Journal of Identity and Migration Studies
Volume 2, number 2, 2008

POLICY REPORTS

Labour Mobility in Nowadays Europe and Its Role in Economic Development

Ioana ALBU

Abstract: "Worker mobility is a key instrument for an efficiently functioning single market and is essential for allowing more people to find better employment, a key objective of the Lisbon Strategy", as it is stipulated by the Communication from the Commission to the EP, the Council, the ECOSOC and CoR in Mobility, an instrument for more and better jobs: The European Job Mobility Action Plan (2007-2010). Job mobility has been significantly affected by technological change, by changes in education patterns, and by structural unemployment. The mobility of labour force in EU member states is hardly moving. 'Creating jobs to people'[*] has been the focus of attention and debate within politicians, economists, experts in the field and policy- makers in the EU of 27, in order to contribute to a more even economic development at the level of regions, given the disparities between poorer regions of Europe and richer ones. Overcoming barriers, such as the cultural and language barrier, in the way of the free movement of people and especially the work force and creating an improved standard of living, diminishing income differences and regional differences in Europe does pose a real challenge for the EU of 27.

Keywords: *labour mobility, regional disparities, balanced economic development, migration flows, barriers to the free movement of persons*

The European Job Mobility Action Plan (2007-2010) represents a further, important step in a long line of initiatives to promote *mobility*, based on the 'lessons' from the 2002 Action Plan and the 2006 European Year of Workers' Mobility. It shows that all recent challenges posed by the global economy, aging population in Europe and a constantly changing labour market *demand much greater levels of mobility.*

The EU enlargement in the last two waves of accession, 2004 and 2007 increased both the opportunities for workers to find a job, and for employers to find workers, creating a 'large potential labour force to cope with the challenges of ageing and globalisation'. Workers need to be more mobile both between jobs, and between regions and Member States, according to the above cited document.

[*] The present study is based on a report delivered by the president of EIB in 2007

The European Union by its founding treaties (The Maastricht Treaty), right from its beginnings, has vised *balanced economic development across its regions*. Nevertheless, the gap between the poor regions of Europe and the rich ones poses important matters, such as the extent to which the differences in the standards of living should be reduced at the level of these regions. What would the 'right' level of disparities be and the 'correct' speed of convergence, is one of the main issues to be addressed by specialists in the field (*P. Maystadt*). Taking into study other developed countries to compare economic disparities would enable the assessment of whether there has been any convergence in regional disparities in Europe.

The present study refers to the Western Europe Member States, the 15 that first created the Union, since the gap between the Western Europe member states and the new accession countries (i.e. former communist countries mostly] is still prominent. Historically speaking, back in the '60's disparities among themselves were about twice as large as those between the American states. Disparities were felt also in terms of income; in this respect they have halved (expressed in Euros]. The purchasing power across Europe's regions has presented itself the same as the above ones. As to income convergence in Western Europe, a first stage was the one in which real incomes came closer together followed by a convergence of prices, alternating in the following decade with a decline in the purchasing power. The following period until the '90s, the income disparities came down by about 40% (according to the source quoted). Later on, the period since the mid-'90s that has witnessed two major events: the introduction of the Euro and falling inflation, wherein the convergence referred to made visible progress little by little.

The EU is seen as a confederation of states under a supra-national structure; the average population of whose Western member states (15) being of about 25 million people. Poorer EU countries tend to outgrow richer ones. Regional disparities in the EU may persist over time, taking into account the fact that the convergence trend in the EU (at the level of country) is reflected in the regions. Income disparities in Western Europe are still substantial at the same level. All the matters above consist an issue of concern for politicians, policymakers and economists referring to economic growth and regional cohesion.

The EU of 27 looks different in what concerns the disparities in terms of wealth. It also is a well-known fact that there are temporary increases in national disparities, as the poorer member states grow faster than the richer ones. The convergence process of the 10 new member states and the latest two in 2007 can be considered over he short period 2003-2005 only (according to P. Maystadt]. These new members states, former communist countries, for all progress that has been made with the creation of new markets, improved production capacity, modernized industry are still confronted with a slow catch up process with the EU western member states. The fact that regional disparities in Europe are larger might be conducive to the idea that EU's regional policies are not properly working, but this is not by all means the case, since without support mechanisms such as structural funds, their effectiveness is not easily observable. With the expending process of globalization worldwide, accompanied by technical change, the production structures are being reshaped and the entire manufacturing, finance, banking and business domains facing an increased and rapid growth. Peripheral regions, nevertheless, develop less dynamically.

Supporting the development of poorer regions is a matter of concern of both EU member states governments and the EU institutions. 90% of the structural funds, according to the latest statistics, have been allocated to the member countries in order for these to improve production in less developed regions. Referring to income convergence, taking the model of developed countries, its main driving force consists in internal migration in association with other factors (e.g. common language, housing prospects, education and children education).

In the EU, according to experts in the field, labour is still not mobile enough, despite the large numbers of particularly Eastern European new member states, such as Poland, Romania, Hungary and lately Turkey in view of its accession); the reason being partly cultural barriers and language barriers that are not easy to be removed. The migrant workers are confronted with the challenge of losing long term benefits versus moving to another country and being entitled to increased incomes and social benefits. However, as it is shown in the Action Plan 2007-1010 '*worker mobility still remains rather restricted by a number of barriers. Aside from an uncertainty over the advantages of being mobile, individuals face a number of hurdles to their movement. These can range from legal and administrative obstacles, housing costs and availability, employment of spouses and partners, portability of pensions, linguistic barriers, and issues on the acceptance of qualifications in other Member States'.*

As a brief conclusion, one might say that reducing regional differences in terms of income, wealth and unemployment, the experts envisage that by diminishing the labour force and mobility in depressed areas of the EU and increasing it in flourishing regions would make a difference in the aim of an even economic development across Europe.

Labour mobility data have contributed immeasurably to our understanding of individuals' labor market activities, especially when it comes to analyzing job mobility and wage growth. Without the ability to "see" workers move from employer to employer, we would know very little about why workers separate from their employers, how often separations occur, and how job mobility affects earnings. Analyses of these issues have revealed labor markets to be far more dynamic than was previously realized. A related issue of long-standing concern is the effect of job *immobility* on wage growth. Human capital models predict that wages rise with job seniority when workers "stabilize" themselves in a particular job and invest in specific skills and the workplace. Longitudinal data have proved to be essential for assessing the merits of theoretical models and identifying the effect of tenure on wages.

Worker mobility in the EU remains relatively low, although statistics on mobility flows on the underlying motivations need improvement. Worker mobility should be viewed as a means to create employment and to help individual personal development in the 27 EU Member States. The ability to move from one job, from one region or country to another is considered crucial for solving Europe's employment problem. Worker mobility requires not only readiness on the side of workers, but also adapted social security schemes, dedicated training and responsible employers.

REFERENCES:

1. Panigo, Demian & Naticchioni, Paolo, 2004. "*Employment protection, job-tenure and short term mobility wage gains*," CEPREMAP Working Papers 0402, CEPREMAP.

xxx Communication form the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Mobility, an instrument for more and better jobs: European Job Mobility Action Plan (2007-2010)

xxx EurActiv.com, Migration & Mobility, 2007, Free movement of labour in the EU-27

xxx Europe's World, Autumn 2007/7, ISSN 1782-0642;

xxx EUROPA EURES The European Job Mobility Portal, EURES &You 03/2008

xxx The Monthly Labour Review Online, February 2005, Vol.128 No.2 Audrey Light, Job mobility and wage growth: evidence from the NLSY79