THEORIES OF MIGRATION: CRITICAL REVIEW IN THE CONTEXT OF THE EU EAST-WEST FLOWS

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Theories of migration: Critical review in the context of the EU East-West flows
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Abstract

This paper critically reviews theories of migration in the context of EU East-West flows. In addition to outlining the weaknesses of the dominant approaches, it also reviews migration theorizing more generally and synthesizes current suggestions on how to advance migration theorizing. The paper empirically tests the neoclassical paradigm on the actual data of after-accession labor mobility from the EU8 countries to the UK and Ireland. It argues that the neoclassical theory of migration struggles to account for significantly different rates of outmigration from CEE countries which share similar living standards and wage differentials relative to Western Europe. The analysis helps to support the conceptual critique of this theory and to emphasize the need to incorporate country-specific institutional and structural variables into migration research while analyzing migration as part of broader global processes and socio-economic change.

Résumé

Cet article dresse un état des lieux critique des théories migratoires existantes dans le contexte des flux traversant l’Union Européenne d’Est en Ouest. En plus de lever le voile sur certaines faiblesses des approches dominantes, il propose une critique plus générale des théories existantes et synthétise les suggestions actuelles visant à les améliorer. L’article teste empiriquement le paradigme néoclassique à partir des données de la mobilité du travail après l’élargissement depuis 8 pays de l’Union Européenne vers l’Irlande et le Royaume-Uni. Il démontre que le paradigme néoclassique ne parvient pas à expliquer les variations importantes de taux d’émigration entre des pays de la CEE dont le niveau de vie et les écarts de salaire vis-à-vis de l’Europe de l’Ouest sont similaires. Les résultats de cette analyse corroborent la critique conceptuelle formulée à l’encontre de la théorie néoclassique. Pour conclure, l’auteure plaide en faveur de l’incorporation de variables institutionnelles et structurelles spécifiques à chaque pays dans les études sur la migration. Elle estime également qu’il est nécessaire d’analyser le phénomène comme faisant partie de processus et de changements socio-économiques globaux.
I. Introduction

Perhaps the last major instance when migration theories were put to use to provide policy recommendations was the enlargement of the European Union towards the eight Central and Eastern European (CEE) countries in 2004. Prior to enlargement, heated political debates took place in the West, largely driven by fears of welfare migration from East to the West. Although these concerns were not substantiated in most research studies which attempted to predict East-West migration dynamics after enlargement, the actual policy decisions resulted in selective liberalization of the Western EU labor markets with only three countries – the UK, Ireland and Sweden – fully liberalizing their labor markets. Partly due to this selective liberalization, most of the pre-enlargement research conclusions turned out to be very imprecise and did not anticipate either the rates of migration or the differentiated dynamics at either the receiving or the sending end of the East-West flows. First, the magnitude of those who decided to migrate was ‘an unprecedented phenomenon’. Second, the estimates failed to predict differential rates of out-migration from the eight CEE economies: by the end of 2007, the Baltic countries together with Poland and Slovakia had sent much more labor than the Czech Republic, Hungary and Slovenia. Similar differences were to be found in net migration figures for the whole period of transition which points to the existence of systematic differences between the socio-economic regimes of the CEE countries, which had undergone complex processes of economic change from socialist to market economies.

With hindsight it is clear that the assumptions that most of the studies were using to quantify future flows were faulty and led to imprecise conclusions. In the case of some countries (e.g. the UK at the receiving end and Poland at the sending end) this resulted in a significant economic and social impact with possible consequences in the current crisis. Most of these studies were anchored in the neoclassical theory of migration which proposes wage differentials as the most important determinant of migration. While wage and income differentials arguably play a role in affecting migrant decisions, I will show that the neoclassical theory of migration struggles to account for significantly different rates of outmigration from CEE countries which share relatively similar living standards and wage differentials relative to Western Europe. This paper will show that in spite of the rigor that the neoclassical theory of migration offers, it is poorly equipped to provide reliable ways of analyzing and predicting migration in the new millennium.

The goal of this paper is to review critically the theories of migration in the context of EU East-West migration flows in Europe. The paper has two parts. Building on the knowledge and arguments of established theorists of migration, I will review the basic tenets of the theories of migration starting with the neoclassical migration paradigm and then moving on to the theories which have emerged in the recent decades. The first part also concentrates on explaining the weaknesses of current migration theorizing and on outlining suggestions for advancing migration research. The second part offers empirical tests for the dominant neoclassical approach on the real data of after-accession mobility from the EU8 to the UK and Ireland. Disproving the neoclassical theory of migration, I will propose a different way to understand and analyze the determinants of migration in Central and Eastern Europe (and in middle-income emerging countries more broadly). I will highlight the importance of country-specific institutional variables and different transitional paths, which have been overlooked in east-west migration research to date. The paper

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2 The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. I will be using the abbreviations CEE and EU8 interchangeably to refer to these eight countries.
will argue that migration in Central and Eastern Europe needs to be studied within broader global processes and must be evaluated as part and parcel of a transition from socialism which brought about socio-economic change and economic restructuring. Such an approach to understanding of migration determinants speaks directly to recent works concerned with migration theorizing (Castels 2008 a,b, de Haas, 2008, Collinson, 2009).

II. Theories of migration: critical summary and propositions for improvement

Current migration theorizing

The research field of migration is multifaceted and offers multiple levels of analysis. Four different questions can be investigated related to the origins of migration; the directionality and continuity of migrant flows; the utilization of immigrant labor; and the socio-cultural adaptation of migrants (Portes, 1999). The ultimate goal of migration theorizing would be to devise a theory which can explain all these four aspects of migration. Each of these areas can be analyzed at different levels and with different tools and require individual attention; therefore ‘mid-range’ theories targeted in one or two of these areas are preferable to an all-encompassing statement (Arango, 2000; Massey, 1999). Most assessments of migration theorizing evaluate the field as lacking theoretical advancement. While the empirical work is abundant, it is often either disconnected from the theories or used to confirm them rather than to test or question existing theoretical propositions.

Even in the area of migration determinants research, there is currently a variety of theoretical models or perspectives on understanding migration which employ varying concepts, assumptions, frames and levels of analysis (Arango, 2000). Because the majority of these theoretical models were developed from specific empirical observations, they often grew in isolation and can today be found separated by disciplinary boundaries (Arango, 2000; Castles, 2008a). Modern migration literature contends that these theoretical approaches, although they offer different hypotheses, need not be taken as being mutually exclusive, but rather as complementary (Massey et al, 1993, Todaro and Smith, 2006; Faist, 2000, Portes, 1999).

At present, the dominant theory in explaining causes of migration is the neoclassical theory with its underlying assumption that migration is stimulated primarily by rational economic considerations of relative benefits and costs, mostly financial but also psychological (Todaro and Smith, 2006: 342). The theory has been subjected to an academic critique on conceptual (Arango, 2000) as well as on empirical grounds (Massey et al, 1998). However, owing to its analytical rigor and its ability to propose a set of testable hypotheses and useful tools for analyzing not only the causes but also the effects of migration, it occupies a prominent position in current academic and policy-related research. The propositions of the neoclassical theory of migration were also used (almost exclusively) in the research which preceded the 2004 Eastern enlargement of the EU.

The newer theories of migration which reacted to the neoclassical theory arose as a response to the changing nature of the world. Since the 1960s a new form of post-industrial migration has emerged as a global phenomenon. While previously dominated by emigrants from Europe to former colonies, both the number and variety of sending and receiving countries increased and the global supply of emigration shifted from Europe to the developing world. Theories of migration, therefore, have to account for very complex migration regimes which encompass migration flows from industrializing to mature economies, reduced costs of transportation, cheaper and more rapid communication, increasing governmental intervention and a greater circularity of movements in an era of trade interdependence and globalization (Arango, 2000, Massey, 1999). In the following part
I review the main propositions of the existing theories of migration determinants with the goal of identifying their basic tenets, problematic aspects and the way that they relate to each other.

Neoclassical theory of migration: macro and micro framework

The neoclassical theory of migration understands migration to be driven by differences in returns to labor across markets. The most basic model of migration highlights that migration results from actual wage differentials across markets or countries that emerge from heterogeneous degrees of labor market tightness. The model was originally developed to explain migration in the process of economic development in the works of Hicks (1932), Lewis (1954) and Harris and Todaro (1970). According to the theory, migration is driven by geographic differences in labor supply and demand and the resulting differentials in wages between labor-rich versus capital-rich countries. The central argument of the neoclassical approach thus concentrates on wages. Under the assumption of full employment, it predicts a linear relationship between wage differentials and migration flows (Bauer and Zimmerman, 1999; Massey et al, 1993; Borjas, 2008).

In the extended neoclassical models, migration is determined by expected rather than actual earnings and the key variable is earnings weighted by the probability of employment (Bauer and Zimmerman, 1999; Massey et al, 1993). Other adjustments and empirical tests to the model found that the linearity relationship in the wages-migration tandem does not hold and that both the degree of wage differential and the level of the country income matter. More than 30% wage differential was set as necessary for the gains of migration to override its costs (Mansoor and Quillin, 2006; Krieger and Maitre, 2006). Similarly, the ability to migrate is associated with costs and therefore it is not the poorest individuals who migrate, nor the poorest countries which send the most labor (Faist, 2000: 36; Dustman et al, 2003: 30; de Haas, 2008, Massey et al, 1998). Observed migration patterns tend to be therefore hump-shaped: migration rates accelerate with the growth of country’s wealth as more individuals or households are able to fund migration. Then, as the country continues to develop, the emigration rates diminish and the incentives to migrate change.

The neoclassical macro-level elaboration can be transferred to the micro-level model of individual choice and has been termed the human capital theory of migration (Todaro, 1969). Introduced by Sjaastad (1962), the human capital theory enriches the neoclassical framework by incorporating the socio-demographic characteristics of the individual as an important determinant of migration outcome at the micro-level (Bauer and Zimmerman, 1999). At the center of such analyses is a profit maximizing rational individual who migrates with the goal of maximizing his or her benefits and gains, expecting a positive, usually monetary, net return. Human capital endowments, skills, age, marital status, gender, occupation, and labor market status as well as preferences and expectations strongly affect who migrates and who does not. Heterogeneity between individuals is an important factor and different individuals in the same sending country demonstrate different propensities to migrate and would also choose different receiving countries (Bonin et al, 2008). For example, it has been shown that the likelihood of migration decreases with age and normally increases with education (Bauer and Zimmerman, 1999). The concept of the positive versus the negative self-selection of migrants developed by Chiswick (1999) and others (Liebig and Sousa Pousa, 2004) further helps estimate under which conditions migrant self-selection fares better or worse in respect to the average level of skills and education in the sending and the receiving country.

In relation to the neoclassical theory, a push-pull methodological framework emerged which tends to emphasize the economic context of the flow of workers (Bauer and Zimmerman, 1999:20). Push-pull factors introduce relational aspects into thinking about migration and
compose dyadic frames in which migration flows are studied empirically. As push and pull factors are largely a mirror-image of each other, the framework has been criticized for its inability to determine dominant factors (de Haas, 2008).

The neoclassical theory of migration has been subject to a conceptual critique (see Table 1) and rich empirical testing (for overview see Massey et al, 1998). Widespread dissatisfaction with neoclassical economic explanations and the push-pull framework based on neoclassical assumptions led to the emergence of new theoretical perspectives which are better able to analyze “an interplay of individuals, motivations and contexts” (Massey et al, 1998: 16).

New economics theory of migration

The new economics of migration (NEM) theory has come to challenge some of the assumptions of the neoclassical approach, offering a new level of analysis and different nature of migration determinants and it shifted the focus of migration research from individual independence to mutual interdependence (Stark, 1991). The key argument of the new economics of migration is that migration decisions are not made by isolated individual actors but typically by families or households. Further, the decisions of migrants are influenced by a comprehensive set of factors which are shaped by conditions in the home country. As such, migrant decisions are not based purely on individual profit-maximizing calculations but are rather a household response to both income risk and to the failures of a variety of markets – labor market, credit market, or insurance market (Massey et al, 1993). Hence, migration in the absence of meaningful wage differentials or the absence of migration in the presence of wage differentials, does not imply irrationality but rather compels us to consider a set of other variables related to relative deprivation (household performing relatively worse to other households will be readier to send a member abroad) and the risk-aversion and the risk-minimization of household income (Stark, 1991). Introducing these concepts, Stark largely had in mind the risk aversion of poor households in developing countries where there are rarely institutional mechanisms present, such as government programs or private insurance markets and therefore migration provides a meaningful strategy in dealing with different market failures. Remittances play an important and integral part in the new economics of migration research framework as they directly support the concept of household interconnectedness and the diversification of risk while allowing analytically connecting the empirical study of the causes and consequences of migration (Taylor, 1999).3

World Systems theory

Historical-structural approaches to migration introduce very different concepts into understanding migration processes. Building on the work of Wallerstein (1974), the world system theory of migration links the determinants of migration to structural change in world markets and views migration as a function of globalization, the increased interdependence of economies and the emergence of new forms of production (Massey et al, 1993, Sassen, 1988, Skeldon, 1997; Silver, 2003). The expansion of export manufacturing and export agriculture linked strongly to foreign direct investment from advanced economies to semi-developed or emerging economies has led to a disruption in traditional work structures and has mobilized new population segments into regional as well as long-distance migration. Capital and labor mobility are therefore interconnected and are, in reality, two sides of one coin. Labor market changes may not only drive the immigrant inflows but migration also has the capacity of affecting labor market changes. Migration is a natural outgrowth of the disruptions and dislocations that inevitably occur in

3 For a critique of the new economics of migration see for example Faist, 2000: 40-42.
capitalist development and can be observed historically. Foreign investment is hence a crucial factor for world system theorists. Historical-structural approaches are critical of the neo-classical theory of migration. They deny that individuals truly have free choice in making migration decisions and present them in more deterministic forms, as pressured into movement as an outcome of broader structural processes (de Haas, 2008).

**Dual labor market theory**

Dual labor market theory, as with world system theory, links migration to structural changes in the economy but explains migration dynamics with the demand side of the argument (Massey et al, 1993). Developed largely by Piore (1979), dual labor market theory posits a bifurcated occupational structure and a dual pattern of economic organization in advanced economies. Duality unfolds along the lines of two types of organization in the economy, namely capital-intensive where both skilled and unskilled labor is utilized and labor intensive where unskilled labor prevails. Dual labor market theory argues that migration is driven by conditions of labor demand rather than supply: the character of economy in advanced countries creates demand for low-skilled jobs which domestic workers refuse to take up due to, for example, status. As immigration becomes desirable and necessary to fill the jobs, policy choices in the form of active recruitment efforts follow the needs of the market (e.g. managed labor immigration in the 1960s Europe). The theory also provides an intelligent explanation for the coexistence of chronic labor demand for foreign nationals alongside structural unemployment in receiving countries (Arango, 2000).

**Network concepts – perpetuation of migration**

The network theory of migration does not look at the determinants which initiate migration but rather at what perpetuates migration in time and space (Massey et al, 1993). Migrant networks which often evolve into institutional frameworks help to explain why migration continues even when wage differentials or recruitment policies cease to exist. The existence of diaspora or networks is likely to influence the decisions of migrants when they choose their destinations (Vertovec, 2002; Dustman and Glitz, 2005). The network theory also helps to explain the reasons why migration patterns are not evenly distributed across countries, but rather how they tend to form so-called migration regimes (Faist, 2000).

Network theory is closely affiliated to another approach known as migration systems theory. This theory’s main assumption posits that migration alters the social, cultural, economic, and institutional conditions at both the sending and receiving ends and that it forms an entire developmental space within which migration processes operate. Whereas network theory mainly focuses on the vital role of personal relations between migrants and non-migrants, migration systems theory goes further and stresses that migration restructures the entire societal – or “developmental” – context of the concrete spaces in which it takes place, both at the receiving and at the sending end (de Haas, 2008).

With the accelerating globalization of the last two decades, the above concepts have been further developed into the theory of transnational migration which conceptualizes the existence of transnational social spaces. It emphasizes multiple forms of migrant embedding which stay connected and actively participate in both home and host country political, economic, social and cultural environments (Bretell and Hollifield, 2000; Portes, 2001; Faist, 2000). Rather than explaining the causes of migration, transnational migration research describes a new reality in the *modus* of migrating and integrating into host societies by proposing an emergence of dense networks across political borders created by migrants in search of economic and social advancement. Concepts of transnational migration have important implications for understanding
forms of adaptation among ‘transnational’ migrants as well as the effects of migration on sending and receiving countries.

Conceptually similar to migration systems theory is the concept of cumulative causation put forth by Myrdal and further developed by Massey. It argues that migration is a self-perpetuating and self-sustaining phenomenon and identifies factors that contribute to this dynamic. The most important factors are networks but also a culture of migration, a perverse distribution of human capital and the stigmatization of jobs generally performed by migrants (Arango, 2000; Massey, 1999).

**Macro versus micro-explanations**

Migration is the outcome of the behavior of individuals but equally it has an aggregate social form. Therefore, the levels of analysis of migration dynamics shifts from micro-level decision processes to forces operating on national or international levels (Table 1). The neoclassical theory of migration has both macro-level and micro-level elaborations but the main explanatory variable at both levels concentrates on wages and income differentials. The human capital theory of migration introduces heterogeneity into individual decision-making based on different predispositions and expectations. The new economics of migration, considered by some authors to be an elaboration of the neoclassical theory, brings in important conceptual and analytical modifications. Through its emphasis on households and family it highlights the importance and relevance of institutions and non-economic factors for migration decisions and hence brings in mezzo-level indicators and frames of reference. Alternatively, dual labor market theory and world system theory offer a set of structural variables, derived primarily from national or international levels.

The above theories of migration have very rarely been tested simultaneously. Empirical applications have shied away from setting down which factor is the most important in explaining a given migration pattern. Unsurprisingly then, Massey et al (1998), in their review of the applications of individual theoretical approaches, found that all theoretical paradigms received some degree of confirmation in the works that used them.

The basic distinctions in any research and thinking about migration determinants are twofold and have been framed as division between functionalists and structuralists (de Haas, 2008). The first lies in the understanding of *agency*: the neoclassical framework is based on individual decision-making processes, while structuralists emphasize how agency is affected by the macro-level social and economic processes which constrain or enable international movement. As such, the former methodological and conceptual approaches have been criticized for using sets of unrealistic assumptions (e.g. full employment). The emphasis on structural factors, on the other hand, has been critiqued for postulating that individuals are ‘automatons’ responding to external stimuli (Skeldon, 1997, de Haas, 2008). The second main distinction is in the weight given to the *context* in which empirical observations are tested – while research in the neoclassical paradigm tends to homogenize, de-contextualize and is largely ahistorical, the other approaches emphasize the specificity of analyzed contexts. Hence, the main distinctions in research approaches for the causes of migration do not concern differences in the levels of analysis – these are more present when disciplinary specificities are taken into account – but rather relate to the dichotomy between agency and structure and the degree of contextualization. As Table 1 summarizes, different critiques have been raised towards the individual theoretical approaches and the concepts that they propose as formative in analyzing migration causes or the perpetuation of migration. The following will set out how difficulties in migration research are a product of the nature of the discipline and its goals.
Table 1: Overview of theories of migration

<table>
<thead>
<tr>
<th>Theory</th>
<th>Subject of analysis</th>
<th>Level of analysis</th>
<th>Pet variable(s)</th>
<th>Critique</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human capital theory of migration</td>
<td></td>
<td>Micro</td>
<td>Wages, economic benefits affected by individual characteristics</td>
<td>Overly optimistic (functionalist) view - migration is not always a voluntary process to maximize gains.</td>
</tr>
<tr>
<td>New economics theory of migration</td>
<td></td>
<td>Micro Mezzo</td>
<td>Wages and income distribution (relative deprivation) Institutional failures – credit market, labor market deficiencies</td>
<td>Critique of the neoclassical theory rather than a theory in its own right. Sending side bias. Limited applicability – difficult to isolate the effect of market imperfections and risk in migration decisions from other income and employment variables.</td>
</tr>
<tr>
<td>World system theory (historical-structural approaches)</td>
<td></td>
<td>Macro: global and international processes</td>
<td>Structural changes induced by the flow of capital</td>
<td>Only applicable at the global level. Explanation formulated <em>ex ante</em>, cannot be empirically tested.</td>
</tr>
<tr>
<td>Dual labor market theory</td>
<td></td>
<td>Macro Mezzo</td>
<td>Labor demand Bifurcation of labor markets FDI State immigration policies and recruitment efforts</td>
<td>Receiving state bias – excludes push factors, formal recruitment practices overemphasized. Unable to account for differential immigration rates in different advanced economies with similar economic structures. Distinction between primary and secondary sector is usually arbitrary which leads to instability in empirical estimates.</td>
</tr>
<tr>
<td>Network theory</td>
<td>Perpetuation of migration and/or directionality of flows</td>
<td>Mezzo</td>
<td>Networks, diaspora</td>
<td>Conceptual framework rather than a theory.</td>
</tr>
<tr>
<td>Migration systems theory</td>
<td></td>
<td>Macro</td>
<td>Developmental space</td>
<td>Purely descriptive.</td>
</tr>
<tr>
<td>Transnational migration</td>
<td>Transnational level</td>
<td>Transnational level</td>
<td>Transnational social spaces</td>
<td>Novelty of the concepts has been questioned. Research within this paradigm usually selects on dependent variable.</td>
</tr>
</tbody>
</table>

Weaknesses and pitfalls of theorizing about migration determinants

As the study of migration has advanced the discipline has been challenged by a number of factors inherent to its subject matter. Migration is a multifaceted, very complex and diverse phenomenon in which micro and macro-levels interact; this makes research into migration conceptually as well as empirically challenging. The country dyads which emerge tend to create a unique matrix of macroeconomic, structural and policy elements. At the same time, micro-level factors vary according to a range of aspects, i.e. level of skills, occupation, social or marital status and age. The multifaceted nature of the phenomenon requires that the analyses are conducted on multiple levels and with methodological tools from more than one discipline (Massey et al., 1993; Mansoor and Quillin, 2006, Castles 2008b, Collinson, 2009). A forceful separation of the levels of analysis and methodological paradigms has been seen as suboptimal, but has largely been the state of the art in current migration research. Scholars have noted that efforts at theory-building have hardly been cumulative – the relatively short history of theorizing about migration takes the form of “a string of separate, generally unconnected theories, models or frameworks, rather than a cumulative sequence of contributions that build upon previous blocks” (Arango 2000: 283). The existent research – prevalingly empirically based – is an ‘application’ of a theoretical approach with few attempts at theory development and theory building.

In addition to a series of critiques that have been raised in response to specific theories of migration, migration research as such suffers from a number of analytical deficiencies. First, the existent theories generally ignore immobility and cannot explain a lack of migration. Second, most of the theories suffer from a receiving country bias and generally fail to engage sufficiently with factors in sending countries and how these combine to produce different migration outcomes. Third, the analyses of causes of migration have often left out the importance of politics and policies and failed to account for the state and its affect on migration outcomes both at the sending and the receiving end. Fourth, migration theories have been unable to account for change and to explain migration processes overtime. Similarly, they fail to explain simultaneously the origins (causes) of migration and the degree to which it perpetuates or mitigates. Lastly, very little theory testing has been embedded in quality comparative work. As a combination of these reasons, while studies about the determinants of migration are abundant, the answers provided in the literature seem only partial.

New approaches

The weaknesses outlined above represent theoretical gaps and embody potential avenues for further improvement in migration theorizing. A series of methodological and analytical proposals for overcoming the challenges of migration research have been put forward by different authors, ranging from propositions for interdisciplinary research or synthetic approaches to calls for connecting migration research to general social theory and analyzing it in the context of broader social processes and changes.

First, research has increasingly called for interdisciplinary dialogue (Massey et al., 1993, Favell, 2008, Bretell and Hollifield, 2000, Castels, 2008a) or greater interconnection between the analysis of the causes and consequences of migration (Stark, 1991, de Haas, 2008). ‘Political economy’ approaches to migration capable of such goals have multiplied in the recent past more generally (Freeman and Kessler, 2008, Collinson, 2009). The latest major interdisciplinary example is Menz’s political economy of managed migration approach where he analyses the interaction of economic structures, policies, legacies and institutional determinants in producing certain migration outcomes (Menz, 2009). In addition to considering national, supranational and
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Second, scholars have also suggested combining the existing theoretical lines of thinking in order to advance our conceptual and empirical understanding of migration (de Haas, 2007, 2008; Skeldon, 1997; for post-accession trends, World Bank 2007:15). For example, Skeldon (1997:22) proposed combining the new economics of migration and network theory concepts, pointing out that family risk minimizing strategies are inevitably linked to existing networks. Bringing the theories together, Massey (1999) has suggested a synthetic theoretical account advocating that different migration determinants prevail depending on the level of development of a country and a ‘phase’ of country’s migration cycle. In a similar light de Haas highlighted the work of Zelinsky (1971) who connected demographic transition to mobility transition, taking both as functions of the stages of development (in de Haas, 2008; also Castels, 2008a). Such ‘transitional models’, it has been argued, are very useful in understanding how development processes are linked to specific forms of mobility and how mobility tends to rise rather than decline with development (de Haas, 2007 and 2009; also Hammar et al, 1997).

Among the most recent reviews of migration theory and suggestions for innovation are the works of the Oxford school. Their major message is the need to integrate migration studies more closely not only with the issues of development but also with broader questions of change, social transformation and economic integration. Both for theoretical reasons but equally for policy-related concerns, it is important to acknowledge that “migration is not just an (unwanted) by-product [of development], but an integral part of broader processes of social and economic change and should therefore be considered as an almost inevitable outgrowth of nations’ incorporation into the global economy” (Massey, 2000a in de Haas, 2007).

Stephen Castles, one the most established proponents of the school, has invited scholars to consider Polanyi’s concepts of social transformation and the embeddedness of the economy in society and integrate these into research on migration (Castles, 2009a, Polanyi, 2001). Globalization after the Cold War represents a major transformation which has resulted in different forms of social transformation in developed countries (erosion of the welfare state, the relocation of production) and developing countries (the intensification of agriculture, the erosion of local social orders, the emergence of shanty-towns within mega cities). The link between

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4 Massey (1999:50) suggest that: “During the initial phases of emigration from any sending country, the effects of capitalist penetration, market failure, social networks, and cumulative causation dominate in explaining the flows, but as the level of out-migration reaches high levels and the costs and risks of international movement drop, movement is increasingly determined by international wage differentials (neoclassical economics) and labor demand (dual labor market theory). As economic growth in sending regions occurs, international wage gaps gradually diminish and well-functioning markets for capital, credit, insurance and futures arise, progressively lowering the incentives for emigration. If these trends continue, the country ultimately becomes integrated into the international economy as a developed, capitalist nation, whereupon it undergoes a migration transition: net outmigration progressively winds down and the former sending nation itself becomes an importer of labor.” These propositions, in my view, require empirical testing. What he seems to suggest, however, is that there are similar types of institutions at similar levels of development which is far from obvious (see, for example, the varieties of capitalism literature). The synthetic framework also seems to have a limited applicability for middle-income countries with existent institutions, such as are found in Central and Eastern European. It is also unclear how the synthetic approach could be tested and falsified – it is descriptive rather than prescriptive.

5 This is how I dub the research on theories of migration from the International Migration Institute (IMI) and the Centre for Migration, Policy and Society (COMPAS) and, both based in Oxford, represented particularly by the works of Stephen Castles, Hein de Haas and Sara Collinson.
human mobility and global change, therefore, rests in social transformation. Castles calls for the transformation to be studied as “local dimensions of global change” (Castels 2008a). In his view, a key principle for further migration research at the conceptual level rests in embedding any analyses of migration-development relations in a broader inter-disciplinary analysis of social structures and relations in the context of globalization. This in turn necessitates finding ways to understand and analyze the links between macro, mezzo and micro level factors of change, acknowledging, at the same time, that global factors have different effects at the local and national level, as they are mediated by the presence of historical experiences and cultural patterns.

In basic concepts and suggested methodologies, the Oxford school echoes suggestions expressed by Douglas Massey a decade ago (1999:50): “[G]eneralizing across all theories I conclude that a satisfactory theoretical account of international migration must contain at least four elements: a treatment of the structural forces that promote emigration from developing countries, a characterization of the structural forces that attract immigrants into developed nations, a consideration of the motivations, goals and aspirations of the people who respond to these structural forces by becoming international migrants; and a treatment of the social and economic structures that arise to connect areas of out-and in-migration.”

The Oxford school in the works of Castels (2008a,b), de Haas (2007, 2008, 2009) and Collinson (2009) define characteristics of conceptual framework for migration studies, suggesting that the objective of theory formation in international migration should be an elaboration of conceptual frameworks which would be able to provide a theoretical and methodological grounding for social science researchers examining migratory processes of all kinds. It should be comprehensive, holistic, capable of contextualizing specific migration experiences, suitable for analyzing relations between various socio-spatial levels, be able to incorporate both structure and agency, while being both historical and dynamic (Castels, 2008b). Collinson suggests that this could be achieved by combining a livelihoods approach with a relational political economy approach. This will enable scholars to capture “the interaction of local-level factors immediately influencing people’s migration decisions and strategies (linked to livelihoods) with a range of political, economic and social factors and processes affecting the agency of migrants (and non-migrants) that ultimately shape migration outcomes within specific contexts.”

All these approaches aim at offering a more holistic understanding of the migratory process. They seek to reconcile the old structure-agency dichotomy and to re-theorize the links between individual or group human action and broader processes of change. They point to a changed world and the altered rules of organization of markets and politics, which, in turn, strongly affects the opportunities and risks people take in different parts of the world.

The newer theoretical approaches have to the best of my knowledge not, to date, been systematically applied to migration dynamics in Central and Easter Europe or, indeed, the post-communist region more generally. Research on the region has been dominated by the neoclassical theory of migration which has meant that many of the specificities of Central and Eastern Europe have been overlooked. Yet, the experience of political, economic and social change brought about by the fall of the Berlin Wall and the accession of CEE countries to the EU are contextual factors that make the analysis of migration in the region a fruitful area for research. In the next part, I will test the propositions of the neoclassical theory of migration empirically and highlight the theory’s failure to account for the differentiated nature of migration after EU accession. I then outline the factors that make the region specific and at the same time good empirical territory for the application of pluralist approaches to researching migration.
III. Theories of migration and East-West migration

The theoretical basis of the research on migration in CEE

In research on expected migration propensity from CEE after enlargement, the prevailing conceptualizations were based on the neoclassical theory of migration in its basic specifications and looked at the economic factors – wages, income differentials and probability of employment – as the main predictors of the behavior of migrants (Bauer and Zimmerman, 1999; Dustman et al, 2003; Boeri and Bruecker, 2001; Layard et al, 1992). Alternatively they referred to individual-level surveys and framed their analysis with personal characteristics and intentions (Krieger, 2004; IOM, 1998; Bauer and Zimmerman, 1999). In contrast to political debates which anticipated a flood of “guest workers and poverty refugees” in Western Europe (Sinn, 2002), many estimates which were based either on micro surveys of the anticipated migration or on the extrapolations of economic and demographic data and the experience from Southern enlargement in the 1980s argued otherwise and predicted moderate volumes of east-west labor mobility (IOM, 1998; Kraus and Swager, 2000; Bauer and Zimmermann, 1999). Generally, however, the earlier a study was produced, the higher rates of migration from the CEE it anticipated and the predictions were relatively diverse (for overview see World Bank, 2007: 6-7).

One of the most influential studies by Dustman et al (2003) commissioned by the British Home Office estimated that between 5,000-13,000 people would migrate yearly to the UK up to 2010 from the CEE10. Another important work by Bauer and Zimmerman (1999) anticipated that in the 15 years following the enlargement, altogether 3,000,000 people would migrate to the EU15 from Poland, Romania, Bulgaria, the Czech Republic, Slovakia and Slovenia. Contrary to these predictions, between May 2004 and December 2007 an inflow of more than 1.2 million EU8 workers were documented in the UK, Ireland and Sweden, the three countries which instantaneously liberalized their labor markets. With the notable exception of an IOM study based on original survey data collected in late 1990s (IOM, 1998), none of the studies were able to anticipate differentiated rates of outflows from different CEE sending countries.

Many reasons lie behind difficulties in forecasting migration trends. The first is the quality of migration data as well as the quality of other data (wages, income, forecasts of GDP growth, etc.) used in the analyses. The second major reason is related to the theoretical framework applied; the neoclassical framework omits non-economic variables – demographic, sociological or political elements which play an important role in affecting the heterogeneity of migration processes (for more see World Bank, 2007:8).

More integrative frameworks, which would take into account broader processes of structural change and transition, market-building and socio-economic change in the region have been absent from the analyses of migration in the post-communist region. The interconnection of migration

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6 In their review of the literature of migration within Europe across different theoretical approaches Massey et al, 1998 in respect to the neoclassical theory of migration found that a positive relationship between wage differentials and migration flows – while generally sustained – was by no means the strongest predictor of migration levels in the quantitative analysis carried out (p.132).

7 Partial exceptions are to be found in two earlier works. The first one is the early work of Layard et al (1992:13) in which they note that the way in which the economic transition will evolve will determine and affect migration potential from the East to the West. However, the factors which they referred to as important in the framework of transition outcomes referred mainly to economic determinants, such as unemployment levels and the rate of income increase. In their discussion of migration determinants, they go beyond the wage differentials and unemployment levels and note that unemployment benefits, housing availability, costs of migration, information costs and psychological costs also figure as push
flows and broader structural processes and economic transition in Central and Eastern Europe have never been systematically analyzed, neither ex ante nor ex post the 2004 enlargement. In effect, however, they are likely to provide interesting insights into understanding how different transitional paths – essentially an outcome of the interaction of policy choices and economic and structural constraints of partly historical origin – have affected the behavior of individuals once the administrative barriers, such as visas and work permits, ceased to exist. Such an approach would introduce a series of variables related to structural change and the impact of welfare systems on migration patterns in the CEE region.

On the other hand, the accession of the CEE countries to the EU in 2004 and the following migration flows approximate a natural experiment in the equalization of factors of production arguably more than other cases of migration dynamics. EU accession led to the cancellation of (labor) borders to EU3 and the relaxation of previous administrative barriers to the remaining EU15 countries. In the next section I, therefore, set out to test the ability of the neoclassical theory of migration to account for the after-accession migration dynamics from EU8 countries to two major receivers of the East-West flows, the UK and Ireland.

Testing the neoclassical theory: the Eastern enlargement of the EU

The primary goal of this analysis is to test statistically the significance of wage differentials between the EU8 countries and the UK and Ireland in explaining migration patterns at the country level after enlargement in 2004. I consider this analysis a hard test for the neoclassical theory of migration which would predict equalization of the factors of production. The EU8 2004 accession allows testing the explanatory power of wage differentials in a cross-country context, controlling for the host country effect: administrative and legal conditions and economic factors for the entry of EU8 migrants to the UK and Ireland were identical and their relative distance to EU2 comparable. The EU8 countries joined the EU at a time of favorable economic environment and strong labor demand in the economies of EU2. In my analysis I conceptually propose two models: a) a pure neoclassical model and b) a country effect model. After outlining theoretical predictions, I discuss data sources, data transformations and the results of the two models in a set of specifications.

Expectations and predictions of models

The neoclassical theory of migration understands migration to be driven by differences in returns to labor across markets driven by geographic differences in labor supply and demand and the resulting differentials in wages between labor-rich versus capital-rich countries. Under the assumption of full employment, the theory predicts linear relationship between wage differentials and the size of migration flows. In the extended neoclassical models, migration is determined by expected rather than actual earnings and the key variable is earnings weighted by the probability of employment. The neoclassical model of migration can be therefore written out as:

(Contd.)
1. Migration rate = $B_0 + B_1$wage differentials + $B_2$ probability of employment + $e$

In my work I have argued that analysis based on the neoclassical theory of migration is de-contextualized and oversimplified and that, while wages are a good predictor of individual choices for migration, wage differentials cannot explain migration dynamics after the EU accession across the EU8 countries which share relatively similar levels of living standards. The pre-enlargement estimates of migration potentials often erred in failing to take into account differences in socio-economic variation across the CEE countries. Alongside the neoclassical model I propose to test an extended country-effect model which introduces country dummies into the regression and aims at capturing the specific impact of different socio-economic regimes or the ‘country effect’ in the analysis. The extended country effect model can be set out as:

2. Migration rate = $B_0 + B_1$wage differ. + $B_2$ probability of employment + $B_3$ country effect + $e$

Data

I ran ordinary least square linear regression to test the effect of wage differentials on migration from the eight new accession states to Britain and Ireland (EU2) from June 2004 accession until December 2007. My dependent variable is measured as outflows of migrants from an EU8 country to the UK or Ireland in each quarter since June 2004 until December 2007. Migration data is based on information from the registration schemes in the UK (WRS) and Ireland (PPSNs) which give information about the stocks of EU8 nationals who have come to these countries and registered on a quarterly basis. Such data sources are valuable as they correct measurement problems present in other migration data which are flawed due to different conceptualization and definitions of a ‘migrant’ (Bahna, 2008). In order to control for the size of the country, migrant stock is corrected by the size of economically active population of a given country in a given year. Log transformation on dependent variables was conducted to achieve normal distribution.

Wage differentials are the main independent variable to be tested. Wage data was accessed as a quarterly average gross manufacturing wage collected from the national Labor Force Surveys accessible through the LABORSTA database in national currencies. Given that EU8 migrants in the UK and Ireland have mainly found employment in low-skilled and low-paid jobs, the gross manufacturing wage for the two Western economies that was used to calculate wage differentials is likely to be higher than the ‘real’ wage of migrants often working for the minimum wage. The data that has been used is therefore biased in favor of wage differentials being a significant predictor.

In order to calculate wage differentials between an EU 8 country and Ireland or Britain, wages were first re-calculated into Euros using the ECB official exchange rate at the end of a given quarter. This transformation allows the endogenizing of the potential influence of exchange rates, which, it has been argued, are one of the intervening variables in migrant decisions. In order to control for inflation and to correct for prize differences, wages in Euro were also corrected by the PPS index (Eurostat) to achieve comparative wages across all the analyzed countries. Wage differentials for each EU8-EU2 country pair and each quarter were then calculated as a quarterly average wage of an EU8 country as a proportion of the wage in

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9 “Statistics of wages usually relate to average gross money wages per wage earner expressed as average earnings. The series cover wage earners of both sexes, without distinction as to age.” (LABORSTA)
10 Drinkwater et al, 2009: 172 in their analysis of LFS data find that average hourly earnings for recent Polish and other EU8 migrants are around £6 which is consistent with the information in the WRS.
Britain and Ireland in the same quarter. In order to simulate causality, data on wage differentials starts a year earlier. As such, wage differentials in the third quarter of 2003 in the analysis correspond to migration rate in the third quarter in 2004 and so on. My observations are pairs of countries (or dyads) by quarters which were used in order to increase the number of observation and gain more statistical power for the analysis.

Most neoclassical estimations of migration tend to use income/GDP per capita differentials (Dustman et al. 2003) or real growth (Zimmerman, 1994) in their estimations. I use wages and wages differentials for two important reasons. First, wage differentials better capture both micro- and the macro-level economic dynamics in sending countries and represent a better measure of immediate disposable income. Second, wages are arguably a much more tangible comparator for migrants when they compare benefits of migration. Similarly, when gathering information about destination countries, migrants are interested in their potential earnings rather than in per capita income of that country.

Quarterly observations do not allow testing other theoretically relevant variables, which would capture the effect of structural or institutional factors in sending countries, due to the lack of sufficient variation in a studied time period or the unavailability of measurements on a quarterly basis. I, therefore, test the country effect by introducing country dummies. Into each model specification I entered controls for source country, target country, and quarters. In order to deal with the serial autocorrelation problem resulting from overtime data, I entered a lagged dependent variable which corrected the problem (see reported Durbin-Watson index). Following Zimmerman (1994:91), lagged migration variable also represents a “measure of persistence and network migration.” The two models were run with and without time trend following a similar model specification in Zimmerman (1994). An alternative method for dealing with autocorrelation based on re-conceptualizing dependent variables as change in migration from the previous quarter was also tested.

In addition to the above variables, unemployment differentials were also entered into model specifications. Unemployment differentials between EU8 and EU2 are a measure of labor market difficulties in the sending countries. This variable would not appear in the pure neoclassical model specifications as these would incorporate probability of employment in receiving countries. Employment probability does not need to be entered into my models because probability of employment was the same regardless of the country of origin (meaning liberalized entry for all CEE countries) and, therefore, the variable is controlled for by the design of the empirical study and a given research question. In addition, using ex ante insights we know that the probability of employment was strong in both receiving countries and that labor migration would not have taken place without an abundance of work in the UK and Ireland. In the analysis, therefore, the actual wages equal ‘expected’ wages as the probability of employment when going to Ireland or Britain was very high for the period captured in the data, which was prior to the world financial and economic crisis.

11 Zimmerman (1994:91) runs OLS regression analysis exploring the relationship between immigration from each recruitment-targeted country to Germany between 1960 and 1991. In addition to real GNP growth, he enters lagged DV as a “measure of persistence and network migration” and the time trend as “a proxy of unobserved variables operating in the sending and receiving countries”.

12 High labor demand in the target economies, combined with clear motives to work by the EU8 migrants, have resulted in the fact that 84% of EU8 migrants registered in the UK in the analyzed period were employed (Pollard et al, 2008: 30 – figures based on Labor Force Survey, not Workers Registration Scheme; also AMR, 2008).
I propose two main specifications of the model which are summarized in Table 1. The first specification is based on the propositions of the pure neoclassical model. I regress wage differentials on migration, while controlling for data dependencies and autocorrelation (lagged DV variable). The neoclassical model expects that wage differentials will be a statistically significant predictor of migration. The sign of the B-coefficient for wages should be negative: as the wage in EU8 country as a share of EU2 country rises (which means that the gap in the wages between the sending and receiving country becomes smaller), migration should fall. The second specification of the model adds country dummies into the regression. Following my theoretical expectations, in the models where the countries are included wages should be statistically less, partly or not at all significant. While wage gaps explain why people in general migrate, it should not be a significant variable in explaining the variation in migration dynamics from the EU8 countries.

Table 2: Model specifications

<table>
<thead>
<tr>
<th>Model 1: Neoclassical model</th>
<th>DV</th>
<th>IV</th>
<th>Controls</th>
<th>Country effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migration outflows from EU8 countries to the UK and Ireland</td>
<td>Wage differentials</td>
<td>Target country Source country Dyad Quarters (Time trend)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Model 2: Country effect model</td>
<td>Migration outflows from EU8 countries to the UK and Ireland</td>
<td>Wage differentials</td>
<td>Target country Source country Dyad Quarters (Time trend)</td>
<td>EU8 country dummies</td>
</tr>
</tbody>
</table>

Results and discussion

The results of the analysis disconfirm predictions of the neoclassical theory of migration. Tables 3, Table 4 and Table 5 present the results. Table 3 presents the neoclassical specifications with and without time trend and unemployment differentials in Models 1(A-D). The country effect specifications are presented in Table 4. Table 5 shows results with an alternative conceptualization of dependent variable measured as change in migration from the previous quarter and presents again the neoclassical and country effect specification. Results are consistent across different models and reveal that not only are wage differentials not a significant predictor of migration rate in the models where country effect is corrected for, wage differentials are also insignificant in the neoclassical model specifications.
Table 3: Neoclassical models

<table>
<thead>
<tr>
<th></th>
<th>Model 1(A)</th>
<th>Model 1(B)</th>
<th>Model 1(C)</th>
<th>Model 1(D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage differentials</td>
<td>-0.308</td>
<td>-0.024</td>
<td>-0.811</td>
<td>-0.772</td>
</tr>
<tr>
<td>Unemployment differentials</td>
<td>0.056**</td>
<td>0.054**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DV lag</td>
<td>0.960***</td>
<td>0.971***</td>
<td>0.908***</td>
<td>0.911***</td>
</tr>
<tr>
<td>Target country</td>
<td>0.007</td>
<td>0.000</td>
<td>-0.022</td>
<td>-0.022</td>
</tr>
<tr>
<td>Source country</td>
<td>0.009</td>
<td>0.007</td>
<td>0.004</td>
<td>0.004</td>
</tr>
<tr>
<td>Quarter 2</td>
<td>0.081*</td>
<td>0.086**</td>
<td>0.093**</td>
<td>0.093**</td>
</tr>
<tr>
<td>Quarter 3</td>
<td>0.119**</td>
<td>0.129**</td>
<td>0.147**</td>
<td>0.147**</td>
</tr>
<tr>
<td>Quarter 4</td>
<td>-0.056</td>
<td>-0.055</td>
<td>-0.030</td>
<td>-0.030</td>
</tr>
<tr>
<td>Time trend</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.001</td>
<td></td>
</tr>
<tr>
<td>R^2 adjusted</td>
<td>0.978</td>
<td>0.978</td>
<td>0.979</td>
<td>0.979</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>199</td>
<td>199</td>
<td>198</td>
</tr>
<tr>
<td>Durbin-Watson</td>
<td>1,985</td>
<td>2,015</td>
<td>1,988</td>
<td>1,992</td>
</tr>
</tbody>
</table>

Note: * - significant at 90% level, ** - significant at 95% level, ***- significant at 99% level. All the controls except source country were entered as dummy variables. Country dummies: relative to Slovenia. Target country: 0 –UK, 1 – Ireland; Quarters: relative to Quarter 1.

The significant predictors in the models with neoclassical specification (Table 3) are the lagged dependent variable which proxies the network effect, quarter dummies (April-September) and where entered, also unemployment differentials. Wage differentials are statistically insignificant, but the coefficient has a predicted negative sign. Similar results have been attained in the models where country effects are controlled for (Table 4). In addition to network effect, there is a seasonal effect. Unemployment differentials are a significant predictor of migration rates and in addition to that, country dummies are significant at 95% or 90% in all model specifications. Model 2A is an exception as wages gain statistical significance at 90% but the majority of country dummies are significant too. In the rest of country effect model specifications, wages are statistically insignificant. Moreover, wages in these models show an unexpected sign of coefficient which suggests that in spite of falling wage gaps, when controlling for time, network effect and/or unemployment differentials, more people have migrated to the UK and Ireland from the EU8. This is against the predictions of the neoclassical theory which anticipates a linear relationship between wages and migration and a drop in migration with increasing living standards which was on the aggregate level the case for EU8 countries after the accession. It is, however, in line with the literature based on pluralist approaches discussed earlier which have pointed out non-linear and reversed relations between migration and development and argue that more development can lead to more rather than less migration (Haas, 2007, Castles 2008a,b).
### Table 4: Country effect models

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 2(A)</th>
<th>Model 2(B)</th>
<th>Model 2(C)</th>
<th>Model 2(D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage differentials</td>
<td>-0.920*</td>
<td>0.006</td>
<td>0.972</td>
<td>1.566</td>
</tr>
<tr>
<td>Unemployment differentials</td>
<td>0.006</td>
<td>0.131**</td>
<td>0.111**</td>
<td></td>
</tr>
<tr>
<td>DV lag</td>
<td>0.840***</td>
<td>0.839***</td>
<td>0.830***</td>
<td>0.834***</td>
</tr>
<tr>
<td>Target country</td>
<td>-0.035</td>
<td>-0.077</td>
<td>-0.150**</td>
<td>-0.164**</td>
</tr>
<tr>
<td>Source country</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quarter 2</td>
<td>0.078*</td>
<td>0.082**</td>
<td>0.094**</td>
<td>0.092**</td>
</tr>
<tr>
<td>Quarter 3</td>
<td>0.123**</td>
<td>0.132**</td>
<td>0.163***</td>
<td>0.160***</td>
</tr>
<tr>
<td>Quarter 4</td>
<td>-0.037</td>
<td>-0.045</td>
<td>-0.034</td>
<td>-0.044</td>
</tr>
<tr>
<td>Time trend</td>
<td>-0.009</td>
<td>-0.009</td>
<td>-0.009</td>
<td>-0.005</td>
</tr>
<tr>
<td>CR</td>
<td>0.197</td>
<td>0.289**</td>
<td>0.410**</td>
<td>0.509**</td>
</tr>
<tr>
<td>ES</td>
<td>0.176</td>
<td>0.336*</td>
<td>0.505**</td>
<td>0.630**</td>
</tr>
<tr>
<td>HU</td>
<td>0.249**</td>
<td>0.342**</td>
<td>0.499**</td>
<td>0.600**</td>
</tr>
<tr>
<td>LA</td>
<td>0.309</td>
<td>0.541**</td>
<td>0.754**</td>
<td>0.920**</td>
</tr>
<tr>
<td>LI</td>
<td>0.431**</td>
<td>0.600**</td>
<td>0.806**</td>
<td>0.955**</td>
</tr>
<tr>
<td>PO</td>
<td>0.436**</td>
<td>0.575**</td>
<td>0.465**</td>
<td>0.607**</td>
</tr>
<tr>
<td>SK</td>
<td>0.393**</td>
<td>0.516**</td>
<td>0.476**</td>
<td>0.640**</td>
</tr>
<tr>
<td>R² adjusted</td>
<td>0.979</td>
<td>0.980</td>
<td>0.981</td>
<td>0.981</td>
</tr>
<tr>
<td>N</td>
<td>194</td>
<td>193</td>
<td>193</td>
<td>192</td>
</tr>
<tr>
<td>Durbin-Watson</td>
<td>1.988</td>
<td>1.977</td>
<td>1.994</td>
<td>1.994</td>
</tr>
</tbody>
</table>

Note: * - significant at 90% level, ** - significant at 95% level, ***- significant at 99% level. All the controls except source country were entered as dummy variables. Country dummies: relative to Slovenia. Target country: 0 – UK, 1 – Ireland; Quarters: relative to Quarter 1.

Table 5 tested both types of the models with the dependent variable re-conceptualized and measured as the migration rate change from the previous quarter; the independent variables were then also entered as change in the unemployment differential and the change in wage differentials from the previous quarter. Change in wage differentials again come out as statistically insignificant, together with unemployment differentials. The only significant predictor of change in migration in the neoclassical model (3A) is a dummy variable for the last quarter of the month. In the country effect model specification (3B), in addition to the quarter dummy variable, also two country dummies (Latvia and Lithuania) and time trend gain significance. Overall, the model results are consistent with the previous results. The models, however, explain relatively small portion of the variance which also points to the fact that the theories and variables proposed in the theories of migration and tested in the previous models aim at explaining differences in the levels of migration, rather than differences in the change of rates of migration, especially in such short time periods as quarters. Thus, although the re-conceptualization of dependent (and independent) variable helped to deal with the autocorrelation problem (see Durbin-Watson index), it is not a suitable conceptualization for the study of the causes of migration.
Table 5: OLS results: dependent variable as change in migration

<table>
<thead>
<tr>
<th></th>
<th>Model 3(A)</th>
<th>Model 3(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage differentials change</td>
<td>0.367</td>
<td>0.262</td>
</tr>
<tr>
<td>Unemployment differentials change</td>
<td>-0.032</td>
<td>-0.067</td>
</tr>
<tr>
<td>Target country</td>
<td>-0.008</td>
<td>-0.011</td>
</tr>
<tr>
<td>Dyad</td>
<td>-0.001</td>
<td>-</td>
</tr>
<tr>
<td>Source country</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quarter 2</td>
<td>-0.037</td>
<td>-0.026</td>
</tr>
<tr>
<td>Quarter 3</td>
<td>0.011</td>
<td>0.023</td>
</tr>
<tr>
<td>Quarter 4</td>
<td>0.123**</td>
<td>0.121***</td>
</tr>
<tr>
<td>Time trend</td>
<td>0.005</td>
<td>0.005*</td>
</tr>
<tr>
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<tr>
<td>N</td>
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<td>194</td>
</tr>
<tr>
<td>Durbin-Watson</td>
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<td>2.156</td>
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All the regression assumptions were met in the performed analyses. All the specifications were also tested for DV measured as a share of overall population rather than economically active population to correct for potential biases in the composition of population across the countries in the region and the results are consistent with the DV measured as presented in Table 3 and Table 4. The country effect models showed a high colinearity index (measured by VIF). In spite of high colinearity, unemployment differentials and country dummies were nevertheless able to achieve statistical significance while wage differentials were not.

The results of the regression which tested the importance of wages in explaining migration dynamics from the EU8 to the EU2 have shown in multiple specifications that wages are not a statistically significant predictor of migration dynamics at the country level and in the cross-country comparative framework. Instead of wage differentials, migration dynamics from EU8 to the EU and Ireland after the accession are better predicted by unemployment differentials which signal labor market difficulties in home markets, network effects and seasonal effects. In addition, EU8 individual country dummies are statistically robust predictors of migration rates to the West after accession. These findings should encourage us to further investigate unique factors within the EU8 countries which can explain uneven migration patterns across the region.

13 The results are, on a conceptual level, similar to the empirical findings of Dustman et al (2003) which revealed that models which accounted for country specific effects resulted in higher rates of predicted emigration to Germany and the UK from CEE countries (p.56-57).
IV. What is unique about Central and Eastern Europe

Empirical analysis has shown that while wage differentials are a good first indicator through which to understand migration decisions at the individual level, they are clearly an insufficient factor for explaining the dynamics we have seen after Eastern enlargement at the country level. This is an important postulate vis-à-vis the theoretical approaches which were prevailingly used in the studies estimating migration potential from Central and Eastern Europe. This is interesting also in light of the policy debates which fuelled the fear of worker inflows from CEE above all over significant gaps in wages and income levels.

Current East-West EU labor migration research is deficient in my view in three ways. First, most analysis of East-West migration group the CEE countries together and do not acknowledge the difference across countries and diversity in the region. Such approaches have resulted in a failure to anticipate variations in migration dynamics, for example with the 2004 accession but also more generally through the period of transition. The second deficiency might be defined as a missing variable problem and can be briefly summarized as a failure to acknowledge macro-level structural and institutional variables as factors that directly impact the environment and context in which migrants carry out their decisions. Such an approach has led to individual decisions being disembedded from broader macro- and mezzo-level environments, presenting the decisions of migrants as exogenous to the environment in which they are anchored. Recent theoretical approaches suggest that these migrants should be treated as endogenous to broader structural and institutional changes which pattern the socio-economic environments of home countries. The third relates to a set of specificities which can be attributed to migration flows in the EU east-west context. These are not necessarily captured in the theoretical frameworks, nor in the empirical applications of migration research on the region (Favell, 2008; Recchi, 2008). I will outline them briefly below.

Characteristics of EU East-West migration

The specificities of EU East-West labor flows can be summed up with four points. While the first two specificities could have already been observed in the cases of earlier EU enlargements (namely the Southern enlargement in the 1980s) and can, therefore, be considered as a particularity intra-EU migration, the next two factors are exclusive for Central and Eastern Europe and East-West migration dynamics.

The first specificity of east-west migration is a result of the level of development of the CEE countries which joined the EU. Contrary to more traditional migration scenarios when citizens from developing countries migrated to developed states, the new accession countries were middle-income countries. Importantly, their production structures resemble those of advanced capitalist economies (i.e. complex manufacturing with important tertiary sectors) and their citizens are well educated. This raises question over the appropriateness of the application of theories developed in the framework of migration from developed to developing countries where wage differentials are likely to be more significant while other, especially institutional but perhaps also structural variables, of lesser importance.

Second, east-west migration takes place within a specific legal and institutional framework of the creation of the European single market for labor and in the context of EU accession. In this sense, the movement which has taken place from CEE to the West after enlargement is better termed as labor mobility rather than labor migration (Recchi, 2008). Moreover, migration flows from the new accession states tend to be temporary, pendulum or circular rather than permanent (Dustman et al, 2003; AMR, 2008; Drinkwater and Eade, 2007). Migration in the EU cannot be regulated or controlled, once labor markets at the national level have been
liberalized. The administrative and political barriers fail to exist and movement of labor can take place freely. This scenario best approximates to the ‘natural experiment’ of the equalization in factors of production and, from this point of view, provides a critical case for testing the neoclassical theory of migration.

The third factor which makes Central and Eastern Europe distinct is the process of transition from state planning to a market economy, which took place with great speed and required complex economic restructuring. The speed and comprehensiveness of the process was unprecedented. FDI played an important role in the process, bringing capital and know-how into the region and transforming the economic and governance structures in a substantive manner. I suggest that a combination of such dramatic structural change combined with the medium-level of development and structural and human capital endowments under socialism produced a new empirical reality to be studied by migration theories developed in very different contexts. The challenge is even greater as the transition took place on the back of increasing world-wide interconnection in the markets, technological change and globalization.

The fourth element which sets apart – in combination with the above factors – CEE integration into the EU is the form and the level of the presence of welfare states in the region. The CEE welfare states were institutionally developed under socialism and the socialist legacy has left strong marks on how welfare systems in Central and Eastern Europe function today. In a similar way that western welfare regimes are complex, distinct and internally coherent systems, the CEE states developed a specific set of welfare policies under socialism which can, in a number of ways, be compared to a traditional understanding of the welfare state. While the state in Central and Eastern Europe has retreated massively from the economy and the polity, the welfare state has arguably played a continuous and important role in the transition, not least as a mechanism to offset the negative consequences of transitional recessions (Boeri, 2000).

V. Conclusion: Towards a new approach for studying CEE migration dynamics

The empirical findings about the limited predictive or descriptive ability of neoclassical theory of migration to explain migration dynamics in Central and Eastern Europe and migration theory developments discussed in the first half of this paper invite us to search out a new approach to studying migration processes in the post-communist region. Central and Eastern Europe is at present simultaneously a global economic semi-periphery and a regional political core (EU membership), with strong industrial foundations and a well-educated and trained labor force. As such it offers a fruitful ground for migration research, which provides not only a research field to test existing theories but perhaps also a region that can contribute to migration theorizing more generally. Therefore any new approach to researching migration in the region should view migration as endogenous and accept that migration dynamics play out according to a broader set of elements, epitomized in the socio-economic constellation of a particular country, such as job availability, skill structure, social welfare and working conditions.

More specifically, there are two broad factors that need to be brought in: the experience of structural change in the region and the impact of welfare states. These variables have interacted in complex ways across countries in the region. They could be studied jointly through the investigation of migrant profiles embedded in their home environments and affected in their decisions to migrate (or to stay) by structural and institutional variables in home societies.

The effect of structural change can be best understood through the analysis of labor market dynamics and different forms of risks and opportunities that transition has produced. Focus on labor market imbalances and mismatches between newly-emerged employment opportunities and
skill structures from the old regime can provide useful analytical tools for identifying the profiles of people affected by the processes who represent a potential pool of labor migrants. Welfare provisions, on the other hand, can be perceived as ‘investment’ into opportunity structures and into human capital, affecting broader quality of life and thus shaping the rationality of migration decisions. Determinants such as passive and active labor market policies, family support or good access to health care are factors substantively affecting the everyday lives of EU citizens and can be considered important institutional determinants of migration both in a direct form but also as tools for mediating the impact of transition.

East-West migration processes also enable us to study migration in a comparative cross-country framework. Unlike the majority of current migration studies (within the field of economics but also sociology) which investigate migration in one country, only a comparative approach truly enables us to consider broader systemic and international factors. With EU enlargement new conditions arose which allow migration to be studied as an outcome of a combination of international, domestic and supranational factors and frameworks.

In sum, a broader quality of life approach seems to offer a better way of hypothesizing about the factors which can drive or inhibit migration in Central and Eastern Europe. It is likely to yield insights into explaining migration (and non-migration) dynamics and to help in devising policies to better manage mobility in other emerging regions of the world, such as the MENA countries.
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