

EU migration

The gates are open

LONDON AND SOFIA

Rich EU countries fret about social-benefits tourism after the lifting of restrictions on the free movement of workers from Romania and Bulgaria on January 1st

“WHEN British people come—in thousands—to our Black Sea, to our resorts, and behave like cave men, drink and fight, we don't say anything... We are going to be much better behaved when we go to Britain. We are not going for fun, we are going for work, for a decent living,” says Petar Dobrev, who has been employed in several Black Sea resorts as a concierge in the past 12 years. Mr Dobrev is planning to move away from Bulgaria before next summer, to Britain or another European Union country. He says employers in his home country exploit people and pay them much less than they deserve.

Mr Dobrev is hoping for fair pay in Britain, Germany, the Netherlands and six other EU countries that fully opened their labour markets to workers from Bulgaria and Romania when transitional controls expired on January 1st. He is not sure where he will go, maybe London, because the city “has many good hotels and they always need people”. And he is determined to work hard to make a living for himself and for the family he wants to start.

The 31-year-old Bulgarian is representative of the typical migrant from Romania and Bulgaria: he is young, eager to work and frustrated with the slow pace of reform and development in his home country. Yet he is unlikely to receive the warm welcome he hopes for. The public, politicians and the press in Britain, Germany, the Netherlands and, to a lesser extent, France and Austria, have spent the months leading up to the dismantling of transitional controls fretting about how many Bulgarians and Romanians will come, whether they will take away low-skill jobs, how their access to social benefits can be restricted and whether begging and sleeping rough will shoot up, in particular in big or industrial cities such as London, Rotterdam, Berlin, Duisburg and Dortmund.

Is Europe facing another big migratory wave from east to west? Ion Jinga, Romania's ambassador in Britain, does not think so. The last one (the Poles coming to Britain in the aftermath of their country's EU accession in 2004) happened when only three big countries (Britain, Ireland and Sweden) opened their labour markets and the British economy was booming. Moreover, the population of Romania and Bulgaria combined is only three-quarters the size of Poland's 39m. And Romania is not doing badly: economic growth has picked up, rising to 4.1% in the latest quarter, and

wages are increasing fast. The unemployment rate is below 5% nationally and only 2% in Bucharest, the capital (see chart).

Of Romania's 7m strong active labour force, around 1.1m have a secure job in the state sector, which they will hesitate to give up. Some 3m have already left in the wake of Romania joining the EU in 2007: about 1m went to Italy, another million to Spain, half a million to France, up to 400,000 to Germany and 120,000 to Britain. They worked in a “self-employed” capacity (40% of the workforce building London's Olympic Stadium were self-employed Romanians) or as seasonal or low-skill workers. Some were exploited, as they did not have the same legal protection as nationals; others didn't pay tax. Neither abuse is as likely now that they can be legally employed.

None of the rich EU governments wants to make firm predictions about how many Bulgarians and Romanians will migrate—they are worried about being wrong. Germany's IAB, a research institute, predicts that 100,000 to 180,000 will go to Germany this year. “This cannot be called poverty migration,” insists Herbert Brücker of the IAB. Only 7.4% of Romanians and Bulgarians in Germany are unemployed, a bit lower than the national average of 7.7%, and considerably lower than the average of 14.7% among the general immigrant population. Up to 65% work and pay taxes. Although the share of Bulgarians and Romanians, who receive means-tested benefits, is at 10% slightly higher than the 7.5% of the native population, they are net contributors to the pay-as-you-go pensions system. Thanks mainly to favourable demography, the average immigrant contributes around €2,000 (\$2,760) annually to the welfare state and the contribu-

tion of Romanians and Bulgarians is estimated to be even higher, says Mr Brücker.

Germans do have some reason to be concerned, however. More than a third of Romanians and Bulgarians working in Germany are unskilled (compared with 11% of the general population) so they crowd native Germans out of low-skill jobs. Another justified worry is that those who neither work nor receive social benefits—many of them Roma—tend to settle in Duisburg, Dortmund, Berlin and a few other big cities. This creates tensions as they mainly live off the black market, begging and petty crime and live in slum-like conditions on the cities' outskirts. The IAB proposes compensatory payments by the federal government to help the worst-affected municipalities.

Politicians woke up very late to the public's worries. Britain's prime minister came out at the end of November with proposals on restricting the access to social benefits for new immigrants. Germany's coalition agreement in late November contained measures on how to curb poverty migration. “Germany is Britain's strongest ally in the EU migration debate,” says Mats Persson of Open Europe, a think tank. Hans-Peter Friedrich, the interior minister of Germany's previous government, even suggested talks outside of the EU framework with Britain, Austria, Denmark and the Netherlands on how social-benefit tourism might be curbed, because he was so unhappy about the Commission's insistence that the EU law on freedom of movement cannot be changed.

“It is very difficult to just come here and get benefits,” says Jonathan Portes of Britain's National Institute for Economic and Social Research. Restrictions on benefits have been in place since 2004 and the new proposed restrictions mainly reinforce what is already on the books. Britain is however alone among rich EU countries to have a universalist welfare system—all the others are more contribution-based. It therefore has the strongest case for reviewing access to benefits.

Will tightening benefits rules do the trick? For the first time, EU citizens are conflating anti-EU sentiments with anti-immigration feelings. Mixed with an increasing distrust of politicians and a debate on the welfare state, this creates a “perfect storm”, says Mr Persson. Europe's best hope is that by the end of 2014 not much will have changed. A manageable number of Romanians and Bulgarians will have migrated westward and most of them will be young and in work. Isolated crimes, benefits fraud and trouble with rough sleepers will no doubt sometimes spill over into the headlines. But, by and large, the arrival of Romanians and Bulgarians will work as well (or as badly, depending on your point of view) as previous openings to new EU members from the east. ■

Why leave in a recovery?

