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EU ENLARGEMENT:  
THE “SWAN SONG” OF AN  
INCLUSIVE LABOR MARKET?

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# **TABLE OF CONTENTS**

## **I. INTRODUCTION**

## **II. THE PREMISES OF AN INCLUSIVE SOCIETY**

## **III. “TRANSITIONAL MEASURES”: NATIONAL DECISIONS ON RESTRICTIONS TO BE IMPOSED**

- **GROUNDS**
- **NATURE OF RESTRICTIONS IN EACH COUNTRY**

## **IV. THE REACTION OF THE NEW MEMBER STATES- BETWEEN DISAPPOINTMENT AND RETALIATION**

## **V. ENLARGEMENT ANXIETY: REALLY MOTIVATED?**

## **VI. THE “NEW” EUROPEAN UNION**

- **THE SEED OF DISCRIMINATION**
- **A DANGEROUS PRECEDENT**
- **A FEW SUGGESTIONS**

## I. INTRODUCTION

Among the many aspects of this year's EU enlargement, dealt with mainly at a political and economic level, one that can and should not be neglected concerns the social consequences of the process.

One of the most important assets of the European Union is the Internal market, materialized in the four freedoms of movement (of people, capital, goods and services). Having their foundations in the principles of equality and reciprocity, they were meant to diminish the differences existing among the member states (in the field of legislation and practice) and try to bring their policies to a common denominator. In time, the unification or harmonization became a guarantee that the citizens of all EU countries would be treated equally, exposed to the same rules and regulations and able to choose from the same (or a similar) range of products and services. The final goal was that of establishing an **"inclusive society"**, where all countries and all citizens would be treated equally.

Being one of the big achievements of the European Union, the free movement of people, including mobility of labour force, represents the premise of an authentic European community, built along the years and on its way to enlargement in the very near future. Nevertheless, a few questions occur when studying the perspective of a 25- state EU. Beyond the discussions regarding the new decision making process or the financial help that the Union has to provide to the new member states, I see an even deeper issue: will the people in these 10 countries be regarded and treated as European citizens, having exactly the same rights as those in the 15 member states? Theoretically, at a first glance, anyone can answer positively: the EU has struggled hard to build a tradition of equality and nondiscrimination and, apparently, has managed quite well so far. But upon going to the core aspects, one realizes that, until now, the European Community was made up mostly by countries having similar cultural backgrounds and, even more relevant, a relatively long tradition of democracy. By contrast, the majority of newcomers has just

ended (or is on the way of ending) the one-decade transition from communist regimes. This difference in historical and political background can bring about a gap within the European Union, therefore the mechanisms of cohesion have to be improved in order to prevent or manage a possible breach in its structure.

Paradoxically enough, what we do see on the behalf of European countries, now, in the eve of enlargement, is that, aware of certain risks involved, they try to move back. And, as they are no longer in the position to stop the process, all they can still do is impose restrictions to the citizens of the new member states. Hardly do they realize, probably, that this actually means destroying the strongest pillar supporting the EU: the equality of all its citizens. Accepting these people into the “club”, but denying them the rights implied by the full membership shows a lack of consistency and yet another sign that the EU is not ready to deal with such a diversity as the one brought about by the acceptance of CE European countries.

The aim of my paper is **to study the case of the restrictions imposed to CE European workers on the EU labour market from the “inclusion/exclusion” perspective**, arguing that they might end up undermining the fundamental principles of the EU itself.

**It is commonly acknowledged that any entity that undergoes a process of enlargement is subject to the danger of having its fundamental principles diluted, under the pressure of integrating diversity.** The 25-state European Union will clearly differ from the present one; that is mainly due to the core differences existing between countries, leading, logically, to a tendency towards differentiated treatment. Theoretically and technically, integrating diversity is a matter of treaties and rules. Practically however, it comes to much more than that: it means a **community of traditions and expectations**, combined with determination to act as a single voice. It is true, that can only be achieved in time and with many efforts, on all parts. But what happens when, from the very beginning, one side’s expectations coincide with the other side’s anxieties? That is the case concerning the European labor market from the enlargement perspective. For the people in the new member states, the promise of free access on the EU labor market

represented the main motivation behind the endorsement of the accession process, whereas for the citizens of the 15 EU states, exactly the same thing had negative connotation, related to prospective unemployment and social insecurity. It is interesting to notice how, even if not in danger of being directly affected or compelled by the European Commission, some EU countries decided to resort to transitional measures, driven mainly by domestic reasons. In my view, this is a worrying sign that the new member states will be already excluded from the complete benefits of membership even before being totally included.

I will try to sketch the content of the transitional measures and then bring some data to prove that the fear of massive migration is not founded, offering as an example the similar cases of Greece, Spain and Portugal upon their accession. Therefore, it all comes back to the people and their perception: instead of feeling included in a community characterized by a well established tradition of nondiscrimination, people from the new member countries will be joining a European Union in the process of redistributing the lines of power and setting up a very interesting balance probably leading to the controversial “two speed” Europe.

## II. THE PREMISES OF AN INCLUSIVE SOCIETY

The European Union has, especially in the last decade, made important steps towards becoming an **“inclusive society”**, with the meaning of a community responding to mainly the same values and, at the same time, tolerant towards “the other”, a community offering equal chances and treatment to everyone, irrespective of their origin, gender, religion or ethnicity.

**The free movement of people** (and more specifically the mobility of labour) holds, I believe, a very special place in this equation. It brings European integration closer to the citizens who realize, in this way, that beyond intricate treaties and endless negotiations, they have the right to travel and work freely in any country of the EU. Thus, their range

of opportunities is greatly enlarged by gaining access to a larger labour market and, at the same time, European economies benefit from this in and out going flux of workers and specialists, creating competition and leading to an improved quality of goods and services. In the end, as the circle closes, the absolute winners are the people, no matter from what perspective we analyze the process.

Free movement of workers was introduced by **progressive stages** in the six original EU member states: at first, priority had to be given to their own nationals, then priority was abolished and nationals of other member states were entitled to employment under the same conditions as own nationals, but only concerning jobs advertised in employment services; in the end, by **1968, full free movement of all workers was introduced** (with a safeguard clause, abolished in 1992)<sup>1</sup>.

Going beyond this basic principle, what has the EU practically done to promote and support the idea of building an „inclusive society“? The first moment when employment and social policies were regarded as a real and important issue is marked by the **Treaty of Amsterdam**. Promoting employment became henceforth one of the objectives of the European Union and a "matter of common concern" for the Member States<sup>2</sup>. The new objective is to achieve "a high level of employment" without weakening the competitiveness of the European Union. The **Luxembourg Summit** (November 1997) went a step forward and agreed upon a **European Employment Strategy**, built on four priorities (“pillars”): *entrepreneurship* (a more employment friendly taxation system, simplified rules for starting-up and running a business), *employability* (modernising education and training systems and strengthening their link to the workplace), *adaptability* (modernizing work organization) and *equal opportunities* (tackling gender gaps, reconciling work and family)<sup>3</sup>. European countries were encouraged to learn from each other and develop an efficient and employment network.

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<sup>1</sup> <http://europa.eu.int/scadplus/printversion/en//cha/c00004.htm>

<sup>2</sup> <http://europa.eu.int/scadplus/leg/en/lvb/a13000.htm>

<sup>3</sup> [http://europa.eu.int/comm/employment\\_social/elm/summit/en/backgr/pilars.htm](http://europa.eu.int/comm/employment_social/elm/summit/en/backgr/pilars.htm)

**The Lisbon Strategy**, set up in March 2000 and discussed upon every year by the Spring Summit, represents a commitment to bring about economic, social and environmental renewal in the EU. It is considered that a stronger economy will drive job creation alongside social and environmental policies that ensure sustainable development and social inclusion<sup>4</sup>.

European Union's main instruments for supporting social and economic restructuring are the **Structural Funds**. They account for over a third of the European Union budget. Their objective is to reduce disparities in development and promote economic and social cohesion in the European Union. There are *four types* of Structural Funds, namely: the European Regional Development Fund, the European Social Fund, the European Agricultural Guidance and Guarantee Fund and the Financial Instrument for Fisheries Guidance<sup>5</sup>.

In order to comply with the above described measures and gain access to the Structural Funds, Member States have developed, along the years, National Programmes, mechanisms and even adopted framework legislation. Thus, they are endorsing the European Union's initiative of creating and maintaining an inclusive environment all throughout its surface.

In order to understand better the consequences of the present enlargement on the labour market, it is interesting to have a look on the situations of previous EU enlargements. In the case of the most recent enlargement (including Austria, Sweden and Finland), the rules of the free movement of people were already applicable, prior to accession, under the EEA agreement. The case of German unification is a special case, involving immediate freedom of movement on a national and EC level. There were many factors encouraging migration, such as: lack of cultural and linguistic barriers, historical links etc. Consequently, around 7.3% of the eastern German population migrated to the western part. The accession of Greece, Spain and Portugal can be seen as very similar with the

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<sup>4</sup> [http://europa.eu.int/comm/lisbon\\_strategy/index\\_en.html](http://europa.eu.int/comm/lisbon_strategy/index_en.html)

<sup>5</sup> <http://europa.eu.int/scadplus/leg/en/lvb/l60014.htm>

present enlargement. Transitional measures were imposed, meant to last up to 7 years, but subsequently shortened to 6 years, due to the fact that modest migration flows were recorded. Still, there are some significant differences between the two processes, mainly consisting of the fact that in 2004 ten countries are involved, which would mean that almost half of the EU Member States are to be discriminated in a very sensitive field, such as employment and labour mobility. Conversely, the fear of massive migration among the EU 15 is also much bigger, also because of the large number and inferior economic development of new accession countries.

Undoubtedly the European Union has made big steps towards creating a more inclusive society and coming closer to its citizens by meeting their needs. Nevertheless, the reform processes that are underway might undermine this initiative and bring it back to the stage of a rhetoric engagement.

### **III. “TRANSITIONAL MEASURES”: NATIONAL DECISIONS ON RESTRICTIONS TO BE IMPOSED**

What do “**transitional arrangements**” mean? They imply the fact that the access to the labor markets of current Member States will depend on **national measures and policies**, as well as bilateral agreements they may have with the new Member States. These arrangements are applied **only** to the 8 ex-communist countries (Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovenia and Slovakia), for a **period of minimum 2 years and maximum 7 years**<sup>6</sup>.

Measures vary among different countries: **Germany** and **Austria** take the toughest stance, maintaining the current work permit system for the next 2 years and, almost certainly, up to seven years. Also for a period of 2 years, the work permit system will be preserved in: **Belgium, France, Greece, Italy, Luxembourg, Portugal, Spain and**

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<sup>6</sup> <http://www.eubusiness.com/guides/enlargement-free-movement>

**Finland** (here workers will not need a work permit only if there is no Finish person available for the job<sup>7</sup>). Even if previously they had declared to open their gates completely to workers from CEE countries, **Sweden, Denmark and The Netherlands** eventually decided to impose restrictions; in Sweden, the main fear was that of “benefits shopping”, given the generous social security system<sup>8</sup>; The Netherlands established a quota of 22,000 immigrants (on work purposes) during the first year, from the new member states. **UK and Ireland** also took a last moment decision to resort to transitional measures; in the case of UK<sup>9</sup>, migrants have to “register” and need a work permit; they are not subject to any benefits before having worked there at least 2 years.

At the end of the first two years - in mid-2006 - the Commission will draft a report, which will form the basis for a review of the functioning of the transitional arrangements. In addition to this Council of Ministers' review, Member States must notify the Commission as to their intention for the next period of up to three years - whether they will continue with national measures, or allow free movement of workers. The Commission expects therefore free movement of workers after 5 years, by 2009. However, a current Member State could still ask the Commission for authorization to continue to apply national measures for a further two years - but only if it is experiencing serious disturbances on its labour market. This requirement has to be "objectively justified". From 2011 - seven years after accession - complete freedom of movement for workers from new Member States is guaranteed.

The transitional arrangements will apply to anyone who wants to sign an employment contract with an employer in a current Member State. It does not apply to those who want to reside in a current Member State to study, or to establish themselves as self-employed persons.

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<sup>7</sup> <http://www.eubusiness.com/guides/enlargement-free-movement>

<sup>8</sup> <http://www.eupolitix.com/EN/News/200401/dd6f3a8c-e401-45b7-8752-d9781486addd.htm>

<sup>9</sup> <http://www.eubusiness.com/afp/040223165331.nvsj9c6q>

The Commission cannot legally oblige Member States to indicate the national measures they will put in place for the first two years of the transitional period. However, in the interests of transparency, the Commission has asked Member States to provide this information as soon as possible.

As we have noted above, it is not the first time in EU history that such transitional measures are applied. It is, however, the first time when they apply to such a large number of new Member States, and this can be regarded as a deviation from the European Union's engagement towards nondiscrimination.

#### **IV. THE REACTION OF THE NEW MEMBER STATES- BETWEEN DISAPPOINTMENT AND RETALIATION**

As it could be foreseen, the reaction of new EU members was one of indignation, to say the least. The transitional arrangements were considered as being *unfair* and *unmotivated*. Moreover, politicians in Eastern European countries regard the decision as a step backwards, a lack of solidarity, an abdication from the assumed engagements, even though it was clearly stated in the accession treaties.

The main reason for new members' discontent is the *inconsistent attitude of certain countries* (The Netherlands, Denmark, Sweden), which first declared that they would leave their gates open to the newcomers and later changed their stance by adopting similar measures to the ones in neighboring countries (the "domino effect")<sup>10</sup>.

One of the biggest fears of the Central-Eastern European countries is the "*brain drain*" phenomenon, with which they have been faced during the last decade, after the fall of the Communist regimes. Studies have shown that one in ten graduates and students from Central Eastern European countries plans to head west in the next five years. As the

transitional measures do not regard the mobility of students, they are thought to encourage (or at least by no means stop) this process that is expected to entail extremely negative effects, especially in the long run.

Beyond all the pragmatic reasons for anxiety and disappointment, there is also a more abstract one: people in the new member states fear that they will become nothing but “second class European citizens”<sup>11</sup>. During the past decade, they have been looking up to the European Union as a desirable recognition of their European-ness and were considering accession as a chance to go back to the “club” that they actually belong to. Instead of that, they found out that they will have to play by, partly, other rules and they will be judged by other criteria.

As an addition to all that, the new member states showed their intention to impose restrictive measures for the citizens of the EU 15 who want to work in their countries, although those measures are merely symbolic and, wrongly used, can turn out to have a damaging effect for the country<sup>12</sup>.

Even though they are rooted in the accession treaties agreed upon by all parties, the transitional arrangements represent a worrying sign, having direct negative effects for the new member states and indirect ones (but still very strong) on the EU as a whole, that might face a decrease in legitimacy and efficiency.

## **V. ENLARGEMENT ANXIETY: REALLY MOTIVATED?**

But such restrictions may prove to be an overreaction. A new study by the European Commission on migration trends in an enlarged Europe found that relatively few people from the accession countries plan on moving westwards.

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<sup>10</sup> <http://euobs.com/?aid=14571&rk=1>

<sup>11</sup> [http://www.dw-world.de/english/0,3367,1433\\_A\\_1125044\\_1\\_A,00.html](http://www.dw-world.de/english/0,3367,1433_A_1125044_1_A,00.html)

<sup>12</sup> <http://www.ipsnews.net/interna.asp?idnews=22862>

Around 1 percent of the population (1.1 million people) from the 10 new member states have a "firm" intention to migrate. But the study's figures showed the possible number of migrants to be three times higher, with 4.5 percent of the population expressing a "general inclination" to move west within the next five years<sup>13</sup>.

Those most likely to migrate were from Poland, where one in 100 adults said they definitely plan to move. People from Hungary, the Czech Republic and Slovakia were the least likely to emigrate.

Two-thirds of all migration is likely to be of a *temporary* nature. If economic and social conditions in the new member states improve as a result of enlargement, there will be a greater chance that migrants will return to their home countries in the 10 years following accession.

Moreover, it is relevant to mention that some states are more likely to be affected than others, mainly due to geographic proximity. That is why Germany and Austria have chosen to take the strictest measures in order to protect their labour markets.

Margot Wallström, EU commissioner for employment and social affairs said that: "this study confirms the Commission's view that fears of a huge wave of migration from the new member states will be proven to be unfounded. The new member states will provide a much-needed input of highly skilled individuals able to contribute actively to the development of the European economy."<sup>14</sup>

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<sup>13</sup> <http://discuss.agonist.org/yabbse/index.php?board=20;action=display;threadid=17565>

<sup>14</sup> *ibidem*

## VI. THE “NEW” EUROPEAN UNION

There are a few things that need to be said, to conclude with. First of all, anxiety about massive migration is **unfounded**; moreover, some sectors (like for instance the IT sector), on both sides, are likely to benefit from the in and out going flows. Even though the transitional measures are grounded on domestic motivations, they do represent an abdication from the “community spirit” and, at the same time, a worrying sign **that the newly born “European inclusive society” bears the seeds of inefficiency and discrimination**. A European Union in which **10 out of 25 member states are treated differently in such a sensitive field as employment** is no longer a Community sheltered from exclusion, but one in danger of becoming a comprehensive but very loose framework of co-operation.

What can be done to prevent that? Although the measures are already taken and cannot be changed, one thing to be done would be to use these 2 year period as a **period of accommodation**, in which the principles of an inclusive society should be promoted to the newcomers through different channels (institutions, civil society, mass media etc), so that at the end of the 2 years, when economic harmonization is also expected to make progress, restrictions can be generally abolished and the new European citizens be treated as such. A more positive image of the new member states should be promoted in the E.U.15, so that “the East” is no longer perceived as a danger, but as a partner that should and can be motivated to play by the Community rules.

What we are witnessing this year may be called the most comprehensive enlargement in the history of the European Community. A process that is expected to extend an area of acknowledged democracy and freedom, deleting the concept of “discrimination” from a part of the map that has undergone deep changes in past decade. And yet, ironically, it is within this process that we can grasp the first worrying signs of differentiation, sending out the message that a larger Europe is likely to shelter the so feared social exclusion.

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