The impact of the recent expansion of the EU on the UK labour market

David G. Blanchflower

Bruce V. Rauner '78 Professor of Economics
Dartmouth College, University of Stirling, NBER, IZA, CESifo and
Member of the Monetary Policy Committee
Bank of England

Helen Lawton

Monetary Policy Committee Unit
Bank of England

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Abstract

We examine the impact on the UK of the influx of workers from Eastern Europe. We look at the characteristics of the workers who have come to the UK since 2004. We also use data from a number of *Eurobarometers* (2004-2007) as well as the 2005 Work Orientation module *International Social Survey Programme* to look at the attitudes of residents of these countries. Eastern Europeans report that they are unhappy with their lives and the country they live in, they are dissatisfied with their jobs, and they would experience difficulties finding a good new job or keeping their existing job. Relatively high proportions express a desire to move abroad. Eastern Europeans' expectations for the future of their domestic economies and their personal situations remain low, but have improved since 2004. There has been some deterioration in the availability of jobs in the UK as the economy moves into recession. However, the UK is an attractive place for Eastern Europeans to live and work. We argue that rather than dissipate, flows of Eastern European workers to the UK could remain strong well into the future.

The European Union began its process of enlargement in spring 2004 and since then its membership has grown from fifteen to twenty-five countries. This process has greatly benefited the UK; since 2004, nearly nine hundred thousand workers from the accession countries have registered to work in the UK. In contrast to other EU countries, the UK government allowed full access to its labour market by the nationals of eight former Soviet-bloc countries (the Czech Republic; Estonia; Hungary; Latvia; Lithuania; Poland; Slovakia; and Slovenia – the A8 countries).[1] However, the UK did restrict access to state benefits. On 1st January 2007, Bulgaria and Romania (the A2 henceforth) joined the European Union; workers from these two countries were given much less open access to the UK labour market than those from the A8.[2] We refer to the group of ten Eastern European countries as the A10.

A10 nationals are allowed access to the UK labour market under the *Worker Registration Scheme* (WRS). Those who wish to work as employees in the UK for a period of at least a month are required to register with the WRS. Workers who are self-employed do not need to register. Applicants must register more than once if they are employed by more than one employer. They must also re-register if they change employer. An individual who has registered to work and who leaves employment is not required to deregister, so some of those counted will have left the employment for which they registered. Indeed, some are likely to have left the UK. Employed and (in contrast to the WRS) self-employed workers from A10 countries are legally required to register for a National Insurance number (NINO) in order to work in the UK.[3]

A number of questions arise regarding the arrival of A10 workers in the UK:

1) How many have arrived and how many have returned?
2) What are their characteristics?
3) Why did they come?
4) What impact have they had on the UK labour market?
5) Will the flow continue in the future?

In what follows, we examine these questions using data from a number of sources. In the UK we make use of data from the WRS, NINOs, the *Labour Force Survey* (LFS), a number of *Eurobarometers* (2004-2007), and the 2005 Work Orientation module, *International Social Survey Programme.* The latter looks at the attitudes of A10 residents, to examine factors likely to impact on their propensity to move to the UK.

In summary, A10 residents report that they are unhappy with their lives and the country they live in, they are dissatisfied with their jobs, and they would experience difficulties

[1] Residents of Cyprus and Malta were also permitted to work in the UK from 2004, but the size of the flows are small and hence we concentrate on the more important flows from the Eastern European ten.

[2] For details of the work rules for nationals of Bulgaria and Romania see UK Border Agency (2008), Bulgarian and Romanian Accession Statistics, #s1-5.

http://www.bia.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/bulgarianromanian/

[3] The National Insurance numbers reported here relate to the numbers allocated for employment purposes. A further 6,597 were allocated for benefit purposes and 13,998 for tax credit purposes.

finding a good new job or keeping their existing job. Relatively high proportions express a desire to move abroad. Eastern Europeans' expectations for the future of their domestic economies and personal situations remain low, but have improved since 2004. There has been some deterioration in the availability of jobs in the UK, as the economy moves into recession. A number of commentators have taken this to imply that the flow of A10 workers to the UK will slow. We examine the macroeconomic factors that are likely to impact the potential flow of workers in the future.

1. How many A10 workers have arrived and how many have returned?

Table 1 provides the most recently available data from the Worker Registration Scheme (WRS), based on the Accession Monitoring Report, May 2004–June 2008. A cumulative total of 850,000 applicants have been approved on the WRS between 1st May 2004 and 30th June 2008 (column 1). In addition, evidence from the Bulgarian and Romanian Accession Statistics, April to June 2008, suggests there have been 19,525 worker registrations from Bulgaria and 31,080 from Romania under various schemes available. However, this is possibly an over-estimate: the numbers may include double-counting because it is possible to reapply and be issued a further certificate.[4]

Overall, there have been around 900,000 WRS approvals from the A10 countries. In addition, there have been a large number of re-registrations and multiple re-registrations (columns 2 and 3 of Table 1). Re-registrations occur when those who have previously registered change employer. Multiple re-registrations are made by individuals working for more than one employer simultaneously. Re-registrations are widespread and account for approximately half of total registrations, suggesting there is considerable movement between employers (a point we return to below). Interestingly, despite a slowing in the number of new registrations in 2008, the number of re-registrations in the second quarter of 2008 is still higher than for any quarter in 2007.

Data on the number of individuals who registered to obtain National Insurance numbers is also available. Between May 2004 and March 2008, 841,200 National Insurance numbers were allocated to A8 applicants. In addition, there were 37,968 registrations for National Insurance numbers for employment purposes from Bulgaria and Romania. Between January 2007 and March 2008, approximately two thirds of these applications

[4] Between January 2007 and June 2008, 2,290 Bulgarians and 2,815 Romanians were approved to receive accession worker cards. In addition 5,640 Bulgarians and 2,420 Romanians in 2007 received approval to work on the Seasonal Agricultural Workers Scheme. Other Bulgarian and Romanian nationals exercising a Treaty right in the United Kingdom may seek a registration certificate. This includes those exempt from the worker authorisation restrictions; highly skilled migrants; those with restricted access to the labour market (students, the self-employed, and self-sufficient people); and Bulgarian and Romanian family members of these main applicants. Since 2007 registration certificates have been approved for 15,605 Bulgarians and 25,845 Romanians. The largest proportion of these applications (forty-three per cent in the second quarter of 2008) was for registration certificates confirming that the applicant is exercising a Treaty right as a self-employed person. The next largest group of applicants for registration certificates are those applying on the basis that they are family members of the main applicant (twenty-three per cent), and those applying on the basis of study (seventeen per cent).

were from Romanians.[5] In total, between mid-2004 and March 2008, approximately 880,000 individuals from the A10 countries received a NINO for employment purposes.

Table 2 shows that two-thirds of those who have registered on the WRS came from Poland, followed by Slovakia (ten per cent) and Lithuania (nine per cent). Less than one thousand who registered came from Slovenia. The country mix of registrations in the second quarter of 2008 was broadly similar to that of 2004.

It appears from the data in Tables 1 and 2 that there has been a slowing in the numbers of individuals registering on the WRS and also acquiring NINOs. Unfortunately, this information does not tell us about the number of workers in the UK at any one time. The vast majority of these workers are *not* migrants. The United Nations' definition of a long-term international migrant is *someone who moves to a country other than that of his or her usual residence for a period of at least a year so that the country of destination effectively becomes his or her new country of usual residence*.

It turns out that the number of migrants from the A8 is quite small. According to a recent ONS publication, International Migration (2008), *net* migration from the A8 increased from 61,000 in 2005, to 71,000 in 2006. The estimate of the numbers of A8 citizens migrating to the UK for a period of at least a year increased from 53,000 in 2004 to 76,000 in 2005, and 92,000 in 2006. The increase between 2004 and 2005 can be explained by the fact that 2005 was the first full calendar year, following accession in May 2004, that A8 migration could be estimated. These statistics are much lower than WRS and NINO statistics because *the vast majority of workers who come to the UK from Eastern Europe are not migrants*. These workers may subsequently change their mind and become migrants (thus not returning home in the future), but at the time they enter the UK migration is not their apparent intention. These people are *temporary workers,* or commuters, who have the legal right to work in the UK. These workers move in and out of the UK as jobs are available, providing a degree of flexibility that is not seen in a group of migrants who arrive permanently in a country.

A receiving country benefits from temporary workers: if and when the country's economy slows down, temporary workers return to their home countries thus slowing any potential rise in unemployment. It is also possible that temporary workers cause wage growth to be contained, because the incumbent workforce may have a fear of being replaced by the temporary workers.

As part of the WRS application process, applicants are asked how long they intend to stay in the UK. In the twelve months ending June 2008, only eleven per cent said they intended to stay a year or more; sixty-one per cent said they intended to stay less than

[5] For example, in the latest data available (January – March 2008), the total number of National Insurance number applications from Bulgarian and Romanian nationals was 11,102. 98.0 per cent of these were allocated for employment purposes, 1.3 per cent for benefit purposes, and 0.6 per cent for tax credit purposes. Between April and June 2008, fifty-five per cent of applicants were male and seventy-three per cent of applicants were aged 18-34 years. Source: Bulgarian and Romanian Accession Statistics, April – June 2008, Home Office UK Border Agency.
http://www.bia.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/bulgarianromanian/

three months. So intended length of stay is short (and consistent with the number of *migrants* from the A8 being small). Furthermore, some applicants from Bulgaria and Romania are only allowed to stay for six months. So given that workers from Eastern Europe generally intend, and actually do, stay in the UK for relatively short spells, it is in our view inappropriate to call these people migrants; they should more appropriately be considered *temporary workers*.

Previous work has been done on return migration. For example, LaLonde and Topel (1997) found that 4.8 million of the 15.7 million US immigrants who arrived between 1907 and 1957 had departed by the latter year. Chiswick and Hatton (2003) pointed out that return migration exceeded immigration to the US during the 1930s. Yang (2006) recently examined the economics of return migration for temporary labour migration by Filipinos. Yang found that on average, a ten per cent improvement in the exchange rate reduced the twelve-month migrant return rate by 1.4 percentage points. This is a large effect, amounting to nearly one-fifth of the mean twelve-month return rate in his sample. Constant and Zimmermann (2007) examine return (what they call "circular migration") and argue that it is potentially a way to minimise psychological costs due to long separations from family members. Using evidence on the *guestworker* population in the German Socio-Economic Panel, they found that more than sixty per cent were repeat migrants.

The probability of a migrant returning to his or her place of origin within a year is thirteen per cent; the probability of moving to another location is fifteen per cent (Devanzo, 1983 and Dustmann, 2003). Zaiceva (2006) summarises the empirical literature on potential European migration flows. She shows that between two and four per cent of the residents of Central and Eastern European countries (CEECS) will move west in the long run, and this constitutes about one per cent of the EU-15 population. Zaiceva also presents evidence from simulations suggesting that the majority of migrants will be from Romania, Poland and Bulgaria. This is consistent with other estimates in the literature.

Christian Dustmann, in a number of papers, has undertaken the most complete analysis in the UK of the economics of return migration. For example, Dustmann (1994) suggests three potential motives for return migration: (i) the migrant prefers consumption in the home country; (ii) if prices are lower in the home country than in the host country this allows the entrant to take advantage of high wages abroad and low prices at home; and (iii) human capital acquired in the host country is more valuable in the home country. Dustmann (1996) found that return propensities in Europe increase with age and decrease with the number of years of residence. Recently, Dustmann and Weiss (2007) have shown that return migration in the UK is not a new phenomenon. They explored this issue empirically, before the influx of workers from Eastern Europe, using data from the LFS between 1992 and 2004. The authors took the population of immigrants who were still in the country one-year after arrival as the base, and found that about forty per cent of all males and fifty-five per cent of all females had left the UK five years later. As we will show below, it appears that the return rate for workers from the A10 is even more rapid than for those who have arrived in the UK from other countries.

2. What are the characteristics of A10 workers?

A considerable amount of information on the characteristics of A10 workers is available from the WRS and the LFS. The following information comes from WRS data in the Accession Monitoring Report, May 2004 – June 2008 (unless otherwise stated).

1) The vast majority of those registered on the WRS are young males. Forty-three per cent are in the 18-24 age group and thirty-nine per cent are in the 25-34 age group. 57.4 per cent are male.

2) A10 workers who have come to the UK are highly educated. While the LFS contains data on education, it does not provide details of qualifications obtained outside the UK. However, it does provide information on the age when full-time education was completed. Based on weighted LFS data, the average age that A10 workers completed full-time education was 20.1 years (and 20.3 years for Poles). This compares with 17.6 years for natives. A survey of more than nine hundred A8 workers in Fife found that nearly thirty per cent had a university degree, and a further twenty-two per cent had an under-graduate level qualification (Fife Research Coordination Group, 2008).

   The finding that arrivals are predominantly young men is consistent with the findings in Blanchflower (2001). He examined the attitudes of Eastern European countries towards market reforms using data from *Eastern European Eurobarometers* 1-8 for 1991 to 1997. The highest levels of support for market reforms were found among the young, men, and the most educated. Survey questions asked were: (i) whether respondents were satisfied with the way democracy was developing; (ii) whether the "free market was right for the country's future"; and (iii) whether "things in the country are going in the right direction". A positive response to all three questions was especially high in Poland in 1997.

3) Only eight per cent of people registered on the WRS have dependants.

4) The most common occupation is "process operative (other factory worker)". This occupation accounted for twenty-eight per cent of workers, followed by "warehouse operative" (eight per cent).

5) Ninety-six per cent of WRS applicants in the twelve months to June 2008 were working more than sixteen hours per week, and eighty-six per cent were working more than thirty-five hours per week.

6) Fifty-two per cent of WRS applicants in the twelve months to June 2008 worked for temporary employment agencies.

7) Sixty-eight per cent of WRS applicants in the twelve months to June 2008 stated that they had a wage of between £4.50 and £5.99 per hour; twenty-four per cent stated that it was between £6.00 and £7.99 per hour.

8) The highest proportion of A10 workers worked in East Anglia (fifteen per cent), followed by the Midlands (thirteen per cent), and London (twelve per cent).

9) London had the highest proportion National Insurance number applications (twenty-six per cent), followed by the South East (thirteen per cent), and Scotland (ten per cent).

10) A10 nationals living in the UK are much more likely to be in a household with at least three adults (47.7 per cent of A10 nationals, compared to 24.3 per cent of natives, and 27.6 per cent of non-A10 nationals). See Blanchflower and Shadforth (2009).

11) Only relatively small numbers of A10 nationals have obtained state benefits such as Income Support or Jobseeker's Allowance (only around 4,650 have received Jobseeker's Allowance). They came to work not to claim benefits. The main exception is that over 111,000 A10 nationals have received Child Benefit (but entitlement to this benefit is near-universal for UK residents with dependent children; entitlement is not dependent on income or employment status).

The next part of this section examines the extent to which A10 nationals in the UK differ from natives and from non-A10 migrants, and is based on the most recent LFS data available (December 2006 to March 2008). We examine (i) the propensity of A10 nationals to be in-work (the so-called employment-to-population ratio, EPOP); (ii) the incidence of self-employment; (iii) usual working hours; and (iv) wages and union membership. We find that A10 nationals have a high probability of being in-work and of being self-employed, and receive relatively low wages.

(i) Propensity to work

We investigate the A10 arrivals' propensity to *work* in the UK (Table 3, column 1). This is known as the employment-to-population ratio (EPOP). The dependent variable is set to one if the respondent to the Labour Force Survey said they were working (as an employee or self-employed), and is zero otherwise (this includes being unemployed or out of the labour force, OLF). The sample is restricted to those aged 16 to 70, and excludes students.[6] The equation includes controls for age and its square, gender, race, region of residence, and three year dummies. The equation also includes a variable identifying whether an individual's country of origin is an A10 or non-A10 country, and whether the individual arrived in the UK before or after 2003.

A10 nationals have a higher propensity to work than both natives and non-A10 nationals. Both A10 variables are significantly positive, with A10 nationals who arrived post-2003 having a near-thirteen percent higher probability of working than natives (compared to only five percent for A10 nationals who arrived before 2003). In contrast, the

[6] We exclude students on the sensible suggestion of Jonathan Wadsworth. In private communication he suggested that his work with John Schmitt had shown that results were sensitive to the inclusion of students.

coefficients on both non-A10 variables are significantly negative. This suggests that non-A10 nationals have a significantly lower propensity to work than either natives or A10 nationals who arrived before or after 2003. Interestingly, in contrast to the A10 nationals who arrived post-2003, the post-2003 arrivals from non-A10 countries have a significantly *lower* probability of working than non-A10 nationals who arrived prior to 2003.

(ii) Incidence of self-employment

In almost all countries for which data are available, the OECD (2006) found that self-employment among immigrants has increased over the past few years, in both absolute numbers, and as a percentage of total self-employment. In some countries, the OECD found a particularly marked increase. In 2004, foreign-born persons accounted for about eleven per cent of total self-employment in both the UK and France; it was twelve per cent in Belgium and nearly fourteen per cent in Sweden. These figures are generally higher than the share of immigrants in the total labour force. Dustmann and Kirchkamp (2002) studied Turkish immigrants in Germany who subsequently returned home. They found that approximately half of the immigrants became entrepreneurs when they returned to Turkey.

Based on Flash Eurobarometers ("Entrepreneurship" 2000 to 2004), Blanchflower and Shadforth (2009) found that a high proportion of workers in Lithuania (sixty-two per cent) and Poland (fifty-seven per cent) said they would like to be self-employed.[7] They also found that a relatively high proportion of workers in both countries (fifty-two per cent in Lithuania and forty-two per cent in Poland) reported that it was hard to start-up a business because of a lack of financial support (this compares to only twenty-four per cent in the UK and twenty-six per cent in the US). Hence part of the desire to come to the UK may be to raise capital in order to overcome liquidity constraints at home.

We next examine the incidence of *self-reported* self-employment among A10 workers, given that the self-employed do not need to register under the WRS (although they do need to apply for a NINO). Column 2 of Table 3 reports the results. The probability of a worker being self-employed is estimated using a dprobit, with the dependent variable set to one if self-employed, and zero if an employee.[8] The results are standard, in that the probability of being self-employed is higher for men, Asians, and Chinese; it rises with age; and is especially high for those with a trade.[9] It is low for blacks, the young, and for

[7] The question asked was: "Suppose you could choose between different kinds of jobs. Which one would you prefer: being an employee or being self-employed?" For the remaining A8 countries, the percentage preferring self-employment was as follows: Czech Republic thirty-seven per cent; Estonia forty-nine per cent; Hungary forty-seven per cent; Latvia forty-four per cent; Slovakia thirty-six per cent; and Slovenia thirty-five per cent. This compares to: forty-three per cent in France; forty-six per cent in Germany; forty-seven per cent in the UK; and sixty-six per cent in the US. For more on the desire to be self-employed across countries, see Blanchflower, Oswald and Stutzer (2001).

[8] The *dprobit* command in STATA reports the marginal effect, that is, the change in the probability for an infinitesimal change in each independent, continuous variable. By default, it reports the discrete change in the probability for dummy variables.

[9] See Blanchflower (2004) and Blanchflower and Shadforth (2009).

those with only an HND, teaching or nursing ("other") qualification. Foreign workers who arrived before 2004 have a higher probability of being self-employed than natives. A10 workers have a particularly high probability of being self-employed, but the more recent arrivals have a lower probability (recent A10 arrivals have a particularly *low* propensity to be self-employed). This may be partly due to the difficulty of capturing self-employment among A10 workers in the Labour Force Survey.

(iii) Usual working hours

Usual working hours is estimated in Table 3, column 3. Workers from the A10 work longer hours, and those who arrived post-2003 work on average 3.9 hours longer per week than natives. In the LFS, workers report whether they have a condition that limits their ability to work. The probability that a worker reports such a condition is estimated in column 4. Recent arrivals from the A10 are much less likely than natives to report such a condition.

(iv) Wages and union membership

There is also evidence (including LFS data) to suggest that A10 workers in general, and the more recent arrivals in particular, are being paid relatively low wages, ceteris paribus. This is shown in Table 3, column 5, where the results of estimating log hourly wage equations using LFS data (2004 to 2007) are reported. Sample sizes are smaller than for columns 2 to 4 because the sample is restricted to employees only, and restricted further because wages are only asked in waves one and five of the survey.[10] There are approximately eighty-three thousand observations in total. Column 5 shows that recent A10 workers receive 12.5 per cent lower wages than natives (obtained by taking anti-logarithms and deducting one). Interestingly, non-A10 migrants have significantly *higher* wages (6.6 per cent) than natives, holding characteristics (including race) constant (column 6).[11] The OECD (2006, page 222) reports that one of the main features of labour immigration in the UK, prior to the influx of A10 workers, was the high proportion accounted for by corporate transfers. The OECD noted that in 2005, a quarter of interviewees who were working in the UK at the time of interview, but were working abroad in the previous year, were working for the same employer (both in the UK and abroad). This may partly explain the higher earnings of the non-A10 workers.

Column 6 suggests that lower wages arise partly because foreign-born workers are much less likely to be union members than natives. It is well understood that union membership brings significant wage benefits (Blanchflower and Bryson, 2003, 2008).

In summary, the new arrivals from Eastern Europe who have come to work in the UK tend to be young, male, healthy, educated, non-unionised, and unmarried. Approximately one third work for recruitment agencies. They disproportionately work in East Anglia,

[10] In the LFS since 1997, a fifth of the sample is replaced each quarter. Individuals remain in the sample for five consecutive waves or quarters.

[11] Drinkwater et al (2006) analysed wages in Labour Force Surveys between 2001 and 2006. They found that Poles had lower rates of return to their human capital than other recent migrants, even after controlling for other personal and job-related characteristics.

and the West and East Midlands. Holding constant a variety of characteristics (including age, qualifications, and location), A10 workers who have arrived since accession in 2003 have higher self-employment rates, longer working weeks, are fitter, have lower wages, are less likely to be union members, and have higher employment-to-population ratios than natives. In contrast, non-A10 migrants who have arrived in the UK since 2003 are less likely to work, but when they do they obtain higher wages than natives.

3. Why did A10 workers come to the UK?

In this section we examine the reasons for the influx of workers from the A10 countries since accession. We make use of data from a number of Eurobarometers (2004 onwards), with the most recent taken at the end of 2007. Consistently, on a large number of measures and from several different data files, respondents from former Communist countries say they are unhappy with their lives, their jobs, the country they live in and its economic situation, as well as prospects for the future (Blanchflower and Freeman, 1997, and Blanchflower, 2001, 2008). Reasons given are broadly consistent across data sets and vary little across different questions. A significantly high proportion of A10 residents report that they have thought about living abroad. A relatively high proportion of A10 workers say they would be prepared to move abroad if they became unemployed. Unemployment appears to be a particular concern among the nationals of A10 countries. In this section we provide evidence that in comparison with other EU countries, A10 respondents report that the following is true of their home countries:

1) It is difficult to find a good new job.
2) Levels of job satisfaction are low.
3) Workers feel insecure about their jobs, and fear that they could be replaced easily.
4) The work / life balance is poor.
5) Life satisfaction is low; people report low levels of happiness with their lives and the country they live in.
6) Expectations of the macro-economy are low.
7) Inflation and unemployment are of particular concern.
8) Workers would be prepared to move abroad if made unemployed.

Each of these factors shows a low level of satisfaction and contentment among A10 nationals, and demonstrates that there are strong "push incentives" to leave. There is also evidence that the desire to learn English has been a strong "pull incentive" for A10 nationals in coming to the UK.

In the remainder of this section, we closely examine the main reasons for the influx of A10 workers to the UK since accession.

(i) Job satisfaction

Table 4 measures the difficulty in finding a good job, job satisfaction, and work/life balance. It covers workers only (with the exception of column 1), and uses data from *Eurobarometer* #64.1 for 2005, covering the EU-25 (i.e. including the A8). Columns 1 and 2 report ordered logits, where the dependent variable, "difficulty in finding a good

job", is scored as 4 = "totally agree"; 3 = "'tend to agree"; 2 = "tend to disagree"; and 1 = "totally disagree". The results show that it is very difficult to find a good job in an A8 country; the coefficients are large for each of the A8 country dummies, and especially large for Hungary.

Columns 3 to 5 estimate job satisfaction ordered logits in relation to salary, number of working hours, and the work / life balance. Column 6 estimates an OLS where the dependent variable is the sum of ten job satisfaction variables, each coded 1 to 4 (mean = 30.9; sd = 4.7). Job satisfaction on each of the four measures is U-shaped in age (Clark, Oswald and Warr, 1996). The data shows that workers from the A10, and from Hungary in particular, were dissatisfied with their jobs. This is consistent with findings by Blanchflower and Freeman (1997) who found that, using data from the 1989 ISSP survey, job satisfaction levels were lower in Hungary than in Western countries. The data also shows that the work-life balance (column 5) was lowest in the A10 countries (particularly Latvia), and was lower for the most educated.

Table 5 provides evidence on job satisfaction and workers' views of job security and the likelihood of being replaced. It uses data from the 2005 International Social Survey Programme (ISSP), and covers thirty-two countries, including five from the A10 (Bulgaria, Czech Republic, Hungary, Latvia, and Slovenia), Russia, eight developed non-EU countries (Australia, Canada, Israel, Japan, New Zealand, Norway, Switzerland, and the US), and six less developed countries (Dominican Republic, Mexico, Philippines, Taiwan, South Africa, and South Korea). The data shows that workers in the five A10 countries were especially likely to report low levels of job satisfaction and job security. This confirms the Eurobarometer findings shown in Table 4 (above). The data also shows that workers in Bulgaria, Czech Republic and Hungary were especially likely to report that it would be easy for their employers to replace them.

(ii) Life satisfaction

It is well known that A10 residents are particularly unhappy with their lots (Blanchflower and Freeman, 1997; Blanchflower, 2001; and Blanchflower and Shadforth, 2009). However, there has been *some* improvement over time in life satisfaction levels. Table 6, column 1, presents life satisfaction levels in the A10 countries (and the UK). It uses the mean scores from *Eurobarometers* #62.0 (for 2004), and #68.1 (for 2007). The scoring method used was 1 = "not at all satisfied"; 2 = "not very satisfied"; 3 = "fairly satisfied"; and 4 = "very satisfied". *Eurobarometer* #62.0 is the first in the series to survey individuals from the A10. Results show that between 2003 and 2007, levels of life satisfaction increased in eight of the ten accession countries (satisfaction levels fell in Hungary and Slovenia). But with the exception of Slovenia, satisfaction scores for the A10 countries were well below the UK score. Bulgaria's satisfaction score was particularly low.

Table 6 also reports the A10 and UK respondents' expectations of the macro-economy, and respondents' more personal situations, for the 12 months' ahead. Overall, there was some improvement in the 2007 responses (compared to the 2004 responses), especially in Poland, Lithuania, Latvia and Slovakia. But expectations in Hungary worsened in all

categories. Workers in Bulgaria, the Czech Republic and Hungary became less optimistic their personal job prospects.

Table 7 also makes use of data from Eurobarometer #68.1 (for 2007). It includes data for Turkey, Croatia and Macedonia (these countries are in the process of applying for EU membership). Column 1 reports the econometric results of estimating a life satisfaction ordered logit with standard controls. It shows that life satisfaction is high in Denmark, the Netherlands, Luxembourg and Sweden. [12] Life satisfaction is especially *low* in Bulgaria, Romania and Hungary. Compared with life satisfaction in the UK, life satisfaction in all of the A10 countries is significantly lower, ceteris paribus.

Earlier work has found that happiness is U-shaped in age, it rises with the level of education, and is higher for married people, women, and the self-employed (Blanchflower and Oswald, 2004, 2008; Blanchflower, 2008). Di Tella and MacCulloch (2005) found that right-wing voters are happier than left wing voters, and the unemployed are especially unhappy. The results are very similar to earlier work, where an equation is estimated for the A10 countries alone (Table 7, column 2). The results show that life satisfaction rises with the level of education, and is higher for married people, right-wing voters, and the self-employed. It is U-shaped in age and lower for the unemployed. Bulgarians, Romanians and Hungarians are the least happy, and Slovenians are the most happy.

Hence one of the likely reasons that A10 workers came to the UK is that they were unhappy at home. And if the least happy A10 workers left to come to the UK, then happiness levels in the A10 should rise (although there is no evidence either way on this proposition).

(iii) Macro-economy

Eurobarometer #68.1 (2007) asks respondents to name the "two most important issues facing their country", from a (given) list of fourteen (that includes crime, taxation, terrorism, health care, pensions and education). The probability of a respondent naming unemployment is given in column 3 of Table 7. The probability of naming rising prices/inflation is given in column 4.[13] Worries about unemployment are high in Macedonia, Croatia, Turkey, East Germany, Hungary and Poland. Worries about inflation are high in Latvia, Lithuania, Slovenia and Estonia.

Eurobarometer #67.2 (also 2007) asks respondents whether they believe the situation in their national economy is good or bad (1 = very bad; 2 = rather bad; 3 = rather good; and 4 = very good). An ordered logit is estimated in column 5 of Table 7. Responses are consistent with those relating to life satisfaction: A10 respondents are especially pessimistic about the situation in their national economies, and this is particularly strong

[12] The question used in the Eurobarometers is, "On the whole, are you: 4 = very satisfied; 3 = fairly satisfied; 2 = not very satisfied; and 1 = not at all satisfied with the life you lead?"

[13] The weighted mean responses were highest for these two categories – unemployment (30.7 per cent) and rising prices (23.8 per cent).

for Hungarians and Bulgarians. The Danes, and to a lesser extent the Swedes, are especially optimistic.

(iv) Propensity to move abroad

Table 8 explores the potential flow of workers from the A8 countries using *Eurobarometer* #65.1 for 2006 (columns 1 to 3), and *Eurobarometer* #64.1 for 2005 (columns 4 and 5). In column 1, respondents report on whether they are happy in the country they live in, and this is estimated using an ordered logit. The results show that happiness is highest in Denmark and Sweden, and lowest in Hungary, East Germany and the Czech Republic (results similar to those shown in Tables 6 and 7). Column 1 also shows that men are less happy, those living in rural areas are especially happy with the country they live in, and more young children raises happiness.

Columns 2 and 3 estimate the likelihood that individuals from East Germany and the A10, in comparison to the Czech Republic which is the excluded country, have worked abroad, or are thinking of working abroad (but are undecided) respectively. As might be expected, those more likely to have worked abroad are males, the more highly educated, managers, and those living in urban areas. Column 4 estimates the likelihood that an individual will move to another EU country in the next five years.[14] This was particularly high for Lithuania and Poland. Column 5 (Eastern Europe only, excluding the Czech Republic) and column 6 (countries in Eastern and Western Europe) estimate the likelihood that workers will move to another country if they become unemployed. Column 5 shows that the probability is highest in Lithuania and Latvia; these countries have seen the highest proportion of their population moving to the UK. The probability of moving abroad if faced with unemployment is higher for men, and declines with age. The proportion that said they would move abroad if unemployed was especially high in Lithuania (twenty per cent), Latvia (nineteen per cent), Poland (twelve per cent), Estonia (ten per cent), and Hungary (eight per cent). Finland had the lowest proportion who would be prepared to move abroad if unemployed (two per cent).

These findings are consistent with those reported by Blanchflower and Shadforth (2009). The authors used data from the *Candidate Eurobarometer 2002.1* (ZA#4153), conducted between March and April 2002, to examine Eastern Europeans' intentions to live and work in the EU in the five years following the survey. They found that willingness to move was higher for males, the young, the unmarried or divorced, the most educated, and professionals and business proprietors. It was especially high for residents of Latvia, Poland and Slovakia. Unsurprisingly, A10 workers appear to have come to the UK in order to improve their lives. A significantly high proportion said they would be prepared to move abroad in the future.

Overall, evidence suggests that Eastern Europeans are unhappy with their lives and their home countries more generally. Workers are dissatisfied with their salaries, their working hours, and their work / life balance. They are concerned about the availability of good jobs, and are insecure about their current jobs. All of these "push factors" present

[14] Respondents were also asked if they would consider moving to another country or region, but we only model the question that asked if respondents would move to another *EU* country.

genuine reasons to move abroad, and are consistent with the literature, which focuses on the economic factors determining migration. Put simply, the literature states that an individual will compare the income benefits from migration, with the economic and social costs of moving. If the benefits outweigh the costs, the individual may choose to migrate. The net benefit of migration is the expected income differential between the destination country and the country of origin. This is, in turn, determined by the relative probability of getting a job in the destination country, as captured by the difference in unemployment (or employment) rates in the two countries.

Pollard et al (2008) interviewed 370 Poles who had returned home after working in the UK. They found that the *desire to learn English* was a significant attraction, and for many young Poles coming to the UK was a way of "broadening horizons". They also found that Poles were registered on part-time courses as a way of learning new skills which were often not available at home. The found that:

> "…the strength of the UK economy has also acted as a "pull" factor for many migrants. High levels of spending, low unemployment, and high demand for labour especially in sectors such as construction have acted as draws for many post enlargement migrants. The strength of the British currency in recent years has acted as a particular pull, allowing earnings and savings from the UK to go even further when spent in migrants' home countries." Pollard et al (2008), page 43.

Working in the UK is thus an opportunity for many to save money. The Center for International Relations in Warsaw conducted a survey of high-skilled Poles working in Great Britain. They found that sixty-five per cent were saving some of the money they were earning, and of this group sixty per cent were sending money home to Poland (Iglicka, 2008).

4. What impact have A10 workers had on the UK labour market?

The empirical literature from around the world suggests there is little or no evidence that immigrants have had a major impact on native labour market outcomes such as wages and unemployment. Recent work on the UK labour market by a number of authors is consistent with this view. For example, there is little evidence that immigrants have had much impact on wages (see Manacorda et al 2006, and Dustman et al, 2005). Where there has been a (small) impact , evidence suggests that it has been on the wages of the least skilled. For example, Blanchflower and Shadforth (2009) found that between 2005 and 2006 there was a small negative relationship between the change in the annual rate of wage inflation for those in elementary occupations (defined in the LFS as SOC 9) and the change in the share of A8 workers, across regions, in the previous year (sourced from 2004 and 2005 WRS data). A similar result was reported by Nickell and Saleheen (2008); they found a small negative relationship, primarily in the semi-skilled and unskilled services sector.

There is no credible statistical evidence that arrivals from the A10 had any perceptible impact on unemployment. Gilpin et al (2006) found "'no discernible statistical evidence

to suggest that A8 migration has been a contributor to the rise in claimant count unemployment in the UK" (page 1, 2006). Lemos and Portes (2008) recently updated Gilpin's work and found a similar result (overall, and for sub-groups).

However, the increasing numbers of A10 workers in the UK may have raised the "fear" of unemployment. This tends to have a downward impact on pay, especially in the non-union sector (Blanchflower, 1991). Blanchflower and Shadforth (2009) found that the fear of unemployment is higher the longer job tenure, and lower for the more educated, those on indefinite contracts, full-timers, and those who work in the public sector. The fear of unemployment was found to be highest in Eastern European countries, and lowest in Norway and France. The authors also modelled the impact of the fear of unemployment on earnings (defined as the respondent's net monthly income from their main paid job). They found that the fear of unemployment lowers wages.

This confirms the findings in Blanchflower (1991), which showed that the probability of job loss appears to have a powerful effect upon earnings. Workers who stated that they expected to be made redundant did not receive a compensating differential and were paid, on average, approximately eight per cent less, *ceteris paribus*. One possibility is that bad workers have a relatively high fear of redundancy because of their poor performance. However, Blanchflower (1991) argued that the fear of unemployment itself, and not poor worker quality, is the explanation for the significant coefficient on the redundancy dummy. One possible way around this problem is to exploit the fact that when plants close, both good and bad workers lose their jobs. Thus, as a check, the "redundancy expected" variable for the UK was replaced with one relating to the expectation of plant closure. This also lowered pay by eight per cent and seems to support the idea that fear of unemployment is not primarily a proxy for worker quality.

Campbell et al (2007) examine whether individuals' reported perceptions of unemployment risk are reliable indicators of the probability of becoming unemployed. The authors found that an individual's fear of unemployment is increased by personal experience of unemployment, and by encountering unemployment through the experience of close friends. They also found that the probability of becoming unemployed is higher for those with a greater fear of unemployment, i.e. the fear of unemployment is rational because workers are able to reliably assess their chances of becoming unemployed. Finally, the authors find that a high fear of unemployment is associated with lower rates of wage growth for men, but has no detectable link with wage growth for women.

A monthly consumer survey conducted by the European Commission in all EU and EU-applicant countries is also consistent with the view that the fear of unemployment in the UK has risen (and according to this survey, it has been above its long run average since around 2005).[15] In this monthly survey, consumers are asked: "How do you expect the number of people unemployed in this country to change over the next twelve months?"[16] The answers obtained from the survey are aggregated into a survey "balance" (these are

[15] See http://ec.europa.eu/economy_finance/db_indicators/surveys9185_en.htm

[16] Consumers are asked to choose an answer that best describes what they think will happen to unemployment, i.e. that it will: (i) increase sharply; (ii) increase slightly; (iii) remain the same; (iv) fall slightly; (v) fall sharply; or (vi) don't know.

constructed as the difference between the proportion giving positive and negative responses). The EC also calculates average responses in the EU and euro-areas as a whole, on the basis of national results.

Charts 1.1 to 1.4 plot the national survey balances for unemployment expectations (as a three-month average, advanced twelve months) against the actual unemployment rate in the UK, the EU-15, Ireland and Sweden respectively. The fear of unemployment and actual unemployment has risen since around 2004 in both the UK and Ireland, both of whom had large influxes of workers from the accession countries. The fear of unemployment declined in the EU-15 between 2004 and end-2007.[17] Interestingly, the survey balances over this time period fell in Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Portugal and Sweden; survey balances for Greece, Italy and Spain were essentially flat. Since the beginning of 2008, the fear of unemployment has ticked up, and expectations have ticked up markedly for 2009, for the EU-15 as a whole, and for *every country* within the EU-15. This is despite the fact that, between 2004 and end-2007, unemployment had fallen in every EU-15 country except Spain and Portugal.

The fear of unemployment survey balances declined between 2004 and end-2007 in all A10 countries except Hungary (which saw a significant increase). Throughout 2008 and looking ahead into 2009, unemployment expectations have picked up across the A10 countries, with particularly sharp pick-ups in Latvia, Lithuania and Estonia. The fear of unemployment is especially high in Hungary.

Of particular interest is unemployment expectations and actual unemployment in Ireland, as it is the only other major EU country (after the UK) that has experienced a big increase in migration from A10 countries. For example, Ireland's population increased by 313,000 (8.1 per cent) between 2002 and 2006, and migration accounted for nearly seventy per cent (213,000) of this increase. Those migrating to Ireland mostly came from Poland (more than 60,000) and Lithuania (more than 22,000); the rest came from other EU-25 countries (excluding Britain and Northern Ireland).[18] And according to the 2006 Census (Table 29A), 129,000 people whose birthplace was in Eastern Europe were living

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[17] The EU-15 series for unemployment and unemployment expectations are weighted according to the population of each country for each year.

Due to the availability of the data, the EU-15 series for unemployment expectations includes:
Jan85-Mar86 -- UK, Belgium, Denmark, Germany, Ireland, Greece, France, Italy, Netherlands
Apr86-Aug87 -- as above, plus Portugal and Spain
Sep87-July95 -- as above, plus Finland
Aug95-Oct01 -- as above, plus Sweden and Austria
Nov01 onwards -- as above, plus Luxembourg

And the EU-15 unemployment rate includes:
Jan85-Dec94 -- UK, Spain, France, Italy, Netherlands, Austria, Portugal, Finland, Sweden
Jan95-Dec96 -- as above, plus Belgium, Denmark, Germany, Ireland
Jan97-Mar98 -- as above, plus Luxembourg
Apr98-Dec06 -- as above, plus Greece

[18] http://www.cso.ie/census/documents/PDR%202006%20Commentary.pdf

in the Irish Republic.[19] These numbers are dramatically higher than they were in the 2002 Irish Census (when only approximately 2,000 Poles and Lithuanians were living in Ireland).

Interestingly, as the number of Eastern Europeans in Ireland rose, so did the fear of unemployment (as happened in the UK). But unemployment in Ireland did not rise: ILO unemployment remained steady at 4.4 per cent between 2002 and 2006.[20] Consistent with a rise in the fear of unemployment, average earnings growth in Ireland since 2003 has fallen from 6.4 per cent to 3.1 per cent (Blanchflower and Shadforth, 2009). However, unemployment rose to an average of 4.6 per cent in 2007, and to 5.4 per cent in May 2008. The fear of unemployment rose sharply during this time (the survey balance rose from 39.7 in October 2007 to 55.0 in May 2008).

Despite historically low levels of unemployment in the UK, wage pressure has been contained. Chart 2 provides evidence of this, and from a number of sources (including the Labour Force Survey).

Overall, evidence suggests that the flow of workers from A10 countries has had little or no impact on unemployment, but has had some direct effect on the relative wages of the least skilled. But the main impact of the flow of workers from the A10 countries has been the rise in the fear of unemployment, and this in turn has contained wage growth.

5. Will the flow of A10 workers to the UK continue in the future?

It is uncertain as to whether the flow of A10 workers to the UK will continue in the future. There are valid arguments for both a reduction and an increase in the flow.

Economic activity and the outlook for the *global* economy suffered a marked downturn at the end of the third quarter and start of the fourth quarter of 2008. The global financial crisis that began in August 2007, intensified around the time of the collapse of the investment bank Lehman Brothers (September 2008). And so began unprecedented and large-scale government rescue packages for banking and financial systems across the world. In its latest projections (November 2008), the OECD is forecasting a "protracted economic slowdown" in the US, Japan, and euro area. The OECD expects 2009 GDP to contract by 0.9 per cent in the US, 0.5 per cent in the euro area, and 0.1 per cent in Japan.

And according to *Eurostat*, GDP growth in the EU-15 contracted by 0.2 per cent in the third quarter of 2008, following a similar fall in the second quarter. Thus the EU-15 (as a whole) moved into official recession in 2008. And within this, national statistics show that Germany, Spain, Ireland and Italy also moved into official recession in 2008 (France fared slightly better, reporting a 0.1 per cent increase in GDP in the third quarter, after a 0.3 per cent fall in the second quarter). But it is feared that the UK may suffer a worse recession than other EU countries; its economy contracted by 0.5 per cent in the third

[19] http://www.cso.ie/census/documents/Final%20Principal%20Demographic%20Results%202006.pdf

[20] http://www.cso.ie/statistics/sasunemprates.htm

quarter of 2008 (following zero growth in the second quarter), and the UK is widely expected to suffer an even bigger fall in output in the fourth quarter of 2008, and to continue to shrink in 2009.

Based on these figures, it may be reasonable to assume that the flow of A10 workers to the UK will slow while the UK economy is in recession. But it is the *relative* attractiveness of the UK that is an important factor determining the flow of foreign workers from A10 countries: the economic slowdown is a *global* one. This means that firstly, countries likely to "compete" with the UK to attract A10 foreign workers (i.e. other countries in the EU-15) are also suffering from the economic slowdown. Many other EU countries are reducing their restrictions on workers from Eastern Europe (it is a legal requirement for them to do so), so workers will have more destinations to choose from in the future. But secondly, and perhaps a *more important* factor determining the flow of foreign workers to the UK, is the health of the A10 economies – and hence the relative attractiveness of the UK compared to the A10 economies.

Of the A10 economies, Hungary appears to be faring particularly badly. It has a large current account deficit and severe lack of market confidence in its capital markets. At the time of writing (November 2008), it is in the process of receiving one of the biggest rescue packages in global history – a £25 billion package from the IMF, World Bank and European Union.

Bulgaria, Romania, and the Baltic states (Estonia, Latvia and Lithuania) are also seen as very vulnerable in the global financial crisis. These countries face similar problems to Hungary, with heavy foreign ownership of banks (this is helping to transmit the banking problems of Western Europe further east), large current account deficits, and heavy external indebtedness. Latvia and Estonia have been in recession since the start of 2008; Estonia's economy contracted by 3.3 per cent in the third quarter of 2008, and Latvia may also need financial assistance after its government was forced to rescue the country's second largest bank (November 2008). Lithuania also looks likely to go into recession in 2009.

The Czech Republic, Poland, and to a lesser extent Slovakia, are in a stronger economic position than other Eastern European economies, but are also vulnerable to contagion (especially a steep decline in demand from Western Europe). And Slovakia, with its heavy dependence on a single industry (cars), is particularly vulnerable.

Overall, the IMF (October 2008) is forecasting a sharp slowdown in economic growth in the Central and Eastern European (CEE) economies, with overall growth of 5 per cent in 2008 and 3.5 per cent in 2009.

Hence for the residents of some A10 countries, the UK may still appear relatively more attractive. The flow of workers may continue, although the mix of workers from different A10 countries is more likely to change. But even if the flow of workers does slow significantly, it is reasonable to assume the flow will pick-up again in the future as economies recover. The economies of the EU-15 are expected to have started to recover by 2010.

As Table 1 shows, the number of new registrations on the WRS has slowed in the first quarter of 2008. At this time, the UK economy had already started to slow. House prices were falling, oil and commodity prices were rising, unemployment had also started to rise, and the value of sterling had fallen against the euro, Zloty and other A10 currencies. All these factors make the UK a less attractive place to work – relative rates of return fall. But other economies were also starting to slow, labour markets were loosening elsewhere, and the rise in oil and commodity prices was an international phenomenon. Thus the *relative* attractiveness of the UK may not have changed significantly.

A recent special survey conducted by the Bank of England's Agents in spring 2008 found that firms did not expect to reduce their use of migrant labour in the future. But as the labour market loosened, the Agents reported that more UK nationals were applying for low-end jobs. There was some evidence that Polish workers were less prepared than previously to do unskilled work at the National Minimum Wage. Also, the more recent Polish arrivals tended to be older and less qualified than the earlier tranches. And they were less likely to speak English. Although there was no obvious reduction in the supply of Polish workers, there was some evidence that employment agencies were switching to workers from other countries. The mix of nationalities may change in the future: relatively small numbers of workers have come to the UK from the Czech Republic and Hungary. Given the poor health of the economies of Hungary, Bulgaria, Romania and the Baltic states, workers in these countries may have a bigger incentive to come to the UK. On top if this, UK wages are still relatively higher than wages in A10 countries. Hence even workers from better-faring economies such as the Czech Republic and Slovakia may still find the UK a relatively more attractive place to live and work.

The UK also continues to be an attractive destination because English is an international language. And the development of network effects has made it easier for foreign workers to obtain work in the UK. Pedersen et al (2004) found that network effects (measured as the coefficient of the stock of immigrants already resident in a country, and of the same nationality as a new arrival) have a large positive effect on immigration flows. The authors found that linguistic closeness, former colonial ties and current business ties had a significant impact on migration flows. Geographic distance had a negative impact, suggesting the costs of migration were also important. They concluded that networks play an important role in explaining current immigration flows.

Pollard et al (2008) note a number of factors that have made it easier for Poles to move to and from the UK. For example, it was possible to fly from twenty-two British airports to ten Polish cities by December 2007, and in that month alone there were almost 385,000 passengers between the two countries. In 2007, ten million air passengers traveled between the UK and A10 countries; this is a three-fold increase on pre-enlargement air traffic. The authors also note growth in sales of A8 (primarily Polish) goods and services in the UK. For example, several hundred Polish delis have been established throughout the country over the last four years. And previously-established suppliers have been catering to the increased demand for Polish goods. In July 2007, Tesco announced that it was doubling both its range of Polish products, and the number of stores stocking them. Tesco now sells more Polish food in its UK stores than it does in Poland (where it has 280 stores). Similarly, leading brands of Polish beer (Lech and Tyskie) were not widely available in the UK prior to 2004. But since then, the owner of these two brands

(SABMiller) has said that their combined UK sales exceeded forty-four million pints in one year.

Pollard et al (2008) also found, from interviews of Poles living in London, that those who settle in the UK in the long term, and especially once their command of the English language has improved, often move into jobs more suited to their skills. The authors provide evidence that enterprising young people from accession countries are attracted to the UK in order to set up new businesses. The British-Polish Chamber of Commerce estimates on its website that there are currently forty thousand Polish entrepreneurs who have set up businesses in the UK.[21]

Sachdev and Harries (2006) interviewed a number of foreign workers from A8 countries. They found the three main reasons for coming to the UK were (i) to learn English; (ii) to earn money; and (iii) to "gain a new experience". Most respondents were uncertain how long they would stay in England. Respondents were more likely to stay long-term if they had settled down by forming relationships and having families, and / or if they had invested in their career. Respondents were also more likely to stay if they had undertaken training courses, or reached a certain position in their chosen profession. Respondents were more likely to leave if they had been unable to adjust to life in England, or if they were planning on finishing full-time education and then returning home, or if they were seeking a job in a multi-national company where they would use their existing qualifications and competency in English.

It is hard to calculate the overall impact on the UK of the net flow of workers from the accession countries. Other factors, such as the migratory flows of UK nationals, also need to be taken into account.

6. Conclusions

In summary, workers from the A10 countries were attracted to the UK between 2004 and 2007 because of the favourable macroeconomic climate (low unemployment), high standard of living, and a general dissatisfaction with life in their home countries. We have found a great deal of evidence from a large number of data sources suggesting that residents of A10 countries are unhappy with their lives and the country they live in. They are dissatisfied with their jobs, and would experience difficulties finding a good new job. Job insecurity is high and the work/life balance is poor. Relatively high proportions of Eastern Europeans express a desire to move abroad, and many would move abroad if they were made unemployed. Eastern Europeans' expectations for the future of their domestic economies and their personal situations remain low, but have improved since 2004.

It may be reasonable to assume that the flow of A10 workers to the UK will slow while the UK economy is in recession. But it is the *relative* attractiveness of the UK that is an

[21] The first sentence on the BPCC website says: "UK-Polish trade is booming; there are 400,000 Poles living in London and the South East, and 40,000 Polish entrepreneurs have set up businesses in the UK." See: http://bpcc.org.pl/en/content/view/192

important factor determining the flow of foreign workers from A10 countries: the economic slowdown is a *global* one.

Firstly, this means that countries likely to "compete" with the UK to attract A10 foreign workers (i.e. other countries in the EU-15) are also suffering from the economic slowdown. Many other EU countries are reducing their restrictions on workers from Eastern Europe (it is a legal requirement for them to do so), so workers will have more destinations to choose from in the future. However, network effects have been established in the UK (and particularly for Poles); these tend to have a large *positive* impact on migration flows.

Secondly, and perhaps a *more important* factor determining the flow of foreign workers to the UK, is the health of the A10 economies – and hence the relative attractiveness of the UK compared to the A10 economies. There are large differences in the health of the A10 economies, with some faring well (such as Poland, the Czech Republic and Slovakia), and some faring badly (Hungary, Bulgaria, Romania, and the Baltic states). Hence the mix of nationalities of foreign workers may change in the future. A large number of workers have come to the UK from Poland, and relatively small numbers of workers have come from the Czech Republic and Hungary. Given the poor health of the economies of Hungary, Bulgaria, Romania and the Baltic states, workers in these countries may have a bigger incentive to come to the UK. On top if this, UK wages are still relatively higher than wages in A10 countries. Hence even workers from better-faring economies such as the Czech Republic and Slovakia may still find the UK a relatively more attractive place to live and work.

The fact the UK opened its borders to a flow of highly skilled, motivated, educated, low cost and mobile workforce upon enlargement of the EU was a stroke of genius, for which the UK government should be given credit. Indeed, the post-EU enlargement arrivals to the UK from the A10 countries have a higher probability of being in work than migrants from non-A10 countries who arrived in the UK both before and after EU enlargement. Contrary to the fears of some, the post-EU enlargement arrivals to the UK from the A10 countries appear to have had no difficulty assimilating into the native population, and have been welcomed with open arms. By the time countries such as Germany and Austria began to consider opening their borders it was too late. Networks had developed and large numbers of Poles, Slovakians, Lithuanians and Latvians were already living and working in the UK.

There has been some deterioration in the availability of jobs in the UK as the economy moves into recession. However, the UK is an attractive place to live and work for Eastern European workers. This is aided by highly developed networks. We argue that rather than dissipate, flows of Eastern European workers to the UK could remain strong well into the future. The enlargement of the European Union has benefited the UK enormously.

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Table 1: Worker Registration Scheme approvals, re-registrations and National Insurance number applications, May 2004 – June 2008

	Worker Registration Scheme	Re-registrations	Multiple Re-registrations	National Insurance Number
2004 Total	**125,880**	**10,130**	**3,855**	**62,539**
2005 Total	**204,970**	**51,360**	**13,945**	**218,521**
2006 Total	**227,875**	**81,845**	**23,105**	**260,909**
2007 Total	**210,575**	**115,640**	**19,870**	**246,923**
2007 Q1	50,315	28,370	6,090	68,782
Q2	52,340	30,025	5,430	55,592
Q3	57,270	29,295	4,475	66,281
Q4	50,650	27,955	3,880	55,638
2008 Q1	42,790	32,700	4,205	52,858
2008 Q2	37,955	31,140	3,760	n/a
Total	**850,045**	**407,320**	**64,980**	**841,120**

Source: Accession Monitoring Report, May 2004 – June 2008, Home Office UK Border Agency. http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/accession_monitoring_report/

Notes: National Insurance numbers reported here relate to the numbers allocated for employment purposes. A further 6,597 were allocated for benefit purposes and 13,998 for tax credit purposes.

Table 2: Nationality of approved WRS applicants, by quarter and year of application, May 2004 – June 2008

	Czech Rep.	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia	Slovenia	Total
2004 Total	**8,255**	**1,860**	**3,620**	**8,670**	**19,270**	**71,025**	**13,020**	**160**	**125,880**
2005 Total	**10,575**	**2,560**	**6,355**	**12,960**	**22,990**	**127,325**	**22,035**	**175**	**204,970**
2006 Total	**8,345**	**1,475**	**7,060**	**9,490**	**17,065**	**162,500**	**21,755**	**185**	**227,875**
2007 Q1	1,825	275	1,965	1,835	3,740	35,800	4,835	45	50,315
Q2	1,800	210	2,085	1,630	3,690	37,280	5,600	40	52,340
Q3	1,985	275	2,305	1,545	3,715	41,170	6,230	50	57,270
Q4	1,895	210	2,515	1,270	3,090	35,865	5,760	55	50,650
2007 Total	**7,510**	**965**	**8,875**	**6,285**	**14,260**	**150,245**	**22,425**	**190**	**210,775**
2008 Q1	1,725	200	2,615	1,440	2,740	32,205	5,420	50	46,395
2008 Q2	1,600	205	2,470	1,475	2,645	24,895	4,610	55	37,955
Total	**38,010**	**7,265**	**30,995**	**40,320**	**78,970**	**568,195**	**89,265**	**815**	**853,850**
Per cent	4%	1%	3%	5%	9%	67%	10%	0%	100%

Source: Accession Monitoring Report, May 2004 – June 2008, Home Office UK Border Agency.
http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/accession_monitoring_report/

Table 3: Labour market characteristics (ages 16 to 70)

	(1) Work	(2) Self-Employment	(3) Usual hours	(4) Work limiting Health problem	(5) Log hourly Earnings	(6) Union Membership
New A10	.0958 (16.76)	-.0128 (2.19)	3.8890 (21.52)	-.0563 (12.61)	-.1342 (8.69)	-.1160 (5.26)
Old A10	.0409 (3.63)	.1992 (16.70)	1.5946 (4.66)	-.0402 (5.07)	-.0412 (1.21)	-.0468 (1.18)
New Non-A10	-.0266 (4.90)	-.0581 (11.45)	1.0992 (6.33)	-.0464 (11.25)	.0637 (4.41)	-.1097 (5.85)
Old Non-A10	-.0053 (1.93)	.0213 (8.57)	.7840 (9.40)	-.0012 (0.65)	.0337 (4.71)	-.0294 (3.37)
Age	.0209 (73.55)	.0094 (31.85)	1.0930 (116.21)	.0014 (6.60)	.0610 (74.92)	.0221 (19.99)
Age^2	-.0002 (82.37)	-.00007 (19.67)	-.0132 (117.50)	.0000 (1.45)	-.0006 (65.41)	-.0002 (17.19)
Male	.0933 (71.99)	.0917 (79.78)	7.7264 (180.27)	.0039 (3.86)	.1582 (44.16)	.0454 (9.84)
Degree	.2232 (136.07)	-.0171 (8.37)	3.1057 (39.17)	-.0365 (23.59)	.6972 (101.73)	.0832 (8.99)
Higher education	.1825 (99.08)	-.0280 (12.14)	1.6972 (19.07)	-.0191 (10.96)	.4597 (60.69)	.0916 (8.80)
Apprenticeship etc	.1896 (113.91)	.0016 (0.81)	1.3460 (17.76)	-.0180 (11.89)	.2874 (43.36)	.0431 (4.87)
GCSE A-C	.1552 (90.57)	-.0250 (12.08)	.6404 (8.35)	-.0160 (10.37)	.1789 (27.09)	.0079 (0.90)
Other qualifications	.1265 (67.56)	-.0299 (13.68)	1.3504 (16.04)	-.0072 (4.23)	.1144 (15.70)	.0248 (2.55)
Don't know	.1422 (26.55)	.0018 (0.30)	4.1166 (17.13)	-.0357 (7.78)	.1593 (6.74)	-.0077 (0.27)
Mixed race	-.0810 (9.62)	.0272 (3.40)	-.8899 (3.57)	.0261 (4.08)	-.0368 (1.75)	-.0099 (0.36)
Asian	-.1172 (29.64)	.0298 (8.30)	-1.0916 (9.35)	.0026 (0.90)	-.1470 (14.25)	-.0083 (0.64)
Black	-.0698 (13.75)	-.0421 (10.23)	-1.2605 (8.39)	-.0079 (2.23)	-.2005 (15.37)	.0404 (2.38)
Chinese	-.0348 (3.25)	.0248 (2.64)	-.2477 (0.79)	-.0215 (2.86)	-.1323 (4.79)	-.1068 (3.25)
Other race	-.1110 (18.04)	-.0090 (1.70)	-.9581 (5.21)	-.0012 (0.27)	-.1717 (10.54)	-.0204 (0.95)
Self-employed			2.5554 (40.85)	.0122 (8.65)		
Region dummies (19)	Yes	Yes	Yes	Yes	Yes	Yes
Industry dummies (61)	No	No	No	Yes	Yes	Yes
Organisn dummies (8)	No	No	Yes	Yes	Yes	Yes
R^2/Pseudo R^2	.1275	.0688	.2549	.0334	.3988	.2398
N	445,462	329,037	321,192	326,746	83,193	48,232

Source: LFS, December 2006 to March 2008

Notes: Equations also include three year dummies. Excluded categories are no qualification; white. Columns 2 to 6: workers only. Column 1: excludes students. Columns 1, 2, 4 and 6 are dprobits; columns 3 and 5 are OLS. "'New A10" and "New Non-A10" are post-2003 arrivals. "Old A10" and "Old Non-A10" are pre-2003 arrivals. T-statistics in parentheses.

Table 4: Difficulty in finding a job and job satisfaction, 2005

	Difficult to find a job	Difficult to find a job	Job satisfaction			
			Salary	# hours	Work life balance	All
	Ordered logit	Ordered logit	Ordered logit	Ordered logit	Ordered logit	OLS
Czech Republic	1.1605 (14.48)	1.1468 (10.23)	-.6714 (5.70)	-.3049 (2.64)	-.1360 (1.17)	-1.3419 (4.53)
East Germany	2.4117 (21.26)	2.4252 (14.11)	-.6379 (3.96)	-.0969 (0.60)	.1661 (1.02)	-1.1292 (2.75)
Estonia	.9161 (11.37)	.9057 (7.70)	-.7641 (6.24)	-.0883 (0.73)	-.1815 (1.49)	-1.8504 (5.97)
Hungary	2.4462 (26.93)	2.7023 (18.38)	-1.5834 (12.11)	-.5317 (4.03)	-.2605 (1.95)	-2.9140 (9.09)
Latvia	1.0884 (13.60)	1.0293 (8.98)	-1.3954 (11.69)	-.3385 (2.87)	-.6546 (5.49)	-2.9984 (10.24
Lithuania	1.5810 (19.09)	1.3793 (11.08)	-1.2300 (9.52)	-.4994 (3.89)	-.2647 (2.08)	-2.5145 (7.82)
Poland	1.9012 (22.51)	1.7601 (13.01)	-1.1206 (8.11)	-.3936 (2.85)	-.3796 (2.75)	-2.3754 (6.38)
Slovakia	1.6820 (20.86)	1.6443 (14.48)	-.8669 (7.26)	-.5163 (4.43)	-.3073 (2.63)	-2.4399 (8.33)
Slovenia	1.3586 (17.24)	1.3459 (11.45)	-.4575 (3.68)	-.5144 (4.23)	-.3774 (3.09)	-1.8955 (6.40)
Austria	.8507 (10.73)	.8731 (7.81)	.5020 (4.17)	.0432 (0.37)	.6176 (5.28)	.9651 (3.34)
Belgium	.2413 (3.10)	.0392 (0.35)	.1935 (1.59)	.2949 (2.49)	.1625 (1.36)	.0294 (0.10)
Cyprus	1.3743 (13.44)	1.3987 (9.65)	-.1031 (0.67)	-.4133 (2.79)	.0640 (0.44)	-1.4760 (3.68)
Denmark	-.8675 (10.60)	-1.2644 (10.87)	.7648 (6.16)	.9793 (8.08)	1.0672 (8.73)	2.2686 (7.75)
Finland	-.1691 (2.15)	-.3461 (2.98)	-.3650 (2.89)	-.1431 (1.18)	.0989 (0.80)	-1.2530 (3.75)
France	.6294 (8.00)	.5513 (4.85)	-.9238 (7.60)	-.4335 (3.60)	-.1346 (1.11)	-.8758 (2.91)
Greece	1.9041 (22.45)	2.0568 (15.87)	-.4027 (3.04)	-.2363 (1.81)	-.1254 (0.97)	-1.8999 (6.24)
Ireland	-.4873 (6.05)	-.4563 (3.95)	.3767 (3.03)	.3253 (2.69)	.4002 (3.31)	.4441 (1.46)
Italy	1.1609 (14.59)	1.1547 (10.08)	-.3870 (3.16)	-.5361 (4.54)	-.2331 (1.95)	-2.7680 (9.28)
Luxembourg	.6009 (6.06)	.5002 (3.31)	.9350 (5.62)	.9203 (5.70)	.4335 (2.68)	1.1058 (2.77)
Malta	.6283 (6.29)	.7514 (4.39)	-.6968 (3.77)	.3424 (1.87)	.0003 (0.00)	-1.5257 (3.22)
Netherlands	.0531 (0.67)	-.0647 (0.60)	.4205 (3.58)	.6465 (5.65)	.3869 (3.37)	.5856 (2.08)
Portugal	1.8364 (21.72)	1.9446 (14.92)	-.7338 (5.54)	-.3918 (3.06)	-.0786 (0.61)	-2.0299 (6.18)
Spain	1.3948 (16.99)	1.4493 (11.62)	-.2069 (1.57)	-.4322 (3.38)	-.0051 (0.04)	-1.6260 (5.18)
Sweden	-.2404 (2.96)	-.5252 (4.72)	-.3896 (3.35)	.1224 (1.07)	.1439 (1.25)	-.6336 (2.24)
West Germany	1.5858 (19.61)	1.6019 (13.83)	-.0126 (0.10)	.1045 (0.88)	.1716 (1.43)	-.5072 (1.72)
Age	-.0028 (2.52)	.0019 (1.20)	-.0450 (4.36)	-.0405 (4.02)	-.0575 (5.62)	-.1065 (4.07)
Age^2			.0005 (4.19)	.0005 (4.50)	.0007 (6.65)	.0014 (4.76)
Male	-.1866 (6.98)	-.2584 (6.75)	.2843 (7.17)	-.1177 (3.00)	-.0060 (0.15)	.2367 (2.40)
15-19 years schooling	-.2471 (6.69)	-.2383 (3.72)	.0076 (0.12)	.0006 (0.01)	-.1201 (1.86)	-.0500 (0.30)

≥20 years schooling	-.5455 (12.85)	-.4874 (6.93)	.0879 (1.22)	-.0099 (0.14)	-.2245 (3.13)	.0271 (0.15)
Minority	.2285 (4.22)	.3083 (4.03)	-.3400 (4.30)	-.0760 (0.97)	-.0962 (1.23)	-.6375 (3.21)
Student	-.6518 (8.85)					
Unemployed	.6413 (9.25)					
Retired	.0327 (0.62)					
Professional	-.5767 (5.36)	-.3737 (2.33)	1.3177 (7.86)	1.4279 (8.59)	.6337 (3.79)	2.6202 (4.94)
Shop owner	-.2270 (2.60)	-.0284 (0.20)	1.0409 (6.98)	.9235 (6.24)	.4893 (3.27)	2.3728 (4.69)
Business proprietor	-.6405 (6.14)	-.4236 (2.70)	1.5541 (9.52)	1.0957 (6.81)	.6874 (4.22)	3.1334 (5.96)
Employed professional	-.7373 (8.53)	-.5175 (3.52)	1.0092 (6.72)	1.3974 (9.27)	.5381 (3.54)	1.6144 (3.33)
General management	-.7789 (6.34)	-.5510 (3.23)	1.8943 (10.60)	1.2970 (7.30)	.4995 (2.80)	2.6514 (5.00)
Middle management	-.5122 (7.78)	-.2783 (2.05)	1.0878 (7.85)	1.5037 (10.82)	.5782 (4.11)	1.5339 (3.32)
Employed - desk	-.2242 (3.70)	.0056 (0.04)	.8406 (6.20)	1.6613 (12.19)	.6362 (4.62)	1.0896 (2.38)
Traveling salesman	-.1980 (2.33)	.0647 (0.45)	.6266 (4.30)	1.1060 (7.58)	.1828 (1.24)	.0680 (0.14)
Employed not at a desk	-.2492 (3.88)	.0033 (0.03)	.5937 (4.35)	1.3769 (10.02)	.5156 (3.71)	.6522 (1.42)
Supervisor	-.3656 (2.60)	-.0960 (0.52)	1.0255 (5.33)	1.5588 (8.26)	.5989 (3.13)	1.4063 (2.50)
Skilled manual	-.0080 (0.13)	.2604 (1.98)	.5275 (3.98)	1.2623 (9.49)	.3478 (2.58)	-.1703 (0.38)
Unskilled manual	.1334 (1.71)	.3703 (2.62)	.4115 (2.90)	1.2545 (8.81)	.3369 (2.33)	-.7355 (1.55)
cut1/constant	-2.4404	-2.1081	-2.9094	-2.7471	-4.0367	32.6511
cut2	-.7100	-.3220	-1.2209	-1.1085	-2.2257	
cut3	.8844	1.2653	1.6827	1.4604	.3257	
Workers only	No	Yes	Yes	Yes	Yes	Yes
N	23,954	11,127	11,134	11,151	11,115	9,188
Pseudo/Adj R^2	.1012	.1101	.0609	.0336	.0231	.1340

Source: Eurobarometer #64.1, Mobility, Food Risk, Smoking, AIDS Prevention and Medical Errors, September-October 2005 (ICPSR 4641)

Notes: Excluded categories are UK; responsible for shopping (column 1); farmer; and less than sixteen years' schooling. T-statistics in parentheses.

Question 1: It is difficult to find a good job in (OUR COUNTRY)? 4 = totally agree; 3 = tend to agree; 2 = tend to disagree; 1 = totally disagree

Question 2: Generally speaking, when you think about your professional life, could you tell me whether you are 4 = very satisfied; 3 = fairly satisfied; 2 = fairly dissatisfied; or 1 = not at all satisfied with each of the following: (i) your salary; (ii) your work contract; (iii) the number of hours you work; (iv) your commuting time; (v) your career prospects; (vi) the content of your job; (vii) your colleagues; (viii) your training opportunities; (ix) the balance between your private life and your working life; and (x) the health and safety conditions in your company.

Table 5: Job satisfaction, job security and the likelihood of being replaced, 2005

	Job satisfaction	Job security	Easy to Replace
Bulgaria	-.1965 (1.63)	-.8219 (7.04)	.9985 (8.30)
Czech Republic	-.4521 (4.03)	-.5342 (5.01)	.7196 (6.46)
East Germany	.1898 (1.37)	-.4336 (3.17)	.1058 (0.75)
Hungary	-.3305 (2.65)	-.3633 (3.08)	.3348 (2.73)
Latvia	-.1673 (1.32)	-.4289 (3.46)	-.2721 (2.13)
Russia	-.4404 (4.04)	.0072 (0.07)	.4878 (4.65)
Slovenia	-.4606 (3.85)	.4020 (3.42)	.1315 (1.12)
Australia	-.3047 (3.00)	-.2052 (2.09)	.1789 (1.78)
Canada	-.1259 (1.08)	-.0997 (0.87)	.2886 (2.49)
Cyprus	.9777 (7.75)	-.1224 (1.00)	.7440 (5.67)
Denmark	.2724 (2.63)	.4700 (4.58)	-.0716 (0.70)
Dominican Republic	.1546 (1.47)	.1512 (1.49)	1.2832 (11.90)
Finland	-.0972 (0.89)	-.2926 (2.70)	.1166 (1.05)
Flanders	-.4811 (4.46)	-.1161 (1.12)	.0892 (0.84)
France	-.5886 (5.73)	-.3827 (3.74)	.6971 (6.85)
Ireland	.5505 (4.77)	.3035 (2.67)	.4101 (3.49)
Israel	.2115 (1.80)	-.2189 (1.92)	.2237 (1.92)
Japan	-.7262 (6.18)	.1857 (1.51)	.2314 (1.92)
Mexico	1.0700 (9.36)	.3568 (3.18)	1.0513 (8.74)
New Zealand	-.1578 (1.49)	.0240 (0.23)	-.1365 (1.30)
Norway	-.1857 (1.76)	-.2855 (2.80)	.2313 (2.23)
Philippines	.4397 (3.74)	.1179 (1.05)	.8860 (7.49)
Portugal	-.0374 (0.36)	-.0889 (0.86)	.5682 (5.46)
South Africa	.2902 (2.64)	-.0425 (0.40)	.7716 (6.96)
South Korea	-1.1639 (11.02)	-.8819 (8.68)	.4163 (3.90)
Spain	-.0617 (0.53)	.2159 (1.88)	.3344 (2.90)
Sweden	-.2896 (2.71)	-.0963 (0.93)	.0813 (0.77)
Switzerland	.6848 (6.21)	.0172 (0.16)	.0522 (0.47)
Taiwan	-.6054 (6.11)	-.4757 (4.97)	.5297 (5.28)
USA	.2254 (2.16)	.1226 (1.21)	.3218 (3.08)
West Germany	.2047 (1.74)	.3242 (2.78)	.0918 (0.78)
Age	.0106 (10.25)	-.0255 (4.24)	-.0191 (3.04)
Age^2		.0003 (4.94)	.0001 (2.55)
Male	-.0031 (0.13)	-.0706 (2.83)	-.2663 (10.47)
Lowest formal	.3959 (5.18)	.1044 (1.40)	-.2731 (3.36)
Above lowest	.4816 (6.64)	.1029 (1.46)	-.3509 (4.57)
higher secondary	.6206 (8.71)	.2641 (3.81)	-.4347 (5.78)
Above higher sec.	.7277 (10.09)	.3218 (4.58)	-.5740 (7.54)
Degree completed	.7972 (11.11)	.5050 (7.20)	-.6075 (8.01)
Other qualification.	1.4434 (1.49)	.3123 (0.34)	.4312 (0.51)
Self-employed	.4917 (13.91)	-.1205 (3.44)	-1.1464 (28.55)
Part time	-.0289 (0.83)	-.2211 (6.26)	.2363 (6.56)
<part-time	-.0467 (0.48)	-.6727 (7.06)	.3718 (3.81)

Helping family member	-.4492 (3.45)	.0081 (0.06)	-.3200 (2.08)
cut1	-3.6753	-3.4110	-3.1686
cut2	-2.5910	-1.8103	-1.6748
cut3	-1.5238 -	.9233	-.5425
cut4	-.5438	.8820	.9037
cut5	1.3103		
cut6	2.9072		
N	23,221	23,066	21,707
Pseudo R^2	.0259	.0148	.0301

Source: International Social Survey Programme, Work Orientation module, 2005

Notes: Excluded categories are UK, full-time; and no formal qualification. T-statistics in parentheses. All columns are ordered logits. The age squared variable in column 1 was insignificant and hence is omitted.

Question 1: How satisfied are you in your main job? 7 = completely satisfied; 6 = very satisfied; 5 = fairly satisfied; 4 = neither satisfied nor dissatisfied; 3 = fairly dissatisfied; 2 = very dissatisfied; 1 = completely dissatisfied.

Question 2: "My job is secure." Do you: 4 = strongly agree; 3 = agree; 2 = neither agree nor disagree; 1 = strongly disagree with this statement.

Question 3: How difficult or easy do you think it would be for your firm or organisation to replace you if you left? 5 = very easy; 4 = fairly easy; 3 = neither easy nor difficult; 2 = fairly difficult; 1 = very difficult.

Table 6: Life satisfaction and percentage of respondents reporting that the twelve months ahead will be better, 2004 and 2007

	Life satisfaction		Expectations 12 months ahead (% better)									
			Life		Economic Situation		Financial Situation		Employment Situation		Personal job Situation	
	2004	*2007*	*2004*	*2007*	*2004*	*2007*	*2004*	*2007*	*2004*	*2007*	*2004*	*2007*
Bulgaria	2.06	2.15	25	26	24	26	19	24	23	30	35	20
Czech Republic	2.82	2.91	17	22	9	18	8	19	8	27	26	18
Estonia	2.74	2.80	39	40	39	30	32	35	35	32	14	35
Hungary	2.44	2.38	24	15	19	14	20	12	17	10	26	11
Latvia	2.52	2.68	31	34	26	21	27	31	27	32	26	33
Lithuania	2.55	2.63	39	35	37	31	33	31	44	48	28	38
Poland	2.81	2.85	35	30	26	33	21	25	23	40	17	20
Romania	2.32	2.39	50	44	44	36	44	41	35	33	34	38
Slovakia	2.59	2.74	24	29	18	24	18	22	24	33	18	22
Slovenia	3.17	3.10	32	26	28	24	22	20	19	21	16	16
UK	3.22	3.22	44	35	16	17	32	30	17	17	28	30

Source: 2004 data from Eurobarometer #62.0 and Standard European Trend Questions and Sport, October-November, 2004 (ICPSR 4289). 2007 data from Eurobarometer #68.1, "Public Opinion in the European Union", September-November 2007.

Question 1: On the whole, are you: 4 = very satisfied; 3 = fairly satisfied; 2 = not very satisfied; 1 = not at all satisfied with the life you lead?

Question 2: What are your expectations for the next twelve months – will the next twelve months be better, worse, or the same when it comes to…
a) Your life in general?
b) The economic situation in our country?
c) The financial situation of your household?
d) The employment situation in our country?
e) Your personal job situation?

Table 7: Life satisfaction, important issues facing the country, and its economic situation, 2007

	Life satisfaction	Life satisfaction (A10 only)	Unemployment	Rising prices/ Inflation	National economy
Bulgaria	-2.5924 (31.73)	-1.9220 (20.69)	.2100 (8.35)	.5615 (23.52)	-3.0994 (33.82)
Czech Republic	-.7988 (10.18)	excluded category	.1040 (4.37)	.4590 (18.91)	-1.6031 (17.74)
Estonia	-1.0884 (13.63)	-.3286 (3.57)	-.0118 (0.49)	.5865 (25.49)	.1596 (1.67)
Hungary	-1.9342 (24.33)	-1.1318 (12.42)	.4149 (16.94)	.3665 (14.53)	-3.2811 (35.98)
Latvia	-1.4093 (17.56)	-.7179 (7.84)	.0774 (3.25)	.6765 (32.10)	-2.4374 (26.91)
Lithuania	-1.4972 (18.54)	-.7730 (8.33)	-.0360 (1.54)	.6039 (26.53)	-1.7294 (19.27)
Poland	-.8328 (10.09)	-.0083 (0.09)	.3410 (13.72)	.2690 (10.29)	-1.4638 (16.09)
Romania	-2.1805 (27.05)	-1.4535 (15.77)	.1401 (5.73)	.3947 (15.59)	-2.5480 (27.97)
Slovakia	-1.1815 (15.00)	-.4230 (4.72)	.3265 (13.53)	.3691 (14.89)	-1.0871 (12.27)
Slovenia	-.1373 (1.68)	.7956 (8.11)	.2180 (8.83)	.6032 (26.52)	-.3330 (3.62)
Austria	-.2412 (3.02)		.3006 (12.31)	.4363 (17.73)	.5217 (5.41))
Belgium	.1522 (1.89)		.3008 (12.28)	.4014 (16.06)	-.4570 (4.97)
Croatia	-.9222 (11.01)		.5552 (23.04)	.0923 (3.46)	-3.1833 (34.47)
Cyprus	-.2679 (2.56)		.1467 (4.95)	.4945 (17.41)	n/a
Denmark	1.5762 (18.13)		-.0709 (2.84)	.0307 (1.12)	2.7302 (28.26)
East Germany	-1.1793 (11.65)		.5337 (19.05)	.4750 (16.73)	-.4443 (3.93)
Finland	.1235 (1.54)		.2112 (8.54)	.2729 (10.50)	.5961 (6.33)
France	-.6035 (7.56)		.4318 (17.78)	.3148 (12.39)	-2.2685 (25.36)
Greece	-1.4308 (17.73)		.4446 (18.11)	.3945 (15.66)	-3.0403 (32.82)
Ireland	.1907 (2.34)		.0273 (1.16)	.2326 (8.99)	1.2565 (13.03)
Italy	-1.0781 (13.21)		.3176 (12.81)	.3268 (12.72)	-1.6365 (17.53)
Luxembourg	.7526 (7.23)		.3844 (13.10)	.4187 (14.12)	.8463 (7.02)
Macedonia	-1.4983 (17.65)		.6113 (25.62)	.1635 (6.18)	n/a
Malta	-.3948 (3.74)		.1308 (4.48)	.4427 (15.16)	-1.2017 (10.55)
Netherlands	.8062 (9.94)		-.0730 (2.97)	.1298 (4.88)	.6767 (7.16)
Portugal	-1.8310 (22.89)		.5228 (21.41)	.3796 (14.88)	-3.0912 (33.34)
Spain	-.2872 (3.43)		.1836 (7.40)	.1343 (5.02)	-.6500 (6.95)

Sweden	.6327 (7.78)		.2355 (9.39)	-.0826 (2.93)	1.4711 (15.43)
Turkey	-.7104 (7.85)		.5405 (21.48)	-.0917 (3.31))	-1.5580 (15.51)
West Germany	-.2911 (3.60)		.4695 (19.40)	.3561 (14.12)	.0626 (0.66)
Age	-.0696 (14.57)	-.1024 (11.96)	-.0020 (7.61)	-.0013 (4.66)	-.0211 (4.17)
Age^2	.0006 (13.64)	.0009 (10.96)			.0002 (5.21)
Male	-.0554 (2.15)	.0153 (0.35)	-.0078 (1.37)	-.0099 (1.59)	.2808 (10.25)
ALS 16-19	.2679 (7.91)	.4136 (6.46)	-.0268 (3.67)	-.0217 (2.70)	.2213 (6.03)
ALS 20+	.5392 (13.42)	.7217 (9.57)	-.0534 (6.17)	-.0605 (6.39)	.4380 (10.19)
Still studying	.7544 (9.56)	1.0197 (6.72)	.0470 (1.65)	-.0560 (1.99)	.4614 (5.67)
No FT education	-.3677 (1.57)	.4521 (1.02)	-.0104 (0.18)	.0597 (0.92)	.6596 (1.95)
Married	.3493 (7.62)	.4092 (4.77)	-.0140 (1.46)	.0286 (2.67)	-.0331 (0.68)
Remarried	.2635 (2.84)	.2590 (1.80)	-.0348 (1.68)	.0384 (1.70)	-.0584 (0.58)
Living together	.0935 (1.67)	.0754 (0.76)	-.0226 (1.90)	.0130 (0.96)	-.1056 (1.78)
Past lived together	-.3098 (4.32)	-.1117 (0.83)	-.0083 (0.54)	-.0033 (0.19)	-.1717 (2.28)
Divorced	-.3293 (5.18)	-.1865 (1.71)	-.0020 (0.15)	.0260 (1.71)	-.2623 (3.88)
Separated	-.3480 (3.37)	-.0632 (0.33)	-.0080 (0.35)	.0859 (3.35)	-.4000 (3.63)
Widowed	-.3085 (5.02)	-.0869 (0.81)	-.0075 (0.55)	.0362 (2.39)	-.1709 (2.61)
Native	.0918 (1.82)	-.0963 (0.88)	.0011 (0.10)	.0024 (0.20)	.0114 (0.34)
Centre voter	.1389 (4.44)	.0350 (0.60)	-.0063 (0.92)	-.0069 (0.92)	.1585 (4.30)
Right-wing voter	.3079 (8.84)	.3239 (5.19)	-.0379 (4.99)	-.0231 (2.76)	-.2492 (3.63)
Unemployed	-.7591 (11.58)	-.6413 (4.94)	.2468 (8.22)	.0327 (1.17)	-.0336 (0.58)
Retired	-.1006 (1.86)	-.1764 (1.46)	.0654 (2.57)	.0485 (1.84)	-.1142 (1.01)
Farmer	-.3292 (3.17)	-.3789 (1.87)	.0891 (2.63)	.0546 (1.54)	-.1384 (0.25)
Fisher	-1.1623 (1.80)	-1.4893 (1.53)	.2559 (1.52)	-.0403 (0.23)	.4097 (3.34)
Shop owner	.3691 (3.50)	.9339 (3.94)	.0463 (1.57)	.0276 (0.90)	-.0719 (0.81)
Business proprietor	.0328 (0.39)	.3625 (1.94)	.0539 (1.59)	.0101 (0.30)	.1278 (1.17)
Professional	.4607 (4.47)	.8127 (4.34)	.0051 (0.17)	.0224 (0.73)	.1806 (2.00)
General management	.3244 (3.73)	.4303 (2.99)	.0110 (0.30)	.0143 (0.37)	.4696 (3.60)
Middle management	.5456 (4.25)	1.0065 (3.49)	.0588 (2.19)	.0276 (1.01)	.2163 (3.12)
Employed at a desk	.3444 (5.22)	.4866 (3.57)	.0574 (2.17)	.0474 (1.75)	.1923 (3.00)
Employed traveling	.1686 (2.77)	.1007 (0.80)	.0496 (1.65)	.0641 (2.04)	-.0568 (0.64)

Service employee	.1128 (1.31)	.2186 (1.39)	.0695 (2.56)	.0715 (2.55)	-.0582 (0.87)
Supervisor	.0862 (1.36)	.1226 (0.93)	.0677 (1.66)	.1035 (2.42)	.0588 (0.42)
Skilled manual	.1018 (0.73)	.1865 (0.76)	.0952 (3.53)	.0647 (2.37)	.0024 (0.04)
Unskilled manual	-.0844 (1.42)	-.0372 (0.31)	.0978 (3.34)	.0857 (2.86)	-.0092 (0.12)
Cut1	-5.0512	-5.2958			-3.9913
Cut2	-3.1644	-3.1666			-1.2861
Cut3	-.0695	.1425			2.4924
N	29,061	9,800	28,759	28,759	27,158
Pseudo R^2	.1242	.1075	.1526	.1380	.2249

Source: Columns 1 to 4 are from Eurobarometer #68.1, "Public Opinion in the European Union", September-November 2007. Column 5 is from Eurobarometer #67.2, "European Union Enlargement, Personal Data Privacy, the National Economy, and Scientific Research", April-May 2007.

Notes: Excluded categories are UK; single; left-wing voter; responsible for shopping; and age left school is less than sixteen years. Columns 3 and 4 are dprobits. Columns 1, 2 and 5 are ordered logits. Responses to life satisfaction questions were: 1 = not at all satisfied; 2 = not very satisfied; 3 = fairly satisfied; and 4 = very satisfied. Responses to national economy's situation were: 1 = very bad; 2 = rather bad; 3 = rather good; and 4 = very good.

Table 8: Respondents' happiness living in own country and likelihood of working or moving abroad, 2005 / 2006

	Happy living in this country Ordered logit	Worked abroad Dprobit	Thinking of working abroad Dprobit	Move next five years Dprobit	Move if unemployed Dprobit	
East Germany	-1.2213 (11.86)	.0463 (3.05)	.0564 (2.79)	.0071 (0.89)	.0155 (0.75)	-.0272 (2.64)
Estonia	.4366 (4.78)	.0676 (4.66)	.1277 (6.79)	.0424 (4.62)	.1015 (5.25)	.0166 (1.70)
Hungary	-2.1661 (25.41)	.0406 (3.11)	.0645 (3.75)	.0078 (1.10)	.1007 (5.18)	.0133 (1.38)
Latvia	-.0667 (0.76)	.0491 (3.70)	.1524 (8.19)	.0387 (4.44)	.2195 (10.07)	.0943 (7.98)
Lithuania	-.5185 (6.02)	.0592 (4.18)	.1582 (8.17)	.0550 (5.53)	.2506 (10.85)	.1084 (8.63)
Poland	-.5193 (6.09)	.0505 (3.73)	.1322 (7.10)	.0444 (4.73)	.1462 (7.09)	.0412 (3.86)
Slovakia	-.9379 (11.33)	.0733 (5.08)	.1091 (6.28)	.0234 (2.83)	.0680 (3.68)	-.0041 (0.45)
Slovenia	-.2841 (3.37)	.0682 (4.77)	.0157 (1.05)	.0011 (0.18)	.0139 (0.82)	-.0263 (3.21)
Czech Republic	-1.0654 (12.78)					-.0330 (4.08)
Austria	.0954 (1.09)					-.0340 (4.23)
Belgium	-.2103 (2.44)					.0049 (0.54)
Denmark	1.6098 (13.62)					-.0187 (2.22)
Finland	.6086 (6.44)					-.0354 (4.47)
France	.0162 (0.19)					-.0384 (4.74)
Greece	.2895 (3.20)					-.0395 (5.02)
Ireland	.3072 (3.40)					-.0169 (1.96)
Italy	-.7628 (9.05)					-.0117 (1.31)
Luxembourg	.8058 (6.32)					-.0103 (1.15)
Malta	.1180 (1.04)					-.0163 (1.48)
Netherlands	-.1022 (1.18)					.0882 (5.74)
Portugal	-.8642 (10.11)					-.0157 (1.83)
Spain	.1353 (1.53)					-.0094 (1.00)
Sweden	1.2625 (11.37)					-.0395 (5.06)
West Germany	-.8035 (9.54)					-.0177 (2.07)
Age	.0150 (10.17)	-.0006 (3.32)	-.0056 (14.59)	-.0009 (6.42)	-.0017 (5.22)	-.0007 (4.59)
Male	-.1559 (5.33)	.0202 (5.54)	.0338 (4.90)	.0058 (2.39)	.0236 (3.70)	.0157 (4.84)

15-19 years schooling	.0634 (1.58)	.0025 (0.39)	-.0027 (0.19)	.0086 (1.54)	.0122 (1.18)	.0047 (1.01)
≥20 years schooling	.0577 (1.21)	.0036 (0.50)	.0158 (0.98)	.0185 (2.47)	.0356 (2.83)	.0189 (3.39)
Student	.3261 (3.74)	-.0119 (1.29)	.1409 (4.50)	.0049 (0.58)	.0429 (1.82)	.0322 (2.96)
Unemployed	-.4016 (5.63)	.0066 (0.68)	.0977 (4.21)	-.0012 (0.23)	.0001 (0.01)	-.0031 (0.39)
Retired	.0809 (1.34)	-.0142 (1.57)	-.0104 (0.51)	-.0119 (1.91)	.0240 (1.32)	.0106 (1.47)
Farmer	-.0897 (0.63)	.0050 (0.29)	.0220 (0.57)	-.0074 (0.71)	-.0005 (0.02)	-.0119 (0.78)
Professional	-.1964 (1.65)	.0051 (0.32)	.0738 (1.91)	.0027 (0.26)	.0198 (0.60)	.0193 (1.40)
Shop owner	-.0861 (0.92)	-.0083 (0.69)	.0381 (1.23)	-.0084 (1.12)	.0402 (1.38)	.0217 (1.87)
Business proprietor	-.0126 (0.11)	.0093 (0.66)	.1354 (3.69)	-.0087 (1.21)	.0269 (0.97)	.0067 (0.51)
Employed professional	.0968 (0.97)	.0013 (0.12)	.0899 (3.36)	-.0058 (1.05)	.0123 (0.61)	.0069 (0.67)
General management	.3257 (2.35)	.0093 (0.49)	.0895 (2.01)	-.0016 (0.15)	.0017 (0.05)	.0021 (0.14)
Middle management	.1654 (2.21)	-.0016 (0.17)	.0565 (2.35)	-.0124 (2.71)	-.0018 (0.10)	.0005 (0.06)
Employed - desk	.0645 (0.95)	-.0071 (0.81)	.0794 (3.47)	-.0114 (2.50)	.0148 (0.77)	.0061 (0.77)
Traveling salesman	.0446 (0.46)	.0025 (0.21)	.1063 (3.43)	-.0108 (2.02)	.0144 (0.64)	.0050 (0.48)
Employed not at a desk	.0865 (1.20)	-.0092 (1.07)	.0762 (3.21)	-.0101 (2.16)	-.0001 (0.01)	.0007 (0.09)
Supervisor	.2081 (1.31)	-.0054 (0.33)	.1689 (3.32)	.0123 (0.77)	.0050 (0.12)	-.0070 (0.40)
Skilled manual	-.1279 (1.93)	.0017 (0.19)	.0855 (3.93)	-.0074 (1.50)	.0089 (0.50)	.0067 (0.84)
Unskilled manual	.0852 (1.03)	-.0067 (0.71)	.0450 (1.83)	-.0117 (2.06)	.0073 (0.33)	.0025 (0.26)
Married	.0529 (1.01)	-.0083 (1.38)	-.0240 (2.01)	-.0093 (2.25)	.0093 (0.80)	.0061 (1.08)
Remarried	-.2888 (2.76)	.0032 (0.27)	-.0342 (1.52)	.0025 (0.31)	.0147 (0.66)	.0313 (2.51)
Living as married	-.0322 (0.52)	.0093 (1.34)	-.0047 (0.39)	-.0001 (0.02)	.0331 (2.36)	.0051 (0.77)
Previously living as married	-.3397 (4.50)	.0004 (0.05)	.0295 (1.61)	.0145 (2.34)	.0413 (2.29)	.0052 (0.63)
Divorced	-.3627 (5.26)	.0053 (0.64)	.0240 (1.41)	.0032 (0.56)	.0449 (2.65)	.0186 (2.21)
Separated	-.4579 (4.21)	.0135 (0.90)	-.0142 (0.54)	.0151 (1.40)	.0033 (0.13)	.0052 (0.42)
Widowed	-.1128 (1.59)	-.0067 (0.77)	.0071 (0.35)	-.0055 (0.82)	-.0138 (0.88)	-.0102 (1.28)
Owns a computer	.0440 (1.30)					
Owns a car	.2387 (7.01)					
Private renter				.0161 (3.79)	.0027 (0.26)	.0104 (2.22)
Rural area	.1656 (4.65)	-.0046 (1.15)	-.0114 (1.39)	-.0168 (6.24)	-.0205 (2.82)	-.0116 (3.11)
Small or middle sized town	.1349 (3.92)	-.0046 (1.19)	.0170 (2.16)	-.0070 (2.92)	-.0209 (3.00)	-.0126 (3.42)
# children aged <10 years	.0776 (3.46)	-.0025 (0.98)	-.0032 (0.65)	-.0036 (1.87)	-.0019 (0.38)	-.0037 (1.51)

cut1	-3.2865					
cut2	-1.7470					
cut3	.5242					
East Europe only	No	Yes	Yes	Yes	Yes	No
N	24,539	8,544	8,268	8,685	8,189	23,317
Pseudo R^2	.0880	.0795	.2520	.2173	.1295	.0789

Source: Columns 1 to 3 are from Eurobarometer #65.1, "The Future of Europe, Consumer Protection in Transborder Purchases, Family Planning, and Opinions and Experiences in Transborder Purchases", February-March 2006, ICPSR 20321. Columns 4 and 5 are from Eurobarometer #64.1, "Mobility, Food Risk, Smoking, AIDS Prevention, and Medical Errors", September-October 2005, ICPSR 4641.

Notes: Excluded categories are UK; responsible for shopping; single and never lived with a partner; and less than sixteen years' schooling. The Czech Republic is excluded from columns 2 to 5. T-statistics in parentheses.

Question 1 (column 1): Please tell me if you agree or disagree with the statement, "You are happy living in your country." 4 = totally agree; 3 = tend to agree; 2 = tend to disagree; and 1 = totally disagree.

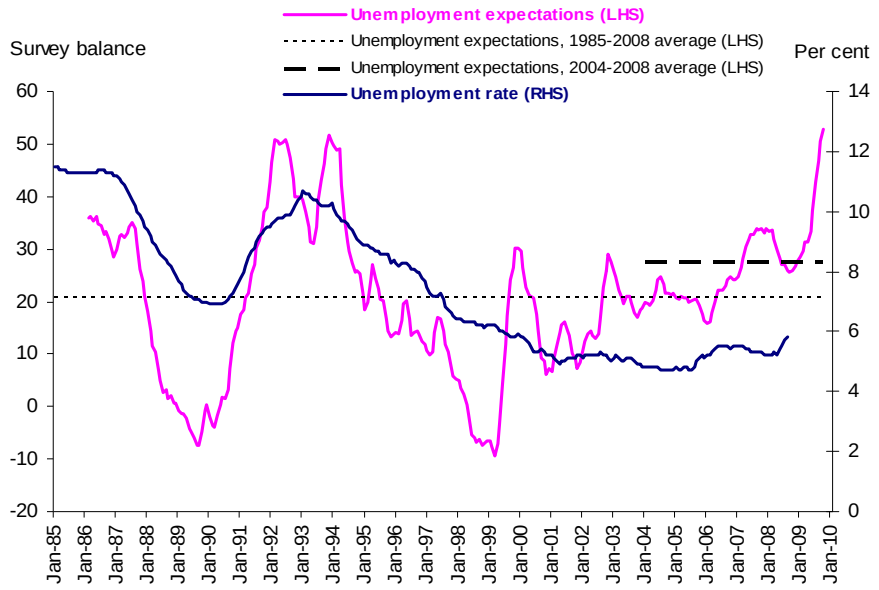
Question 2 (columns 2 and 3): Have you ever considered living in another Member State in order to work? 1 = yes, you have already done it; 2 = yes, you think of it but you haven't decided yet; 3 = yes, you have already thought of it but gave up the idea; and 4 = no, you have never thought of it. In this question, column 2 dependent variable set to one if one and zero otherwise. Column 3 dependent variable set to one if thinking about working abroad, and zero otherwise. Those who have previously worked abroad are set to missing.

Question 3 (Column 4): Do you think that in the next five years you are likely to move to another country in the European Union?

Question 4 (Column 5): If you were unemployed and had difficulties finding a new job, would you be ready to move to another country to find one?

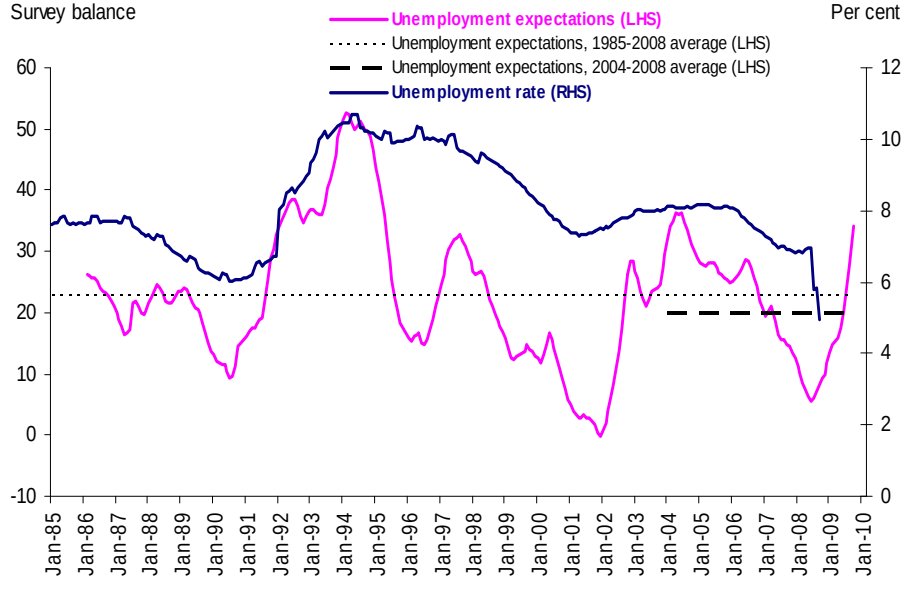
Charts 1.1 to 1.4: Unemployment expectations (three month average, advanced twelve months) vs. actual unemployment

Chart 1.1: UK



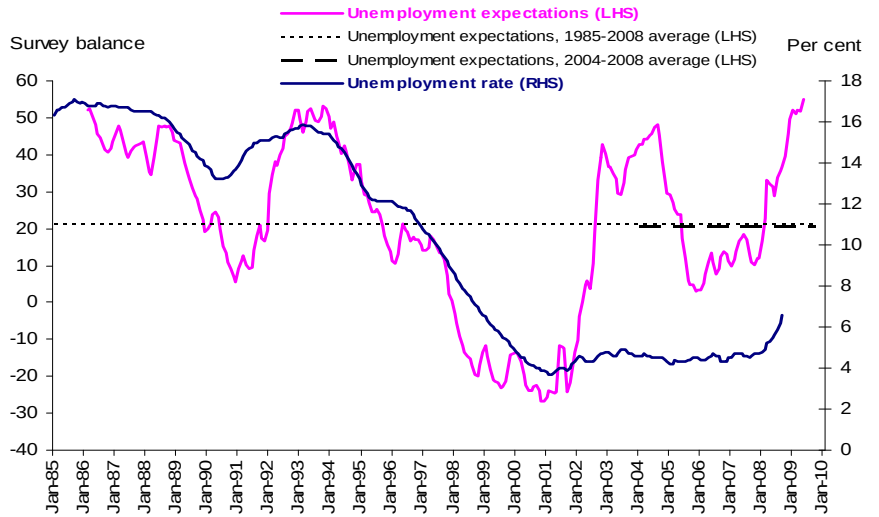
Source: LFS, EC Consumer Survey

Chart 1.2: EU-15 (weighted by population size)



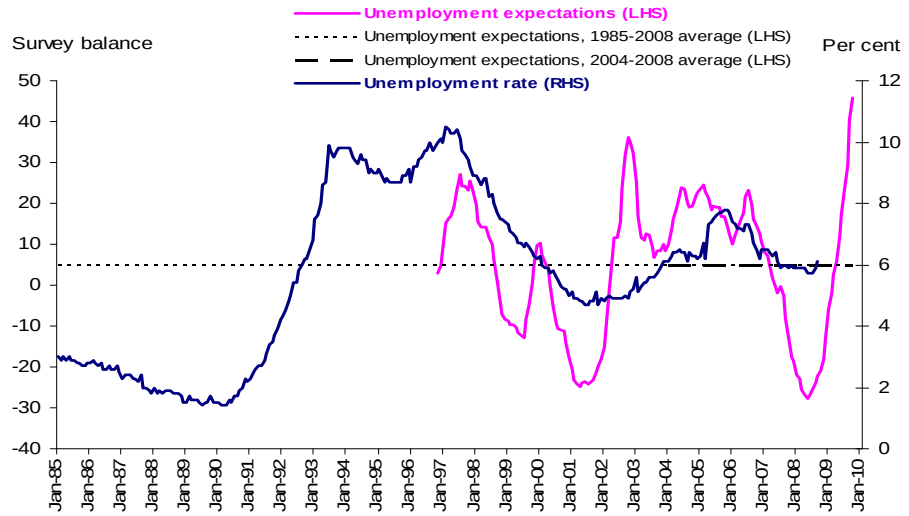
Source: LFS, EC Consumer Survey, Thomson Datastream

Chart 1.3: Ireland



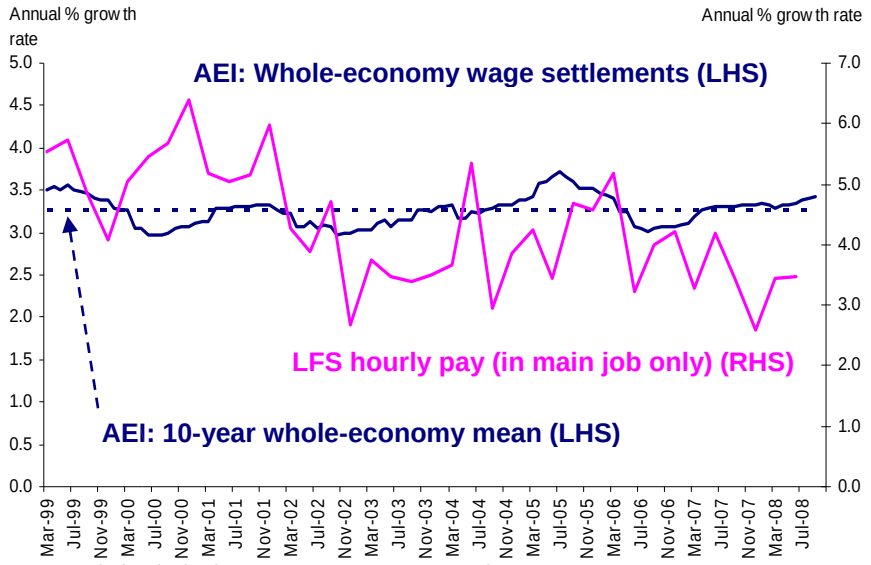
Source: EC Consumer Survey, Thomson Datastream

Chart 1.4: Sweden



Source: EC Consumer Survey, Thomson Datastream

Chart 2: UK earnings growth



Source: Bank of England, Labour Force Survey, Income Data Services, Industrial Relations Services, Labour Research Department