Czech and Slovak Republic in the transition period, foreign labor migration trends of Slovak and Czech citizens are outlined in this part and the resultant estimates about the number of workers abroad based on the available statistics and conducted surveys are presented.

### **2.2.1 Information drawn from the statistical datasets**

As stated above, the official emigration out of the Czech Republic initially increased in the years after the independence in 1989, dropped however significantly after 1993 to an average of about 850 emigrants per year, according to official records.<sup>67</sup> Table 2 presents the migration trends of the Czech population, as officially recorded in the statistics. The striking increase in the number of migrants as of 2001 is caused by the change in methodology, when the government began to include short-term and temporary migrants in its immigration and emigration statistics.

Since the official statistics depict just those registered or deregistered by the state authorities, it is not a suitable indicator about the actual number of labor migrants flowing out and into the country. Though, the numbers are nevertheless interesting since they indicate the overall trends in migration. The Czech Republic has unequivocally turned from being traditionally an emigration country into an immigration one. Already between 1993 and 1996

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<sup>67</sup> Drbohlav, D., *The Czech Republic: From Liberal Policy to EU Membership*, Charles University, August 2005.

residence permits increased four-fold and work permits more than doubled<sup>68</sup>, which subsequently impacted a change in the migration policy of the country. While in 1990 – 1997 the country retained a liberal open migration policy, which was more liberal than those of most developed countries, since 1998 government tightened rules for granting of work and residence permits, and in 2000 a new Immigration Act came into force. Due to this fact, the issue of immigration of foreigners attracted much more attention than the migration of Czech workers into foreign countries, at least in the domestic political debates.

**Table 2: Migration trends in the Czech Republic (1990-2006)**

	<i>Immigration</i>	<i>Emigration</i>	<i>Balance</i>
1990	12 411	11 787	624
1991	14 098	11 220	2 878
1992	19 072	7 291	11 781
1993	12 900	7 424	5 476
1994	10 207	265	9 942
1995	10 540	541	9 999
1996	10 875	728	10 147
1997	12 880	805	12 075
1998	10 729	1241	9 488
1999	9 910	1136	8 774
2000	7 802	1 263	6 539
2001	12 918	21 469	-8 551
2002	44 679	32 389	12 290
2003	60 015	34 226	25 789
2004	53 453	34 818	18 635
2005	60 294	24 065	36 229
2006	68 183	33 463	34 720

Source: Czech Statistical Office

Note: Numbers include short-term and temporary migrants as of 2001.

As for Slovakia, the official emigration after the break-up of the republic decreased significantly as well. The intensity of migratory movements between the Czech Republic and Slovakia did not however diminish; nevertheless, there are several aspects that need to be taken into account. First of all, majority of the immigrated persons to Slovakia came from the

<sup>68</sup> OECD Economic Survey of the Czech Republic 2004. Chapter 6: Immigration Policy: addressing the needs of an ageing Labour Force.

Czech Republic; however, this fact is ascribed largely to the return migration.<sup>69</sup> Secondly, the low numbers of emigrants from Slovakia into the Czech Republic do not correspond with the data of the Czech Statistical Office<sup>70</sup>, and thus, as stated by Divinsky, they are not suitable for actual examination.<sup>71</sup> Important factor that certainly subscribed under the low number of official emigrants from Slovakia into the Czech Republic was the fact that after the break-up the two new countries agreed to preserve the common labor market indefinitely, i.e. quasi free movement between the two countries was established and working was allowed without applying for a work permit. Still, a closer analysis of the reasons behind the low official emigration of Slovaks is needed; nevertheless, it is important to note also for further inferences that official immigration to Slovakia (overwhelmingly return migration of former emigrants often still holding Slovak citizenship) exceeds the official emigration, and thus the migration balance of Slovakia is positive until today (Table 3).

**Table 3: Migration trends in Slovakia (1990 – 2006)**

	<i>Immigration</i>	<i>Emigration</i>	<i>Balance</i>
1990	8 618	10 940	-2 322
1991	9 076	8 861	215
1992	8 929	11 868	-2 939
1993	9 106	7 355	1 751
1994	4 922	154	4 768
1995	3 055	213	2 842
1996	2 477	222	2 255
1997	2 303	572	1 731
1998	2 052	746	1 306
1999	2 072	618	1 454
2000	2 274	811	1 463
2001	2 023	1 011	1 012
2002	2 312	1 411	901
2003	2 603	1 194	1 409
2004	4 460	1 586	2 874
2005	5 276	1 873	3 403
2006	5 589	1 735	3 854

Source: Statistical Office of the Slovak Republic

<sup>69</sup> Divinsky, B.(2004): pp.17.

<sup>70</sup> Until today because of the different definitions of migrant the data about migration flows between the Czech and Slovak Republic differ considerably, and thus are not comparable.

<sup>71</sup> Divinsky, B.(2004): pp.16.

As stated above, after the break-up the two new countries decided to preserve the common labor market. There was no need to apply for a work permit; the citizens just needed to register at the local labor office.<sup>72</sup> Table 4 provides the data about the number of Slovaks employed in the Czech Republic and Czech citizens employed in the Slovak Republic between 1993 and 2003.<sup>73</sup> It is evident that the propensity toward migration is very high among the Slovak population, whereas quite insignificant among the Czech population.<sup>74</sup> Even though that such development is not surprising given the overall better economic performance of the Czech Republic, higher wages, and low unemployment rate in the economy in contrast to Slovakia<sup>75</sup>, a more thorough insight into the issue will be given in the paper.

In general, rather than the numbers themselves, the overall trend of the labor migrants flows is of higher importance. Thus, while the number of workers is increasing in both cases, it is much more significant for Slovakia. It should be also noted that while in the first years after the break-up of Czechoslovakia the number of Czech citizens employed in Slovakia decreased, it was the opposite case for Slovakia, where the outflow of workers grew rapidly. Such development is very likely to be linked to the transition-related impacts on the economies, with Slovakia experiencing more severe crisis compared to the Czech Republic.

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<sup>72</sup> Since May 2004, the citizens are treated in the same way as other EU citizens.

<sup>73</sup> The numbers include just the registered employees, not the number of issued trade licenses. In case of Slovak citizens granted trade licenses in the CR, this number amounts to some 10% of the number of registered employees. Although not insignificant, since the number is relatively stable over time, it does not change the overall trend.

<sup>74</sup> The number of economically active population of Slovakia is 2,65 mil. as of 2006, and of the Czech Republic 5,19 as of 2006.

<sup>75</sup> See: Appendix

**Table 4: Citizens of the CR employed in the SR and citizens of the SR employed in the CR - time series 1993-2003 (as at December 31)**

Year	<i>Number of Czech citizens registered by labor offices in the SR</i>	<i>Number of Slovak citizens registered in the CR</i>	<i>Difference CR-SR</i>	<i>Index for Czech citizens employed in the SR - year 1993=100%</i>	<i>Index for Slovak citizens employed in the CR - year 1993=100%</i>
1993	1 439	23 367	21 928	100,00	100,00
1994	1 198	39 209	38 011	83,25	167,80
1995	1 179	59 323	58 144	81,93	253,88
1996	1 499	72 244	70 745	104,17	309,17
1997	1 718	69 723	68 005	119,39	298,38
1998	2 119	61 320	59 201	147,26	262,42
1999	2 229	53 154	50 925	154,90	227,47
2000	2 227	63 567	61 340	154,76	272,04
2001	2 013	63 555	61 542	139,89	271,99
2002	2 023	56 558	54 535	140,58	242,04
2003	2 270	58 034	55 764	157,75	248,36

Source: MLSA-ESA, Slovak Ministry for Labor, Social Affairs and the Family, calculations Milada Horáková, RILSA, in Horakova (2007)

In regard to other West European countries, it is evident that the opening of the borders in 1990 and transition-related disequilibria in the economies induced the outflow of both Slovak and Czech citizens into these countries, although not officially recorded in the statistics. There are however no estimates about the extent of the outflow, largely due to clandestine character of the employment of CEE nationals in the West European countries. Important factor that played a role in the development of the actual labor migration realities were the regulations of the respective states. In 1990s the tensions in the domestic labor markets of West Europe were already apparent, and thus domestic legislation protected the labor markets against the undesirable inflow of foreign workers. Therefore, the legal labor migration of Czech and Slovak citizens was partially impeded. Though it is likely that there were many who worked illegally in the foreign countries, it is apparent that the regulations restrained from possible massive influx of long-term workers, since they discouraged many of those interested to find a regular work in the foreign economy. The structural features of the West European economies rather conditioned a temporariness of the employment of CEE nationals. As confirmed by various studies, the most prominent kind of migration flows

resulted from seasonal demand for labor in the agriculture and construction sectors and predominant proportion of these movements has been regulated by bilateral agreements.<sup>76</sup>

Both the Czech Republic and Slovakia concluded bilateral treaties with Germany in order to control the movements of workers. The treaties aimed at regulating temporary employment in Germany for purposes of improvement in language and professional qualifications, and for seasonal works. The treaties determined the number of people allowed entering the labor market in case of improvement of qualifications in a given year irrespective of the situation at the German labor market.<sup>77</sup> Number of persons holding the contracts for period of 3 months for the purpose of seasonal works has varied according to the demand in the economy. Overall, such framework not only limited the possible applicants, but also conditioned the temporary character of the labor migration. Table 5 displays the number of registered contracts of the Czech citizens employed in Germany in 1994-2006. It should be noted that in 1993 the number of contracts was the highest and exceeded 12,000 (see Graph 1 in Appendices), and is decreasing in the recent years. As for the Slovak citizens, the trend has been decreasing in recent years as well; however, the number of seasonal workers exceeds the number of Czech citizens threefold.<sup>78</sup>

Germany as a country of destination has been particularly important for the Czech Republic. Beyond the short-term contracts, commuting has been particularly significant already since gaining independence. In the beginning of the 1990s, the number of Czech

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<sup>76</sup> World Bank EU8, *Quarterly Economic Report*, Part II: Special Topic: "Labor Migration from the New EU Member States", Sept. 2006.

<sup>77</sup> The Czech Republic concluded the treaty with Germany in 1991 and Slovakia in 1996, and the time duration of the work contracts was either up to 3 months for seasonal works or max. 18 months for the purpose of improvement in qualifications. Maximal number of people entering the German labor market in the latter category was limited to 1400 in case of the Czech Republic and 700, later 1000 in case of Slovakia. The number of people holding contracts for period 3 months was dependant upon vacancies. E.g., in 2005 number of contracts for period of 3 months reached 1667 for the CR, and 7502 for Slovakia. Additionally, the IT specialists have been recruited to Germany on the basis of "Green Cards" system.

<sup>78</sup> Number of contracts up to 3 months decreased from 10,132 in 2003, to 8,702 in 2004, and 7,502 in 2005. Number of contracts up to 18 months decreased since 2004 to 2005 about 26% and reached 419 people. In: *Všeobecné hodnotenie stavu plnenia medzinárodných zmlúv za rok 2005* [The Evaluation of the Fulfillment of the International Treaties in the year 2005]. pp.28.

commuters to Germany was as high as 50,000 persons; this number however dropped to some 30,000-35,000 due to restrictions introduced by Germany<sup>79</sup>. It should be however noted that commuting as a form of employment is continuously losing its importance.<sup>80</sup>

According to the estimates of experts from RRA/Friedrich Ebert Stiftung<sup>81</sup> number of Czech citizens employed in Germany in 2000 constituted 49% of the total number of Czech citizens in the EU labor market.<sup>82</sup> When compared to the official German statistical data about the number of people paying the insurance fee in Germany according to nationality (Table 6, Graph 5), the estimated total number of Czech citizens working in EU labor markets in 2000 amounted to some 30,000 people. This figure corresponds with the opinions of the experts from the Ministry of Labor and Social Affairs, who estimated that before the Czech Republic joined the EU, between 30,000-40,000 Czechs worked legally abroad, mainly in Western Europe and in the US.<sup>83</sup> According to the population census carried out in 2001 approximately 25,000 people have been working in other EU country at that time.<sup>84</sup>

Table 6 reveals additional information about the character of employment of Czech and Slovak workers in Germany. It shows that the number of employees of the Czech nationality who are obliged to pay social insurance in Germany is higher compared to Slovak citizens in absolute numbers as well as a percentage of the Czech and Slovak labor force. Nevertheless, as stated before, the number of seasonal workers is three times higher for

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<sup>79</sup> Drbohlav in World Bank EU8, *Quarterly Economic Report*, Part II: Special Topic: "Labor Migration from the New EU Member States", Sept. 2006. pp.4.

<sup>80</sup> Vavreckova *Commuting*

<sup>81</sup> RRA/Friedrich Bert Stiftung, *Euro Inforcentre, 2003 in Horáková, M.: Migration and its Influence on the Labour Market in the Czech Republic*, RILSA, Prague, October 2003.

<sup>82</sup> The second rank belongs to Austria with 21% of the total number and the third place to Italy, reaching 13%. Interestingly, the number of Czech citizens in the UK, and Ireland is quite insignificant in 2000, amounting to 3% and 5%, respectively.

<sup>83</sup> Drbohlav, D., *The Czech Republic: From Liberal Policy to EU Membership*, Charles University, August 2005.

<sup>84</sup> EurActiv: "Mobilita pracovníkov v krajinách V4" [Mobility of Workers in Visegrad countries], July 11, 2006. Available at: <http://www.euractiv.sk/cl/285/6503/Mobilita-pracovnikov-v%C2%A0krajinach-V4>.

Slovakia. This indicates that while the Czech citizens are employed in Germany on more permanent basis, the Slovaks are more inclined to conduct seasonal works.

**Table 5: Citizens of the CR employed in Germany – 1994-2006 (as at December 31)**

Year	<i>Number of contracts for period of 18 months*</i>	<i>Number of contracts for period of 3 months**</i>	<i>IT specialists***</i>	<i>Total</i>	<i>Index for contracts for period of 18 months - year 1994=100%</i>	<i>Index for contracts for period of 3 months - year 1994=100%</i>
1994	1 030	3 312	-	4 342	100,00	100,00
1995	1 096	3 378	-	4 474	106,41	101,99
1996	703	3 129	-	3 832	68,25	94,47
1997	530	2 266	-	2 796	51,46	68,42
1998	320	2 078	-	2 398	31,07	62,74
1999	446	2 157	-	2 603	43,30	65,13
2000	649	3 126	-	3 775	63,01	94,38
2001	783	3 036	249	4 068	76,02	91,67
2002	639	2 985	305	3 929	62,04	90,13
2003	343	2 464	337	3 144	33,30	74,40
2004	185	2 148	352	2 685	17,96	64,86
2005	97	1 667	n.a.	1 764	9,42	50,33
2006	86	1 241	n.a.	1 327	8,35	37,47

Source: statistics MLSA, RILSA calculations, Milada Horáková, in Horakova (2007)

\* Work contracts for Czech citizens for maximum 18 months within lifetime (for purpose of improvement in qualifications)

\*\* Work contracts for Czech citizens for maximum 3 months within one year

\*\*\* Czech IT specialists employed on the basis of "Green cards"

**Table 6: Number of Czech and Slovak employees obliged to pay the social insurance in Germany (June 2001-June 2005)**

As at:	<i>Czech Republic</i>	<i>Slovakia</i>	<i>% from economically active population CR</i>	<i>% from economically active population SR</i>
30-Jun-01	14 548	4 600	0,28	0,17
30-Jun-02	15 000	5 068	0,29	0,19
30-Jun-03	13 992	5 025	0,27	0,19
30-Jun-04	13 020	5 186	0,25	0,20
30-Jun-05	12 899	5 770	0,25	0,22

Source: German Federal Statistical Office, Statistical Office of the Slovak Republic, Czech Statistical Office, own calculations

As it has been shown above, the official migration statistics is not a source of reliable data, especially in regard to emigration. Therefore, alternative sources of data related to international migration are used in order to obtain the information on labor migration. This

however provides information of various scope and quality, and thus worsens the accuracy of estimates. In regard to the insignificant number of official emigrants recorded in the statistics, the fact itself indicates about the actual nature of migration, i.e. the fact that people who leave the country but do not deregister officially suggests that the character of the migration is temporary. As for Slovakia, it should be also noted that in the official statistics about emigration the number of women exceeds the number of men. This is interesting in particular when contrasted to a survey conducted recently in Slovakia in order to assess the migrants' profile<sup>85</sup>, which showed that the typical migrant is a man. Even though a more thorough research would be necessary, this finding goes in line with the above-mentioned temporal character of migration.

To sum up, in the transition period the West European countries represented due to their high standard of living and high average wages a natural target of the migratory intentions of CEE nationals, including the Czechs and Slovaks. The employment in these countries was regulated by the protective legislation of the respective countries, which to some extent impeded the worker's mobility. Nevertheless, the labor migration flourished in its temporary and often illegal forms. Germany was the only country that concluded bilateral treaties on employment with both the Czech Republic and Slovakia in this period, which regulated the short-term employment of Slovak and Czech citizens in German labor market. On the basis of these treaties the seasonal employment of the Slovak nationals is more significant than as of the Czech nationals; however the tendency is decreasing in both cases in recent years.

As for the overall number of labor migrants from the Czech Republic and Slovakia before the accession to the EU, it amounted to some 30,000-40,000 workers in case of the Czech Republic, and the main destination country was Germany. It is important to note that

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<sup>85</sup> Reichova, D. et al. *Sprístupnenie trhov práce vo vybraných krajinách EÚ a vývojové trendy na trhu práce v SR*. [Opening of the Labor Markets in selected EU countries and trends in the Slovak Labor Market]. Institute for Labour and Family Research. Bratislava, Dec. 2006.

the number of labor migrants from the Czech Republic in the UK and Ireland was quite insignificant.<sup>86</sup> This represents an interesting point for further analysis, so as to assess how the opening of the labor markets of UK and Ireland in 2004 influenced the mobility to these countries. As for Slovakia, the estimates about the labor migrants prior to accession are rather missing; nevertheless, it is apparent that the Czech Republic is historically the main destination country of Slovak workers, reaching some 60,000 people in 2004.

### 2.3 Labor migration after the EU-accession

The pre-accession period of the 10 countries of Central and Eastern Europe to the European Union had been marked with vivid discussions about the possible impacts of the enlargement for the old Member States. Particular attention had been devoted to the possible massive inflow of cheap labor to the West labor markets.<sup>87</sup> Therefore, even though that the free movement of persons is one of the fundamental freedoms within the European Union, guaranteed by the Community Law, individual Member States could according to the Accession Treaty of 2003 introduce transitional arrangements on the free movement of workers from the new Member States (excluding Malta and Cyprus). The only countries, which decided to open their labor markets for EU-8 nationals immediately after their accession, were Ireland, the U.K. and Sweden.

Following the opening of their labor markets, these countries recorded increased inflows of labor. Naturally, exactly the free access to the labor markets is deemed to be the primary cause behind the increased number in labor migrants; however, the puzzling question remains to what extent the increased numbers of foreign workers reflected the legalization of the already existing employment.<sup>88</sup>

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<sup>86</sup> 3% of total labor migrants working in the UK and 5% in Ireland.

<sup>87</sup> For a comprehensive overview of the studies see: Bijak, et al (4/2004).

<sup>88</sup> The World Bank states in its report that the extent to which the increased inflows reflected the legalization of already existing employment is unknown. In: World Bank EU8, *Quarterly Economic Report* (2006): pp.6.

### **2.3.1 Labor mobility of the Czech population**

When assessing the issue of labor mobility after the accession it is interesting to look at the recently issued analysis of the 2005 Eurobarometer survey on geographical and labor market mobility<sup>89</sup> conducted by European Foundation for the Improvement of the Living and Working Conditions. Based on the finding that there is a complex relationship between the level of geographical mobility and job mobility in European societies, the conducted analysis constituted four categories of national mobility profiles. As such Slovakia ended up in the country-cluster characterized by the lowest mobility profile (both residential and geographical mobility, and job mobility) and the Czech Republic in the cluster characterized by low residential mobility, but higher occupational mobility. Surveying the past mobility behavior of the Czech and Slovak population has confirmed that the interregional mobility is generally very low; although a bit higher among the Czech population (this goes in line with the mobility patterns in the socialist times, when Czechs were more mobile than Slovaks within the regions of the Republic). In regard to the international mobility, the survey showed that 2% of the Czech population has in the past involved in the movements to another EU country.<sup>90</sup>

It is interesting to compare this number to the already mentioned number of people working in some EU country before the accession. Since this number stood as high as some 30,000 people, this represents roughly 0,3% of the Czech population. This discrepancy suggests that there is either relatively considerable portion of Czech citizens who moved to another country without having work motives, e.g. students, or that there is a high frequency of moving to another country and returning back among people, i.e. it confirms the temporariness of the stay.

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<sup>89</sup> *Mobility in Europe. Analysis of the 2005 Eurobarometer survey on geographical and labour market mobility* (2006).

<sup>90</sup> The short-term tourist-like visits are not embraced in the number.

As already mentioned according to the Council Regulation the Member States are obliged to monitor the labor mobility of foreign workers within the Community. After the accession countries that decided to open their labor markets paid special attention to monitor the numbers of foreigners, particularly from new Member States, accurately. As such, the UK established the so-called Worker Registration Scheme (WRS), which obliges the nationals of the new Member States (except Cyprus and Malta) who wish to work for more than one month in the UK to register under this scheme. In Ireland, the monitoring is possible on the basis of the allocation of so-called PPS numbers.<sup>91</sup> In Sweden persons must register with the Migration Board no later than three months after entering the country.

Tables 7 and 8 below (Graph 6, 7 in Appendices) provide the information on the number of Slovak and Czech workers in the UK and Ireland on the basis of the above-mentioned registrations. It is worth pointing out that since workers are not obliged to deregister, the numbers of applicants do not represent a measurement of net migration; rather the total number is a cumulative figure for the whole period. The data for the UK are collected on the quarterly basis, for Ireland on the monthly basis (for the monthly statistics see Appendices).

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<sup>91</sup> Personal Public Service Number is a customer reference number for transactions between individuals and Government Departments and other public service providers.

**Table 7: Number of Slovak and Czech applicants to the WRS in the UK (May 2004-April 2007)**

		<i>Slovak workers</i>	<i>Czech workers</i>
<b>2004</b>		<b>13 020</b>	<b>8 255</b>
	Q2	3 410	2 265
	Q3	4 885	3 080
	Q4	4 725	2 910
<b>2005</b>		<b>22 035</b>	<b>10 575</b>
	Q1	4 805	2 720
	Q2	5 805	2 715
	Q3	6 375	2 860
	Q4	5 050	2 275
<b>2006</b>		<b>21 725</b>	<b>8 340</b>
	Q1	4 305	1 865
	Q2	5 490	2 045
	Q3	6 255	2 220
	Q4	5 675	2 210
<b>2007</b>	Q1	<b>4 405</b>	<b>1 690</b>
<b>TOTAL</b>		<b>61 185</b>	<b>28 860</b>

Source: Border and Immigration Agency

**Table 8: Total Allocation of PPSNs to Slovak and Czech nationals, Ireland (May 2004 to April 2007)**

		<i>Slovak workers</i>	<i>Czech workers</i>
2004		4 554	3 045
2005		9 256	4 503
2006		10 497	4 407
2007		2 101	792
<b>TOTAL</b>		<b>27 135</b>	<b>13 059</b>

Source: Department of Social and Family Affairs

Assessing the information on applicants to WRS in the UK, it can be seen that the numbers of Czech workers are relatively stable over the period and display rather decreasing tendency. Moderate seasonal fluctuations are visible in the summer months; however, they are almost negligible. Since for Ireland the monthly statistics is available, the fluctuations are more apparent. It is difficult to assess the tendency, since the numbers are rather equally distributed; however when the first four months of 2007 are compared to the first months of 2006, a moderate decline is visible. As for the overall numbers, according to the Ministry of Labor and Social Affairs of the Czech Republic during 2005 31,234 Czechs were employed

in the EU-25 Member States, with the majority residing in the United Kingdom (17,600), Ireland (5,761), Italy (4,217) and Germany (2,010 including short-term employment).<sup>92</sup>

There are two important inferences that can be drawn from the above statistics. Firstly, when compared to the pre-accession period, the estimated number of Czech workers in the UK was 3%, what constitutes roughly 1000 people out of alleged 30,000.<sup>93</sup> The same trend may be observed in the case of Ireland, where some 5% out of 30,000 workers was employed before the accession, i.e. roughly 1,500 people. Thus, it is evident that the open access to the labor market of the UK and Ireland represented a strong pull factor in the migration-decisions (even if we take into consideration the unknown illegal employment in the UK before the accession). Second conclusion rests on the claims of some official sources, namely the European Citizen Action Service. In the report<sup>94</sup>, the author claims exactly based upon the numbers of Czech workers in Ireland and Italy that there is no correlation between the application of Transitional Arrangement and the choice of the migrant. This strong statement stems from the fact that while the conditions of accessing the labor market in Ireland and Italy were completely opposite (work permit system with quotas in Italy); the two countries have seen similar number of Czech workers. However, one needs to be more cautious with such claims, since, as it was shown above, the number of Czech workers in Italy has been quite significant even in the pre-accession period. Specifically, it was estimated to have reached 13% out of the overall workers employed in a foreign country. Recalculated with the estimated 30,000, it shows that the number of workers in Italy has stayed rather stable, i.e. there is a high probability that the workers employed in Italy before 2004 have stayed there also after the EU-accession. To conclude, the present numbers for the Czech Republic strongly indicate that the opening of the labor markets of the UK and Ireland

<sup>92</sup> Ministry of Labor and Social Affairs of the Czech Republic, in: Traser, J. *Who's still afraid of EU enlargement*. European Citizen Action Service, Brussels 2006.

<sup>93</sup> See: RRA/Fridrich Ebert Stiftung, *Euro Inforcentre, leden 2003* in Horáková, M.: *Migration and its Influence on the Labour Market in the Czech Republic*, RILSA, Prague, October 2003.

<sup>94</sup> Traser, J. (2006).

have represented a strong pull factor in the migration decisions, even though that it is likely that it has triggered the short-term, seasonal employment, which is preferred by the young population.

The data published by Czech Ministry of Labor and Social Affairs about the number of workers in Germany seems striking when compared to the data from German Statistical Office about the number of employees of Czech nationality who are obliged to pay social insurance in Germany (see Table 6). In regard to Austria, which has traditionally represented an important destination country for the Czech population, the data on the exact number are unavailable, since the Austrian Statistical Office does not distinguish between the Czech and Slovak nationals, but records them under the common heading ‘Former Czechoslovakia’. Nevertheless, the estimations indicate that the number of Czech people employed in this country is decreasing. Contemporary data about the number of Czech citizens employed in Slovakia is not available, but it is very probable that the insignificant number has not changed since 2003 (see Table 4).

### **2.3.2 Labor mobility of the Slovak population**

Unlike the Czech Republic, the figures from Eurobarometer survey indicate a different tendency for Slovakia. According to the survey, 2% of the population has moved within Europe in the past. In the assessment of the labor mobility of Slovak citizens after 2 years of the membership in the EU, the Slovak Ministry of Labor, Social Affairs and Family published the data about the number of Slovak nationals working in other EU Member State. Ministry of Labor thus estimated the total number of people working abroad on 190,000 – 200,000.<sup>95</sup> Precise official statistics state 169 974 Slovak citizens, however the number is increased by additional 30,000 of estimated illegal workers. From this figure, the number of

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<sup>95</sup> Ministry of Labor, Social Affairs and Family, “Trh práce po 2 rokoch od vstupu Slovenska do EÚ“ [Labor Market in 2 Years After the Accession in the EU], April 28, 2006.

people working in any of the old Member States represents less than half, exactly 70,751; the rest is employed overwhelmingly in the new Member States. Voices were however heard that the number of Slovaks working abroad is much higher, amounting to 400,000 as declared by the prime Minister Robert Fico<sup>96</sup> or as brought up by some coverage media. Even though that such information is unreliable, we can assume that the number is higher today than when published by the Ministry, since the number is constantly growing in the most targeted country by Slovaks, namely the Czech Republic (See Appendix). Thus, if we assume that there are some 220,000 people presently working in the EU, it represents 4% of the overall population. Again, two inferences can be drawn from this when contrasted to the 2% from the survey. Firstly, it suggests that the mobility of Slovak workers to foreign countries is growing. Secondly, the discrepancy may indicate that there is a considerable portion of daily commuters in the labor migrants.

After the Czech Republic, which is historically the most targeted country of Slovak workers, the second most popular country has become the UK. Since there are no available data about the number of Slovak nationals working in the UK before the accession, it is difficult to assess how this pattern has change; nevertheless it is apparent that the opening of the British labor market conditioned the inflow of Slovak workers. Moreover, since the illegal workers working in the UK before the accession were encouraged to register under the WRS as well, judging on the fact that in 2004 the number of registered people of Slovak nationality has been lower than in the next years, it seems that there was not a considerable number of illegal Slovak workers before the accession. Labor migration to the UK as well as Ireland displays strong seasonal fluctuations, with the summer months being the strongest in terms of labor inflow. This trend is slightly visible also by employment in the Czech Republic, since one can observe a decline in the winter months.

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<sup>96</sup> Sme (printed press): “V únii pracujú státisíce Slovákov“ [Hundreds of thousands Slovaks working in the EU], 2.5.2006

The third major destination of Slovak workers has become Hungary. The number has considerably increased after the EU accession when all the restriction to Hungarian labor market were abolished for Slovak workers. Before that, a quota of 2,000 people was set to limit the number.<sup>97</sup> Between 1 January 2005 and 31 March 2006 21,354 Slovak workers got employed in Hungary.<sup>98</sup> According to the Hungarian Prime Minister Ferenc Gyurcsány 30,000 Slovak workers who were looking for better paid jobs found it in Hungarian plants.<sup>99</sup>

To sum up, assessing the labor migration patterns of Slovak and Czech populations clearly shows that the opening of the labor markets conditioned the outflow of workers to these countries. Even though that the West European countries represented targeted countries already in the transition period, the mobility was largely impeded by the protective legislation. The present data reveal that while Slovaks are becoming more mobile throughout its membership in the EU, the Czechs are rather reluctant to move. Moreover, even without scrutinizing the structural conditions of the destination countries, it has become clear that the employment particularly of Slovak workers is to a large extent seasonal and overall migratory movements have temporary character.

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<sup>97</sup> Schönwiesner, R., Horníková, Z.: "Hitom pre prácechtivých je po vstupe do EÚ najmä Maďarsko" [The hit for those willing to work has after the accession become Hungary], Trend, 18.5.2005.

<sup>98</sup> Kellenbergerová, K. in Traser, J.(2006)

<sup>99</sup> Schönwiesner, R., Horníková, Z. (18.5.2005)

## CHAPTER 3: EXPLAINING THE TRENDS – FACTORS BEHIND THE DIVERGENT MIGRATION PATTERNS

The previous chapter analyzed the migration patterns of the Slovak and Czech population and showed that the propensity toward migration is significantly higher among the Slovak population. While only 0,3% of the total population of the Czech Republic or 0,5% of the labor force is working presently abroad, for Slovakia these numbers stand as high as 4% and 8%. This chapter aims at uncovering the factors that have lead to the divergent situation, and is based upon the assumptions stemming from the theoretical considerations illuminated in the Chapter 1 as well as upon the analysis of the migration patterns made in the previous chapter.

### 3.1 Analysis of the factors at the macro level

From the macro theories on migration following assumptions have been generated in Chapter 1:

- 1) Wage differentials, measured usually in real terms of the difference of the purchasing power between regions or countries trigger migration.*

Since there are evident wage differentials between the West European countries and the countries of CEE, it is beyond dispute that these represent strong pull factors of migration. It should be also noted that the GDP per capita is usually taken as a very good measure of the level of socio-economic development of particular countries, as well as a macro-economic proxy for the level of individual income. Since the price level in a country influences the actual utility of income, the indicators need to be calculated on the basis of the purchasing power parity. The indicators for the Czech Republic and Slovakia as well as the most important receiving countries are presented in Table 12 and 13 (Appendices).

The higher GDP per capita and level of wages in the Czech Republic explain partially why this country is the most popular target of the Slovak workers; however, it is evident that other factors need to be taken into consideration, in particular when compared to the other West European countries where the wage differentials are more significant. The analytical appraisal of the migratory movements between the Czech Republic and Slovakia made in the previous chapter implies why the Czech Republic has become more important destination for Slovaks than other West countries. The knowledge of the language, low traveling costs, proximity of cultures, almost no difficulties in adapting to the new environment, and lack of administrative constraints on mobility are decisive in the decision-making, since they significantly lower the costs of moving and thus increase the net return.

Similarly, the wage differentials between the West European countries and the Czech Republic explain the migration to these countries; however, it still remains questionable why the number of labor migrants is so insignificant. Thus, it may be concluded that while wage differentials and overall socio-economic development matter; there are other factors that determine the actual decision-making as well.

*2) Labor migrants react to the demand for labor in the low pay secondary sectors of the labor markets of post-industrial societies, which is expressed through recruitment practices rather than wage offers.*

The previous chapter indicated that the migration flows from CEE countries resulted to a large degree from seasonal demand for labor in particular sectors of the economy, such as agriculture and construction sector.<sup>100</sup> Similarly, the cyclical character of the employment particularly in the UK and Ireland indicates that the demand for certain professions is increased in particular periods of the year.

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<sup>100</sup> Compare: World Bank EU8, *Quarterly Economic Report*, (Sept. 2006.)

One very concrete example of how the West labor markets are in need for foreign labor in particular sectors is the health care sector for old and disabled people. Specifically, the motivational factors seem to explain why these jobs are less likely to be occupied by native workers, who work not only for income but also for the accumulation and maintenance of social status. On the other hand, the potential employees from Eastern Europe view this kind of bottom-level jobs simply as a means to earning money with no implications for status or prestige. This is the case for Slovaks who have found this kind of employment in Austria, but also in Germany or the UK. Nevertheless, it needs to be accentuated that the wage differentials in case of Slovak workers play a decisive role, i.e. it does not go fully in line with the proposed assumption that it is the demand on the side of the employer what primarily matters.

Nevertheless, in order to make more specific conclusions, it is necessary to inquire about the structure of the migration movements of the Slovak and Czech populations. Data from the Border and Immigration Agency<sup>101</sup> reveal the information about the sectors for registered workers who applied between May 2004 and March 2007. The top five sectors were administration, business and management with 37% of the employed workers, hospitality and catering with 20%, agriculture with 10%, manufacturing with 7% and food, fish and meat processing with 5%. It is worth pointing out that the proportion of workers working for employers in the administration, business and management group increased from 25% in 2004 to 41% in the first quarter of 2007. Meanwhile, the proportion in hospitality and catering fell from 27% in 2004 to 17% in the first quarter of 2007. The data for Slovakia indicate the same pattern.<sup>102</sup> Since the sector of administration and business does not represent the sector at the bottom rank of the job hierarchy, the empirical evidence does not

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<sup>101</sup> Border and Immigration Agency, Department for Work and Pensions, UK: Accession Monitoring Report A8 Countries, May 2004-March 2007.

<sup>102</sup> Reichova, D. et al. Opening of the Labor Markets in selected EU countries and trends in the Slovak Labor Market. ILFR Bratislava, Dec. 2006.

go fully in line with the proposed assumption. Nevertheless, it has to be admitted that the workers react to the demand for labor in specific sectors, although not necessary the low pay secondary sectors.

Further scrutiny that appears pertinent at this place is to analyze if the Czech labor market is pulling the Slovak workers into the low pay sectors of the economy. Such assumption is based on the statements of Czech experts, namely that Czech citizens are reluctant to work in less attractive and poorly paid jobs since the difference between the minimum wage and the social net for unemployed persons is very small.<sup>103</sup> It is rather difficult to assess the structure of the Slovak workers in the CR, since data are available just for the overall foreign population in the CR. Nevertheless, based upon the fact that there has always been almost no difference between the minimum wage of these two countries, it is unlikely that Slovak workers undertake the minimum wage jobs.

*3) The higher the level of unemployment in the country, the more significant is the labor migration out of the country.*

As already mentioned, the literature on migration views the level of unemployment as an important economic determinant of migration. The recently published study of Jennissen<sup>104</sup> on the macroeconomic determinants of international migration in Europe confirmed the hypothesis on negative effect of unemployment on net international migration. On the other hand, as it has been pointed out by Kaczmarczyk<sup>105</sup> on the basis of the review of available literature, the relationship can be seen in many cases relatively weak in scope.

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<sup>103</sup> Drbohlav, D., and others: Czech Republic in Current Immigration Debates in Europe: A Publication of the European Migration Dialogue., Niessen, J., et al. (eds.), Sept.2006.

<sup>104</sup> Jennissen 2004.

<sup>105</sup> Kaczmarczyk in: Bijak, J. and others. *International migration scenarios for 27 European countries, 2002-2052*, Central European Forum For Migration Research , CEFMR Working paper 4/2004.

Since this paper is an analytical appraisal of the migration rather than econometric analysis, it does not provide any economic explanatory models.<sup>106</sup> Rather, the migratory patterns presented in the previous chapter are confronted with the statistical data displaying the information on unemployment rate. The available data from Eurostat are used in order to maintain comparability of the indicators. As it can be seen in Table 10, the unemployment is considerably higher in Slovakia all over the period. Although the data before 1997 are missing, it needs to be accentuated that Slovakia was facing severe aggravating of the economic indicators, included unemployment rate, while the Czech Republic experienced almost no unemployment. The official emigration from the Czech Republic increased rapidly in this period; there are though presumably other factors that influenced the outflow than the conditions at the labor market. As for Slovakia, it has been shown that the migration to the Czech Republic was rapidly growing in this period. The migration to other West European countries is also assumed to have taken place. Thus, this would go in line with the analyzed assumption. Nevertheless, it would be too simplistic to conclude that the out-migration was solely due to the increasing unemployment, since other factors need to be taken into consideration as well.

**Table 9: Unemployment rate – total % (1997-2006)**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Slovakia</b>	<i>n.a.</i>	12,6	16,4	18,8	19,3	18,7	17,6	18,2	16,3	13,4
<b>Czech Republic</b>	<i>n.a.</i>	6,4	8,6	8,7	8	7,3	7,8	8,3	7,9	7,1

Source: Eurostat

The unemployment in the Czech Republic has been growing after the crisis of 1998, nevertheless, since the precise data on mobility are missing, it is not possible to make any conclusions. It is however interesting to follow the situation after the accession when the availability of data has increased. As it was shown in the previous chapter, the free access to the labor market of the UK and Ireland triggered the mobility of the Czech and Slovak population, but both countries display different tendencies over time. While the number of

<sup>106</sup> Moreover, as pointed out in the introduction, the unavailability of data impede such calculations.

Czech workers is slightly decreasing, it is not the case for Slovakia. At the same time, the unemployment is decreasing in Slovakia after the new Labor Code was implemented in 2003. Nevertheless, it is similarly not possible to make any strong conclusions, since an inquiry into the labor market is necessary to assess the structure of unemployment as well as the structure of the outflow of workers. It is beyond this paper to analyze this issue into detail; however two things need to be mentioned. Firstly, the Slovak labor market suffers under the chronic long-term unemployment.<sup>107</sup> Moreover, the majority of the long-term unemployed is low-skilled labor when more than 70% of the number possess only a basic or apprentice education. The probability of these people of being employed is very low mainly due to the insufficient education. Additionally, as addressed in the report of the World Bank <sup>108</sup>, even in the phase of strong economic growth, these vulnerable groups do not benefit from the growth, but are more and more excluded from the labor market, which leads to the continuing exacerbating of their situation. Following the proposition of the migration band by Oleson<sup>109</sup>, which suggests that below the band one is too poor to migrate, and above the band, one is sufficiently well-off not to need to migrate, implies that the majority of Slovak unemployed are not likely to migrate.

### 3.2 Analysis of the factors at the meso level

Assumptions derived on the meso level stem from the networks conceptions and are the following:

- 4 *Areas with strong outwards migration in the past are also those areas with strong current outward migration.*

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<sup>107</sup> The short-term unemployment (shorter than 3 months) is stabilized around 2%, and is connected to the natural fluctuations.

<sup>108</sup> World Bank: "The Quest for the Equitable in the Slovak Republic" A World Bank Living Standard Assessment, Sept. 2005.

<sup>109</sup> Krieger (2004): pp. 28.

- 5 *Networks expand and the costs and risks of migration fall, the flow becomes less selective in socioeconomic terms and more representative of the sending community of society.*

Already in the previous chapter it was made clear that the large concentration of the Slovak population in the Czech Republic may represent some kind of network, which provides information, help and other resources to the potential migrants, and thus attracts future migration. The migratory movements between Slovakia and the Czech Republic thus confirm the first assumption. Nevertheless, in regard to the second proposition, it is rather unlikely that the socio-economic conditions lose importance in behalf of the respective sending community. To analyze this aspect more thoroughly, an individual-base survey need to be made.

### 3.3 Analysis of the factors at the micro level

- 6 *The higher education and qualification increases the expected return on migration and thus increases the intentions towards migration. The older a person, the lower the expected lifetime gains from migration and the lower the propensity for migration.*

Since it is beyond the scope of this paper to conduct a survey of the migrants' individual characteristics, the results of the already existing large-scale individual-based surveys are presented. Such short presentation can indicate how the objective conditions are mirrored in the decision-making processes of people.

In Slovakia, the survey conducted by Reichova et al.<sup>110</sup> was based upon surveying the applicants within the EURES system, which is the EU-wide system to offer the free vacancies within the Community. As such, the profile of a migrant from Slovakia was

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<sup>110</sup> Reichova et al. (2006).

elaborated – man between the age 18-34, single, who completed secondary education, and possesses the foreign language skills. Such profile goes in line with the above assumption. Nevertheless, it needs to be acknowledged that it is impossible to know the actual characteristics of migrants in terms of educational, qualification and socio-demographic characteristics since aggregate statistical data are missing. It is of interest to mention that the survey showed that the majority of the persons looking for jobs thorough the EURES system were unemployed people. This seems conflicting with the above conclusions about the unemployed people; nevertheless the data reveal that the majority of the unemployed applicants are those short-term unemployed. Thus, it is not contradictory, and rather suggests that the temporary lost of employment triggers the people to look for a work abroad; however, does not necessary mean that such people would not be able to find a work in the home country.

Although there is no similar survey conducted in the Czech Republic so far<sup>111</sup>, a survey was made in order to assess the migration potential of the Czech population<sup>112</sup>. The conclusions are of interest for this paper since they reveal the attitude of the Czech population towards migration. As such, only 14,3% of respondents confirmed a positive attitude to migration, and 88% confirmed no intention to migrate. Thus subsequently confirms the hypothesis of the survey, namely, that the majority of the Czech population is characterized by a strong bond with their homeland and a preference to live and work in the Czech Republic. Similarly, the survey showed that age and education are the most significant determinants of migration and confirmed that in the Czech Republic there is insignificant correlation between unemployment and the desire to work abroad.

To conclude, the individual-base surveys reveal more about the socio-demographic characteristics of potential migrants and about the general incline toward migration in the

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<sup>111</sup> Although one has been recently launched by RILSA

<sup>112</sup> Vavreckova, J. *Migration Potential of the Czech Population in the European Intergration Process*, RILSA, Dec.2003.

population, and as such represent a valuable piece of information complementing the other migration literature.

*7 The more unequal the income distribution in the society, the higher is the relative deprivation of some households and the higher is the incentives of their members to migrate.*

The last assumption is based upon the fact that the relative deprivation of people when compared to other cohorts influences the propensity towards migration. In general, the Gini coefficient is used to measure the inequality of a distribution of income. UN uses the Gini Index, which is the coefficient multiplied by 100.<sup>113</sup> UN Human development report defines the Gini index as the ration of the income or consumption share of the richest group to that of the poorest and is calculated upon the incomes of households.

With regard the Czech Republic and Slovakia, the Gini Index equals 25,4 and 25,8, respectively.<sup>114</sup> Even though the data are as of 1996, the major differences can not be expected. On the basis of the Gini Index it can not be thus concluded that the inequality of income distribution in the Czech and Slovak population determines the different levels of migration out of the countries.

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<sup>113</sup> 0 is the absolute equality, 100 is the absolute inequality.

<sup>114</sup> UN Human Development Report 2006, Available at:  
<<http://hdr.undp.org/hdr2006/statistics/indicators/147.html>>

## CONCLUSION

The labor migration is an important socio-economic phenomenon. Although from a purely economic perspective it is an economic phenomenon which facilitates labor market adjustments, the human aspect of the process requires that the issue is scrutinized from various perspectives. Labor mobility is thus a subject of a multidimensional nature.

Particularly with regard to the developed countries, the issue of labor mobility has attracted considerable scholarly interest since it represents the major component of the general migratory movements. Labor mobility influences the socio-economic development as well as demographic development of the respective societies, i.e. the sending as well as the receiving countries, and thus its reasonable management is inevitable in order to reap positive results for the society as a whole.

The present paper aimed at scrutinizing the labor migration realities of the Czech and Slovak societies, which have undergone a comprehensive transformation of the political, economic and social systems in the last nearly two decades. In regard to migration the societies have been faced with the challenge to adapt to the new circumstances of the free movement that they enjoy after the period of restrictions and control.

Nowadays, the Czech Republic and Slovakia display remarkable differences in regard to the extent of labor migration of their population. While the Czech population is rather reluctant to move, the labor mobility of the Slovak citizens is having an increasing tendency. Building on these observations, the aim of the paper was to uncover the factors that induce/impede the labor mobility of the respective populations.

In order to approach the research question, the following framework has been adopted: The Chapter 1 illuminates the theoretical conceptions on migrations and shows that there is no single coherent theory; but rather a large scale of partial explanations that

approach the issue from different views. Subsequently, assumptions pertinent for uncovering the potential drivers of labor migration have been derived from the relevant macro, meso, and micro perspectives on migration.

The Chapter 2 represents an analytical appraisal of the migratory movements of the Czech and Slovak population and traces the development from the socialist times until the present days. Using the official statistics on migration and other available data on the movement of workers, I show that while in the pre-accession period the restricted access to the West labor markets impeded the labor mobility of workers from the CEE, and the employment was rather illegal, the opening of the labor markets of some West European states has triggered migration to these countries both in the case of Slovakia and the Czech Republic to a considerable extent. Analyzing the patterns of the present migratory movements I show that they are temporary for both Slovak and the Czech population and employment displays a largely cyclical character, what is especially visible in the case of the Slovak population.

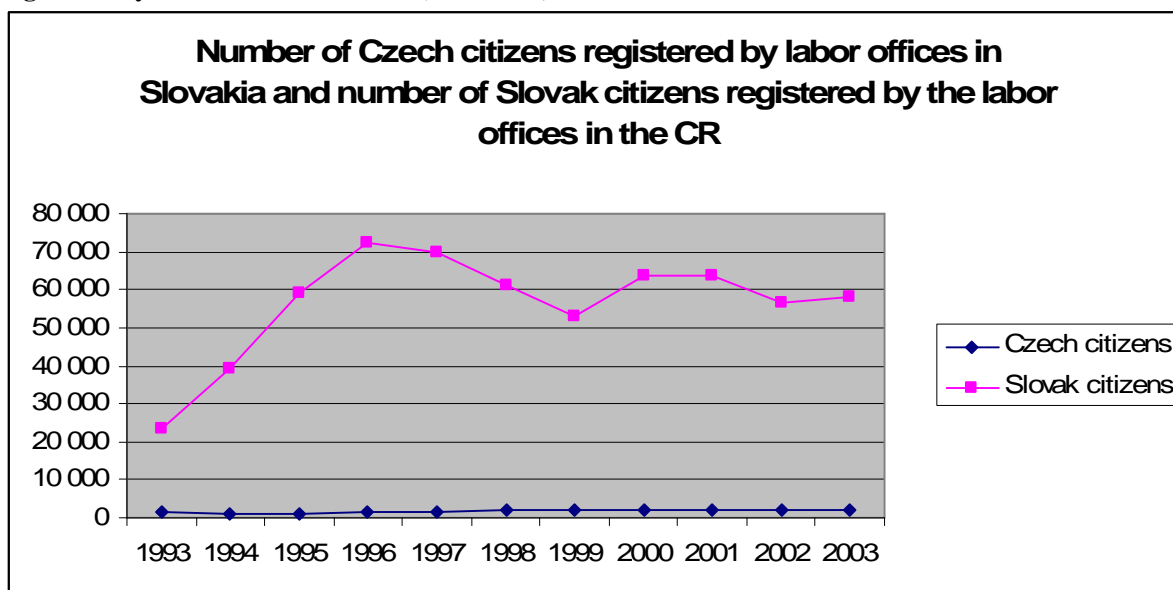
The Chapter 3 builds upon the assumptions generated in Chapter 1 and the analysis made in Chapter 2. Stemming from the finding about the temporal character of the migration of the Czech and Slovak population, it is make clear that the theories do not sufficiently deal with this issue. On the whole, I find that the overall better socio-economic situation continues to be the major factor that drives migration and determines the contemporary higher level of outflow of Slovak citizens, though it is necessary to take other factors into considerations. In case of the Czech Republic, the general negative attitude and the strong bond to the homeland seem to create a ‘culture of non-migration’. Pointing out to the currents trends in migration of the Slovak population, I point out that the decreasing level of unemployment together with better economic performance does not necessary imply a direct link to the

decrease in the level of migration, rather indicates some kind of ‘culture of migration’ among the Slovak population.

Such findings allow concluding that the higher level of labor migration of the Slovak population does not necessarily imply negative consequences for the country; nevertheless, the primary concern of the Slovak government in order to better regulate the mobility is to further facilitate the economic growth. The overall better socio-economic situation would attract both Slovak and foreign workers to find work in the country.

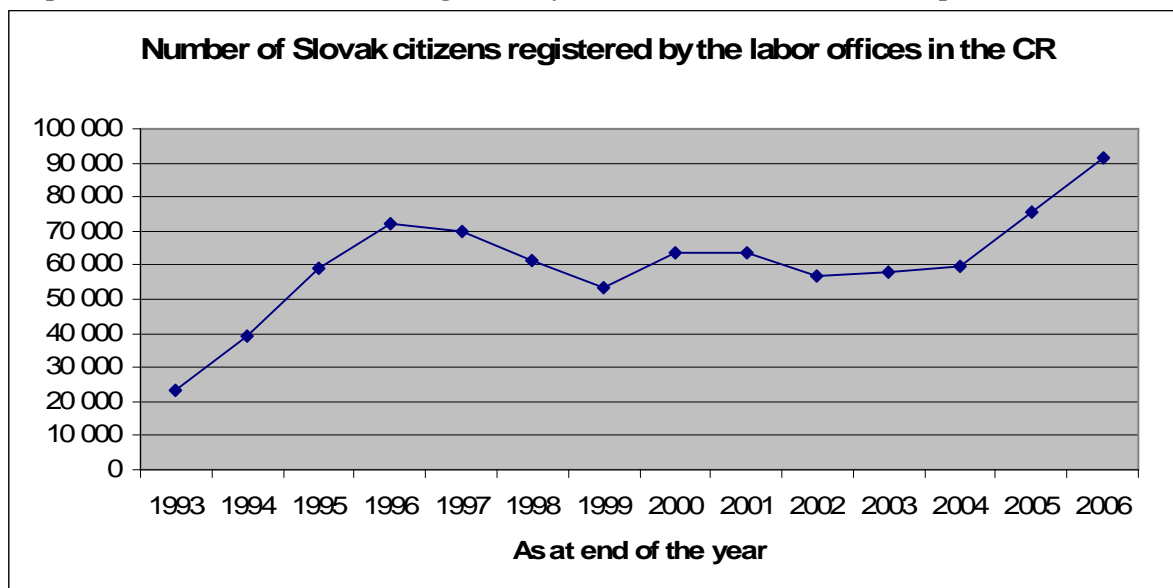
## APPENDICES

**Graph 1: Number of Czech citizens registered by labor offices in Slovakia and number of Slovak citizens registered by labor offices in the CR (1993-2003)**



Source: MLSA-ESA, Slovak Ministry for Labor, Social Affairs and the Family, calculations Milada Horáková, RILSA

**Graph 2: Number of Slovak citizens registered by the labor offices in the Czech Republic (1993-2006)**



Source: MLSA-ESA,

Note: Up to year 2004 citizens of the SR registered by labor offices in the CR, from May 20 information on foreigners EU/EEA/EFTA in the position of employee.

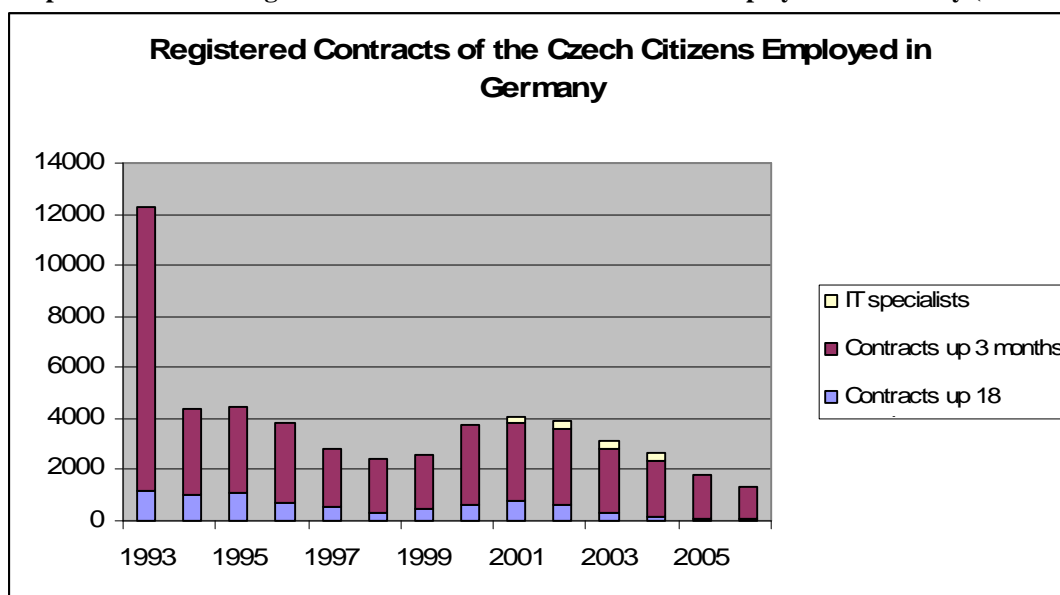
**Graph 3: Number of Czech citizens registered by labor offices in Slovakia (1993-2003)**



Source: Slovak Ministry for Labor, Social Affairs and the Family

Note: Data for 2004 and 2005 are not available for the Czech Republic

**Graph 4: Number of registered contracts of the Czech citizens employed in Germany (1993-2006)**



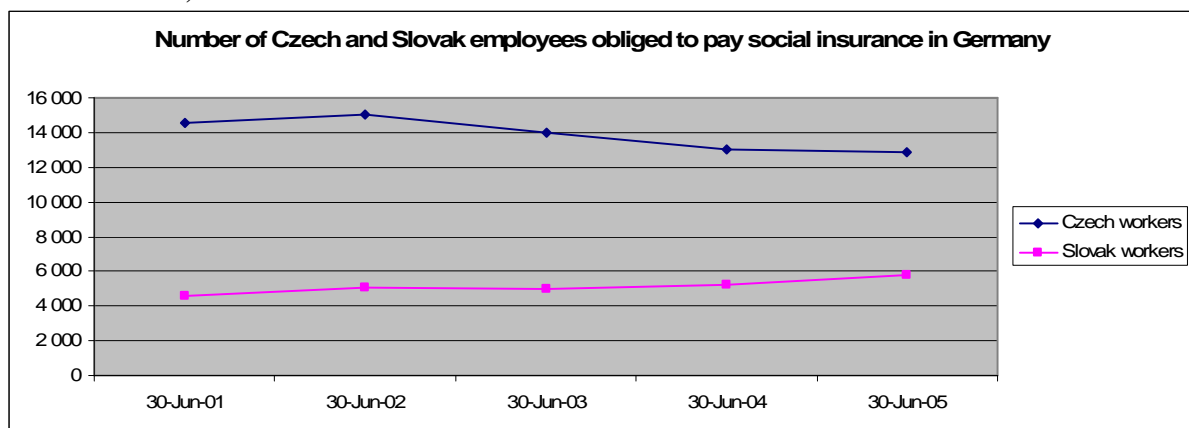
Source: statistics MLSA, RILSA calculations, Milada Horakova, in Horakova (2007)

\* Work contracts for Czech citizens for maximum 18 months within lifetime (for purpose of improvement in qualifications)

\*\* Work contracts for Czech citizens for maximum 3 months within one year

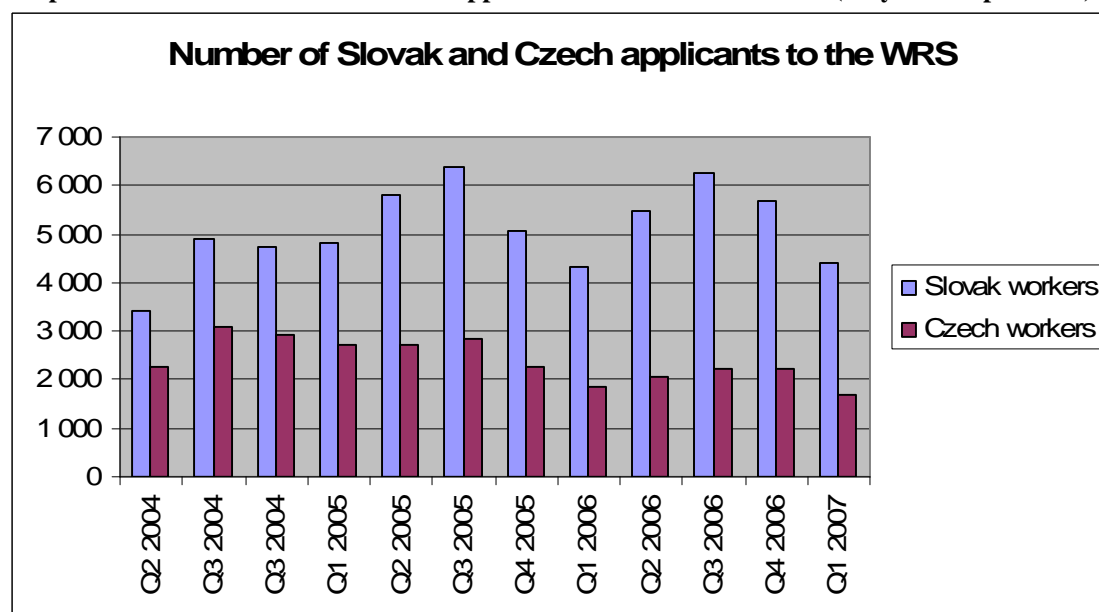
\*\*\* Czech IT specialists employed on the basis of "Green cards"

**Graph 5: Number of Czech and Slovak employees obliged to pay social insurance in Germany (June 2001- June 2005)**



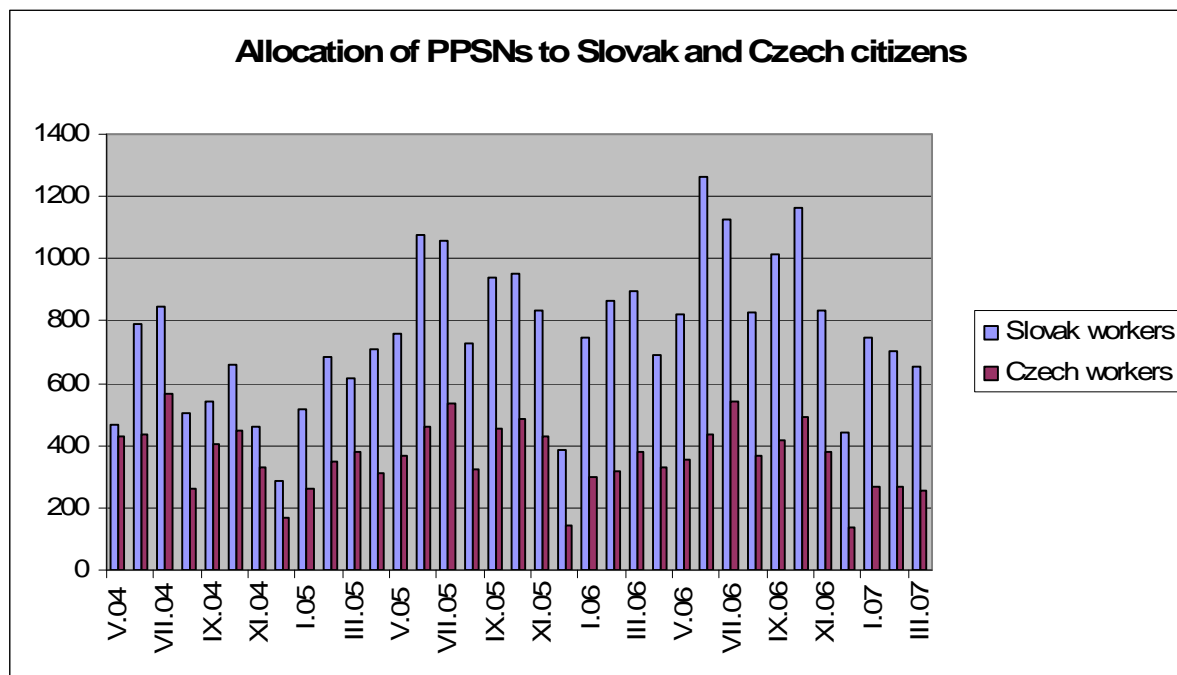
Source: German Federal Statistical Office

**Graph 6: Number of Slovak and Czech applicants to the WRS in the UK (May 2004-April 2007)**



Source: Border and Immigration Agency

**Graph 7: Total Allocation of PPSNs to Slovak and Czech nationals, Ireland (May 2004 to April 2007)**



Source: Department of Social and Family Affairs

**Table 10: Total Allocation of PPSNs to Slovak and Czech nationals, Ireland (May 2004 to April 2007)**

		<i>Slovak workers</i>	<i>Czech workers</i>
<b>2004</b>		<b>4 554</b>	<b>3 045</b>
	May	469	432
	June	789	436
	July	844	565
	August	505	261
	September	541	403
	October	661	450
	November	459	329
	December	286	169
<b>2005</b>		<b>9 256</b>	<b>4 503</b>
	January	514	263
	February	687	348
	March	618	378
	April	707	314
	May	761	369
	June	1 076	460
	July	1 060	535
	August	727	323
	September	940	454
	October	951	488
	November	831	430
	December	384	141
<b>2006</b>		<b>10 497</b>	<b>4 407</b>
	January	745	300
	February	865	320
	March	897	379
	April	689	332
	May	821	354
	June	1 266	437
	July	1 128	544
	August	827	367
	September	1 017	418
	October	1 161	492
	November	831	378
	December	440	137
<b>2007</b>		<b>2 101</b>	<b>792</b>
	January	745	266
	February	703	270
	March	653	256
	April	537	261
<b>TOTAL</b>		<b>27 135</b>	<b>13 059</b>

Source: Department of Social and Family Affairs

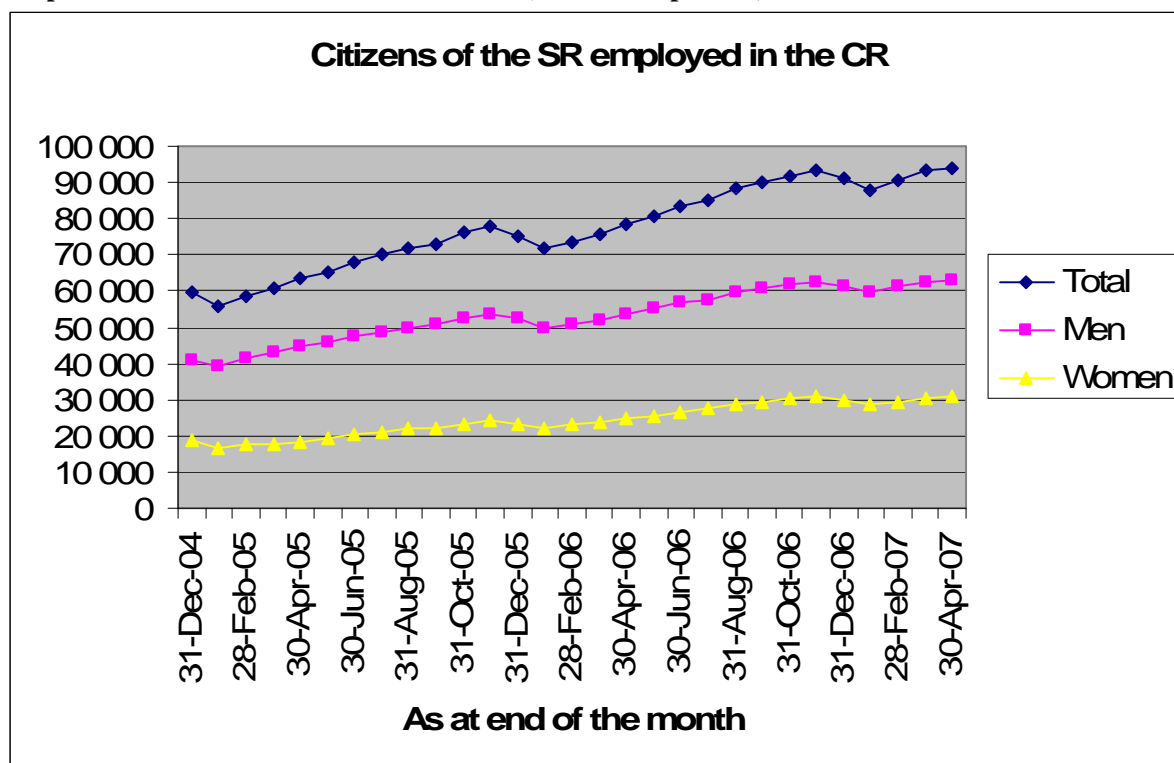
**Table 11: Number of Slovak citizens employed in the Czech Republic (Dec.2004-Apr.2007)**

<i>Situation as of:</i>	<i>Total</i>	<i>Men</i>	<i>Women</i>	<i>% of women</i>
31-Dec-04	59 818	40 940	18 878	31,56
31-Jan-05	55 553	39 199	16 354	29,44
28-Feb-05	58 660	41 230	17 430	29,71
31-Mar-05	60 740	42 887	17 853	29,39
30-Apr-05	63 386	44 910	18 476	29,15
31-May-05	65 091	45 986	19 105	29,35
30-Jun-05	67 970	47 774	20 196	29,71
31-Jul-05	70 013	48 853	21 160	30,22
31-Aug-05	71 695	49 801	21 894	30,54
30-Sep-05	73 106	50 749	22 357	30,58
31-Oct-05	76 166	52 703	23 463	30,81
30-Nov-05	78 009	53 810	24 199	31,02
31-Dec-05	75 297	52 281	23 016	30,57
31-Jan-06	71 640	49 510	22 130	30,89
28-Feb-06	73 707	50 775	22 932	31,11
31-Mar-06	75 669	52 050	23 619	31,21
30-Apr-06	78 409	53 774	24 635	31,42
31-May-06	80 654	55 157	25 497	31,61
30-Jun-06	83 615	56 888	26 727	31,96
31-Jul-06	85 226	57 587	27 639	32,43
31-Aug-06	88 477	59 481	28 996	32,77
30-Sep-06	89 955	60 672	29 283	32,55
31-Oct-06	91 787	61 623	30 164	32,86
30-Nov-06	93 262	62 557	30 705	32,92
31-Dec-06	91 355	61 406	29 949	32,78
31-Jan-07	88 080	59 510	28 570	32,44
28-Feb-07	90 522	61 050	29 472	32,56
31-Mar-07	93 218	62 598	30 620	32,85
30-Apr-07	94 038	63 093	30 945	32,91

Source: MLSA-ESA

Note: From May 20 information on foreigners EU/EEA/EFTA in the position of employee

Graph 8 Number of Slovak citizens in the CR (Dec. 2004-Apr.2007)



Source: MLSA-ESA

Note: From May 20 information on foreigners EU/EEA/EFTA in the position of employee.

**Table 12: Annual Net Earnings (country/year) in PPS in EUR**

<b>Annual Net Earnings (country/year) in PPS in EUR</b>										
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Slovakia</b>	5612.4	5389.5	5218.6	4746.9	6349.5	6596.1	7189.0	6859.1	7108.1	7592.2
<b>Czech Republic</b>	7496.0	7754.2	7764.8	8111.4	7564.6	7919.5	8457.9	8470.7	9102.4	9789.0
<b>Hungary</b>	4121.3	4237.1	4384.6	4398.5	5545.7	5822.5	6548.0	6972.5	7140.5	7563.2
<b>Germany</b>	17174.3	16766.2	16973.3	17341.4	19580.9	20208.2	20539.6	21821.2	21755.2	n.a.
<b>Austria</b>	15845.4	15628.2	15802.9	15909.4	20115.1	20251.4	20123.6	20765.5	21481.7	n.a.
<b>UK</b>	17212.0	17804.9	18050.9	18296.6	24318.4	25841.0	27352.0	26975.1	27894.9	n.a.
<b>Ireland</b>	13664.1	14020.9	14537.2	15066.0	15707.6	17023.9	17399.5	17211.4	20042.4	n.a.

Source: Eurostat

**Table 13: GDP per capita in PPS (EU25=100)**

<b>GDP per capita in PPS (EU25=100)</b>												
	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Slovakia</b>	47.4 e	47.7	46.9	47.4	48.7	51.0	52.8	54.4	57.1	60.2 f	63.3 f	65.8 f
<b>Czech Rep.</b>	69.2 e	66.8 e	65.9	64.7	65.8	67.7	70.7	72.1	73.6	75.9 f	77.2 f	79.0 f
<b>Hungary</b>	49.8 e	50.9 e	51.7	53.9	56.8	59.0	60.8	61.3	62.5	63.5 f	63.2 f	63.5 f
<b>Germany</b>	116.5	114.7	113.4	111.7	110.0	108.5	112.5	111.1	109.9	110.2 f	109.7 f	109.8 f
<b>Austria</b>	124.5	123.5	124.9	125.5	122.0	120.0	123.4	123.4	122.8	122.9 f	122.3 f	121.9 f
<b>UK</b>	112.0	111.8	111.4	111.8	113.1	116.1	116.1	118.0	117.5	117.0 f	116.3 f	115.8 f
<b>Ireland</b>	112.4	116.8	121.8	126.1	128.5	132.3	134.4	135.6	138.7	139.7 f	139.4 f	139.2 f

(e) estimated value, (f) forecast

Source: Eurostat

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