

LABOR MOBILITY AND RETURN MIGRATION POTENTIAL
IN RESPONSE TO EU ACCESSION

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A thesis submitted to the faculty of the University of North Carolina at Chapel Hill in partial fulfillment of the requirements for the degree of Master of Arts in the Department of Political Science, Concentration German-Turkish Studies.

Chapel Hill
2016

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ABSTRACT

Kathryn Elaine Endahl: Labor Mobility and Return Migration Potential in Response to
EU Accession
(Under the direction of Milada Vachudova)

Regarding migratory flows in relation to EU enlargement, there is a popular assumption that labor markets of existing member states will be overwhelmed by newcomer intra-EU migrants. Freedom to move throughout the EU is unquestionably an incentive for some to emigrate, but the corresponding domestic changes as a result of membership also incentivize some migrants to return. Using the Western Balkans as a regional focus, as well as the experience of the 2004/2007 enlargements, I explore these incentives in depth and examine whether return migration in response to EU accession can be expected. I conclude that, while there is still significant potential for emigration from the Western Balkans, the stabilizing effects of the EU accession process on both economic and democratic norms act as a significant pull factor for return migration.

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LABOR MOBILITY AND RETURN MIGRATION POTENTIAL IN RESPONSE TO EU ACCESSION

Introduction

The enlargement of the European Union (EU) has been one of the most ambitious and scrutinized projects of any international actor in the new millennium. After the end of the Cold War and the fall of the Iron Curtain, many states in Central and Eastern Europe embarked on democratization and economic reform. The enlargements of 2004 and 2007 that brought ten post-communist states into the EU helped show the success of these efforts. Since post-communist states became full members of the EU and after various transition periods governing the free movement of workers had passed, citizens of the EU's new post-communist member states have enjoyed the right to live and work throughout the EU. Migration from east to west has taken place on a significant scale, although there has been a great deal of variation in both the sending countries of workers on the move – and in their destinations. Some have stood out: Polish migration to the UK has boomed; Romanian and Bulgarian migrants have headed towards Mediterranean countries instead. Part of the EU's internal market, established by the Treaty of Rome in 1956 and reaffirmed by the Single European Act in 1986, is the freedom of movement for workers, enabling such economically-motivated migration to take place. We can learn a great deal from the ebb and flow of intra-EU labor migration, which provides a window on broader issues like regional disparities and democratic deficiencies.

As states in the Western Balkans have entered the EU pre-accession process and are making progress toward joining the EU, concerns over “floods” of migrants from “the East” have resurfaced. Voters in West European states express concerns about another influx of workers from new member states (NMS). However, the potential for substantial numbers of migrants to return to post-communist states from “the West” is often overlooked. My goal in this thesis is to explore how EU accession impacts the likelihood of return migration to the states of the Western Balkans. How does domestic economic development during the EU accession process influence labor mobility and the propensity for return migration? Will the democratization and development that should accompany this process be sufficient to attract return migrants to a region that is otherwise known for exporting labor?

In this thesis I argue that, yes, the accession of Western Balkan states to the EU will help bring better democracy and more economic development to the region, creating incentives for economic migrants, eventually, to return home. Previous enlargements show a high emigration rate from [some] NMS after accession, but as the initial euphoria of membership wears off, these rates stabilize and return migration begins to form a counter flow. As one of the last regions of Europe to be integrated into the EU, the Western Balkans offer a unique opportunity to observe this phenomenon as it happens. The scale of return migration cannot be predicted, but the significance of counter-flows in the grander scheme of labor mobility in an enlarged EU needs to be explored in greater depth. By examining labor mobility in previous enlargements and how it has changed over time, this thesis offers insight into the propensity for return migration in response to accession, as well as the relationship between accession, democratization, and economic development.

Guiding my research is traditional theoretical understandings of migration based on push and pull factors. Analyzing the literature on return migration reveals two main factors that have the capacity to cause return migration: democratization (i.e. greater political freedoms) and development. For the purposes of this thesis, development includes both economic and infrastructural growth. I analyze these two dimensions in the Balkans utilizing secondary literature as well as comprehensive projection reports produced by the IOM and the World Bank that explore both the migratory and the economic potential in the region.

The conditions necessary to facilitate successful return are to some extent distinct from the initial pull factors. Therefore countries in the Balkans must also work to ensure that returning migrants have access to the necessary means to successfully integrate into their domestic labor market and society upon return. Potential “brain drain” and “brain waste” that result when returning migrants are unable to utilize their skillset in the domestic setting mean the benefits of migration and namely “brain circulation” within the EU are lost (Horvat 2004; Zaiceva & Zimmermann 2012). Slovenia, for example, attracted many highly skilled nationals to return to its research system (Horvat 2004). This can be attributed to the fact that Slovenia offered return migrants a hospitable socio-economic environment for such academic work, and thus brain circulation had a positive impact on their domestic development overall. I argue that similar return migration patterns have the potential to benefit not only the Balkan countries but also the EU as a whole. There is substantial evidence to support that the EU accession process is not only associated with a boost in mobility to the rest of Europe, but also that return flows emerge in response to the institutional and structural changes. In contrast to general public fears in Western Europe – that further enlargement will bring large numbers of new labor migrants to their

countries – drawing attention to the frequently overlooked counter-flows proves that the nature of intra-EU migration is not simply one-way.

The remainder of this thesis is divided into five parts. First, I sketch out the existing theoretical literature on what has motivated return migration. The main two causal drivers are democratization and development. Second, I provide a detailed empirical overview of progress in the areas of democracy and development that takes place during the accession process. Third, I discuss labor mobility and return migration in the 2004 and 2007 accession rounds. I explain how economic and institutional factors have shaped these flows, and help explain why returns have been higher to some new EU members than to others. In particular, the case of democratic backsliding in Hungary and its current migration trends illustrate the link between democracy and migration trends. Fourth, I discuss democratization in the Balkans in the context of the Copenhagen criteria and the EU accession process: what has been done, what remains to be done, and how these institutional changes can encourage migrants abroad to return. I compare this to what happened during the 2004/2007 accession rounds. I also look at whether economic development now – and in the coming decade – as part of the EU accession process is encouraging migrants to return. This includes infrastructural changes as well as economic growth and funding opportunities that strengthen labor markets and promote higher employment rates, a critical factor in determining whether a migrant is likely to return. I compare this to what happened during the 2004/2007 accession rounds. Fifth, I discuss challenges to sustainable return as well as migration policy, highlighting areas that must be addressed to effectively manage return migration in NMS. To conclude, I summarize my findings while addressing recent challenges to mobility in the EU and relate my findings to the theoretical framework established earlier on. It is my hope that this thesis will enrich the public and policy debate on the migration

of workers among EU members and candidates, shed some light on the complex motives of economic migrants from the Balkans and highlight the importance of putting in place effective reintegration mechanisms to anticipate and accommodate eventual return migration flows.

1. Perspectives and Debates

To frame my analysis, this section introduces main concepts and relevant themes and literature to the discussion of return migration in the context of EU enlargement. Much research has been conducted to understand the motives of migrants, particularly the unique patterns that have emerged within Europe. The creation of a single economic space allowed citizens to move freely throughout the EU and the motives that shape where, when, and how migration takes place become essential in understanding destination choices as well as the countries of origin. The purpose of this section is to explain the variety of factors that influence migration decisions in an enlarging EU, as well as introduce broader thematic discussions relating to the study of migration in Europe.

Many authors differ regarding the scale at which they observe migration trends. This can range from broad, East-West patterns (Fassmann & Münz 1994) to studying specific communities in rural Italy and the effect of returning migrants on the local society (King, Strachan, & Mortimer 1985). While there are advantages to each scale, for the purposes of this thesis I focus mainly on migration trends at the nation-state level. Some argue the nation-state is losing relevance, particularly citing the rise of regionalism in Europe and the emergence of supranational identities. I argue that in the context of the EU, nation-states are still the primary actors wielding influence – and it is in national elections that immigration has become such an important political issue. As such, observing migration trends at the level of the state allows a

focus on national programs, bureaucratic restrictions, and addresses each state's contingent relationship with the EU. At times I refer to the Balkans and Central and Eastern Europe in a regional sense, but the analysis takes place at the level of the nation-state.

During the 1990s and early 2000s, most migration research relating to the Balkans focused on refugees and internally displaced persons. The Yugoslav wars produced mass emigration from the peninsula and the gradual return of refugees was the focus of most literature on regional return migration. Since the area has stabilized and the return of refugees has waned, attention has turned to the question of economic migration. The 2010 IOM Report on migration patterns and propensity in the region succinctly explains this shift:

Given the importance of such challenges as combating irregular migration and managing the return of nationals, labor migration flows are currently not at the center of migration concerns in the region. However, domestic political and economic reforms, as well as the progress towards EU integration, are likely to result in greater political stabilization and economic growth in the countries under review. This may be expected to lead to increased flows of economic migrants both within and to the region, which in turn will surely place labor migration management issues higher on the agenda of migration priorities in the countries concerned. (IOM 2010)

With this in mind, a focus on labor migration and returnees in the region is not only justified, but necessary. Specifically citing “greater political stabilization and economic growth,” these two variables appear repeatedly when explaining return migration in Europe. Therefore my analysis will focus heavily on these two dimensions of development.

When discussing economic migration flows within Europe, “brain drain” is frequently a topic of concern. Brain drain first became problematized during the 1960s, when the mass and permanent emigration of highly skilled workers from post-war Europe to North America was recognized as detrimental for economic growth and development in the countries of origin. This

exodus of high-skilled individuals has certainly been the experience in Eastern Europe as well as in the Balkans. “Indeed, emigration may exacerbate structural weaknesses in national labor markets, as there are shortages of highly skilled specialists in a number of sectors” (Kahanec, Zaiceva & Zimmermann 2010). However, the “permanent” aspect of previous brain drain migration flows can be called into question. The emergence of temporary and circular migration within the EU has led scholars to recognize the potential benefits of transforming “brain drain” into “brain circulation” (Horvat 2004). While the initial impact of brain drain can still be challenging, the trend towards temporary and circular migratory patterns in Europe increases the probability for brain circulation to play a positive role in development.

The causes of brain drain, and of migration more generally, can be typified in terms of push and pull factors. “If we look at the push and pull factors of migration, it is clear that during the wars that ravaged the Western Balkans, the obvious reason for emigration was to flee from life-threatening conditions and ethnic cleansing. However, in peaceful times the main reason for emigration is poverty, in particular lack of or insufficiency of income” (IOM 2010). Other motives include derelict infrastructure, unreliable public services, and poor social conditions. Low GDP per capita and unemployment rate are also significant push factors (Kahanec, Zaiceva & Zimmermann 2010). Violations of academic freedoms constitute a push factor that may target highly skilled persons, as was the case in the Balkans (Horvat 2004) and more recently, in Hungary (Escritt 2012). This would be further compounded by a general lack of funding towards science and education sectors, which many countries simply cannot afford to support. Human rights violations—including infringement on freedom of speech and government corruption—also constitute a push factor. When the situation of bad governance and human rights violations improves, the consequences are felt and “almost immediately, return migration starts, regardless

of the fact that the economic situation in the home country may remain unchanged” (Horvat 2004). This again points to the importance of both improvement of governance and human rights, falling under the category of democratization, and economic opportunities, falling under the category of development. Both facets matter when discussing return migration motives within the EU.

For the purposes of this thesis, democratization is considered the consolidation of political freedoms, liberal democratic norms and values institutionally: essentially, the establishment of a reasonable liberal democracy. Development, on the other hand, is understood as infrastructural improvements and economic growth reflected through GDP and unemployment rates. The follow-up question becomes, what role does the EU play in facilitating democratization and development?

2. Democratization and Development in the Accession Process

To ensure acceding states do not compromise the political and economic integrity of the EU, numerous safeguards are in place to guarantee a certain degree of political and economic stability before a candidate acquires full membership. In this way, prospective EU membership acts as a catalyst for improvement in both democratic and economic dimensions throughout the accession process.

Democracy is a prerequisite for EU candidacy, and the EU was previously lauded for solidifying fledgling democracies in post-communist Central and Eastern Europe through their conditionality. Political conditionality has been a critical part of the EU’s ability to disperse democratic norms (Schimmelfennig 2008; Haughton 2007) and its membership and policy conditionality is a powerful democracy promotion tool that is one of the best researched to date

(Grimm & Mathis 2015). It can exert influence both with passive and active leverage; passive in the attractive economic incentives that the EU offers, and active in the concrete Copenhagen criteria that establish democracy, rule of law, protection of minorities, and a functioning market economy as requirements for membership (Vachudova 2005). Candidate countries must adopt the *acquis communautaire*, the body of EU legislation, in its entirety to gain full membership in the Union. While there is a period of “negotiations,” there is very little negotiating that occurs as part of accession; candidate countries are more or less required to meet the list of criteria or are denied entry (Haughton 2007). In this sense, the EU wields a large amount of influence¹ during the decision stage. This can be largely contingent on the receptiveness of the candidate country however. These requirements for democracy must fall on “domestic fertile ground” (Schimmelfennig 2008), with more difficulties being had in states like Romania, Bulgaria, and Slovakia, where illiberal ruling elites were unwilling to comply with EU standards (Vachudova 2005). Therefore the EU can utilize active leverage through political conditionality and assist democratization, but only insofar as the candidate is willing to accept the terms.

The impact of the EU on democratic institution-building can be seen clearly in the case of the Czech Republic, whose new institutions after reaching candidate status included “a government Council for Integration, a subordinate working committee of the Council and 22 separate working groups with responsibility for specific policy areas” (Haughton 2007). Overall, the EU enlargement process has a “democratizing effect” (Vachudova 2005) that can be seen in the policy and institutional changes that governments implement in order to secure the benefits of EU membership.

¹ Haughton (2007) points out that, in contrast to this, the CEE countries actually wielded significant influence not over criteria for accession, but over the enlargement agenda as a whole. While the EU sought to placate CEE through Association (Europe) Agreements, CEE states demanded an avenue for full membership and therefore wielded a transformative power over the EC/EU.

Once a country becomes a member state, the ability of the EU to intervene and protect liberal democratic norms is significantly weaker. Less than a decade ago, democratic backsliding was nearly unthinkable for at least some scholars: “Indeed, one of the real ‘dividends’ of the accession process lies in the fact that EU membership makes democratization and marketization in Central and Eastern Europe practically irreversible” (Haughton 2007). Yet democratic backsliding in Hungary and more recently, Poland, proves that EU political conditionality was effective at consolidating democracy during the accession process. The EU has few tools, however, for preventing the erosion of liberal democracy in its existing member states. Despite these cases of backsliding, during the accession process the EU criteria exert conditionality that strengthens democracy and assists prospective members with institutionalizing liberal democratic norms. When countries achieve a higher quality of democracy and a more efficient public administration, this makes returning home more attractive for at least some citizens who had previously moved abroad to live and work.

Regarding development, the EU utilizes various funds to support economic growth in candidate countries. One of the first instruments to channel EU funding to pre-accession states was the Poland and Hungary: Assistance for Restructuring their Economies (PHARE) program. The program grew from its start in 1989 to assist most of Central and Eastern Europe, as well as the Western Balkans well into the twenty-first century. Originally, PHARE was intended to assist candidate countries with financing of projects aimed at economic restructuring, but a secondary goal was to provide humanitarian assistance. Later on, PHARE was amended to support development in the agricultural industry and to assist administrations and institutions in adopting the *acquis communautaire* (Grimm & Mathis 2015). Meanwhile, the EU created bilateral Association (or “Europe”) Agreements with potential candidate countries and continues this

practice today. These agreements aim to foster economic growth through tariff-free access to EU markets and cooperation in sectors such as energy, infrastructure, and information technology. The Western Balkans experienced similar structured funding for economic growth through the Stabilization and Association Pacts (SAP), while the European Neighborhood Policy (ENP) creates association agreements with North Africa, the Middle East, and Central Asia.

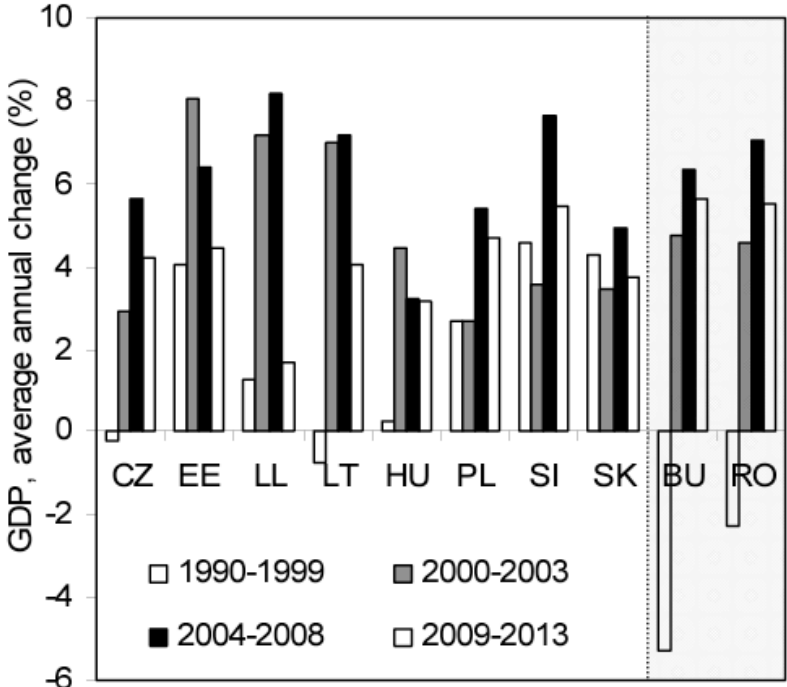
Since 2007, the primary financial support mechanism to EU candidate countries has been the Instrument for Pre-Accession (IPA) funds, which consolidated previous funding programs to support reform in pre-accession states. The IPA funds are split into five components: transition assistance and institution building (IPA I), cross-border cooperation (IPA II), regional development (IPA III), human resources development (IPA IV), and rural development (IPA V). Serbia, Montenegro, Albania, and Macedonia qualify for all five categories of funding, while potential candidates Bosnia-Herzegovina and Kosovo are only eligible for the first two. Croatia benefitted from the IPA instrument from 2007 to 2014, and “the realized flow of funds from the EU to Croatia—which excludes national co-financing—grew close to 0.8 percent of GDP per year by 2013” (World Bank 2014). This translates to €93.5 million in funding allocated to Croatia in 2013. While the effectiveness of these funds in promoting economic development and institution-building relies largely on how the funds are delegated and absorbed in the receiving country, the IPA funding mechanism seeks to prepare countries for accession and further reform.

Upon accession, member states become eligible for new forms of funding, namely structural and cohesion funds. EU Structural and Investment (ESI) Funds have three main objectives: promotion of structural development, economic and social assistance, and assistance to modernize education, training, and employment. These structural funds are eligible only to regions whose GDP per capita is below 75 percent of the EU average. Cohesion funds were

introduced as part of the Europe 2020 agenda and assist trans-European transport networks and environmental projects. These funds are available to member states whose gross national income is lower than 90 percent of the EU average. In the case of Croatia, the EU has pledged €12.5 billion in funding over the course of 2014 to 2020, with €2.6 billion allocated to the Cohesion Fund and €4.3 billion for regional development (World Bank 2014).

With so many financial support mechanisms in place, it is no wonder that many reports and studies highlight the economic growth experienced by countries that joined the EU in 2004 and 2007. “Ten years after the 2004 enlargement the evidence suggests that, as a whole, OMS and NMS have strengthened their economies due to enlargement” (Vachudova 2014). Gradual integration of markets, which began with free trade agreements in the 1990s, set the groundwork for NMS to experience rapid economic growth after accession. The share of NMS exports in EU

Figure 1: GDP growth in NMS before and after accession



Source: Cihák and Fonteyne (2009). Authors’ calculations based on the IMF’s World Economic Outlook (2008-2013 are estimates)

imports grew by 2.5 times between 1993 and 2008, and had already doubled by enlargement in 2004. “Tighter integration with advanced economies has allowed emerging European countries, including the NMS, to grow considerably faster than economies in other regions with similar income levels, allowing them to display real convergence” (Cihák & Fonteyne 2009). For reference, Figure 1 shows the GDP growth in NMS from the 1990s through 2013.

The share of NMS in the world economy has increased consistently from 1.5 percent in the early 1990s to 2.1 percent in 2008, and despite the financial crisis, this share is projected to remain stable (Cihák & Fonteyne 2009). The enlargement process is shown to increase competitiveness overall and have positive effects on EU exports (Baas & Brücker 2011). Economic integration with the EU and accession therefore entails a close integration into a dynamic market that, while exposing domestic markets to more global risk, still undoubtedly provides opportunities for rapid growth in NMS while also contributing to growth in OMS.

In sum, the EU enlargement agenda involves significant hurdles that help consolidate liberal democratic norms while providing structural and development funds to ensure economic stability and growth. While the effectiveness of political conditionality sharply drops after membership is granted, it can still significantly exercise leverage in the Western Balkans as well as other potential candidate countries in the future. Some democratic and liberal economic developments must be attributed to broader geopolitical pressures however, particularly the fact that the adoption of Western values was a security measure against Soviet intervention in Central and Eastern Europe (Haughton 2007). There was already a magnetism drawing CEE countries to adopt these norms after the fall of communism, whether the EU had been in existence or not. “Where the EU’s requirements were clear and directly linked to a reward, the EU made a difference...but often the requirements were embodied in vague or unsettled sections of the

acquis, where only limited changes occurred” (Haughton 2007). Broadly speaking, the accession process seeks to consolidate democratization efforts and strengthen economic development, but the nuances of each individual case can cause setbacks. In relation to accession, the following section addresses migration patterns and their changes in relation to the 2004/2007 enlargements.

3. Labor Mobility in the 2004/2007 Enlargements

With an understanding of the mechanisms in the EU’s pre-accession process that help motivate governments to carry out political and economic reforms, I now turn to labor mobility and the experience of return migration in recent EU enlargements. Trends of return migration after EU accession demonstrate the linkage between the two and how this trend may unfold in future enlargements. The significance of the 2004 enlargement in shaping labor mobility within the EU cannot be understated. While the accession of eight CEE countries (EU8)² along with Cyprus and Malta was seen as a victory for liberal democracy in the region, the wealth disparities that existed between East and West brought other concerns to the fore. “[T]he large population size of the acceding block and substantial income differentials between the old and the new EU members generated fears of a huge influx of Central and Eastern European migrants who would settle permanently in the old EU15 countries, leading to benefits shopping and negative impacts on the receiving countries’ labor markets” (Zaiceva & Zimmermann 2012). The number of nationals from EU8 countries living in EU15 countries increased from 900,000 in 2004 to 2.4 million by 2010 (Baas & Brücker 2011). While this indicates substantial emigration from East to West, this migration pattern was in some ways exaggerated: emigrants from the EU8 and the EU2 (Bulgaria and Romania) only added 1% to the total population of the EU15, the old member states (Zaiceva & Zimmermann 2012).

² EU8 is comprised of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.

Still, the influx of EU8 migrants was substantial enough that new restrictive mechanisms were put in place for the 2007 enlargement. These new transitory arrangements allowed EU member states to bar entry to labor migrants from EU2 countries (Romania and Bulgaria) if it was seen as potentially problematic for the domestic labor market. Unlike similar restrictions put in place in the 1980s on Spain, Greece, and Portugal, this time, member states were allowed to choose on an individual basis whether to introduce restrictive measures on labor migrants from new member states (Kahanec, Zaiceva & Zimmerman 2010). The maximum restrictive period could last seven years, the so-called “2+3+2” formula: “For the first two years following accession, access to the labor markets of the incumbent member states depends on their national laws and policies. National measures may be extended for a further period of three years and could continue for a further two years, but only if there are serious disruptions in the respective receiving labor market” (Kahanec, Zaiceva and Zimmerman 2010).

When the EU8 acceded, only Ireland, the UK, and Sweden opened their labor markets immediately with no transitory measures. Immigration from the new member states to these countries, particularly the UK and Ireland, grew tremendously despite the other member states gradually lifting their restrictive measures. From 2004 to 2008, 900,000 Worker Registration Scheme (WRS) approvals were issued to EU8 and EU2 nationals in the UK, two-thirds of which were for Polish nationals, followed by Slovakia (10%) and Lithuania (9%) (Blanchflower & Lawton 2010). Table 1 shows the increase in nationals from the EU8 living in the EU15 over the span of 2000-2010. Ireland saw a rapid increase in EU10 nationals from approximately 10,000 residents in 2002 to 120,000 by 2006 (Barrett 2010). In reaction to this, when the 2007 enlargement occurred the UK and Ireland imposed transitory restrictions on EU2 migrants.

However, ten member states,³ most of them new since 2004, immediately opened their borders to EU2 migrants. Spain, Greece, Portugal, and Hungary comprised the second round of states ending transitory restrictions on Romanian and Bulgarian migrants in 2009 (Kahanec, Zaiceva & Zimmermann 2010). Most other member states gradually eased restrictions and simplified procedures in some sectors, but remained relatively closed. These transitory arrangements created a “migration diversion” towards the Mediterranean (Kahanec, Zaiceva & Zimmermann 2010) which is why migration from Poland to the UK typified the 2004 enlargement, while Romanian and Bulgarian migration to Spain and Italy is associated with the 2007 enlargement (Martin & Radu 2012). Other factors, such as cultural and linguistic

Table 1: Nationals from the EU8 in the EU15, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
AT	52,786	54,947	57,301	59,622	67,675	75,143	80,706	86,911	94,084	98,317	103,755
BE	9,667	12,102	14,106	16,151	19,524	25,638	32,199	42,918	40,400	40,200	52,900
DK	8,763	9,470	9,664	9,963	10,762	12,770	16,203	21,807	30,033	33,179	36,590
FIN	12,804	13,860	14,712	15,825	16,459	18,266	20,801	23,957	27,464	30,877	35,068
FRA	40,852	48,480	48,984	34,451	48,584	36,783	50,418	43,227	41,573	48,145	64,800
DE	434,593	453,100	466,382	480,690	438,828	481,672	525,078	554,372	567,466	576,432	612,310
GRE	13,832	13,042	14,887	16,413	15,194	19,513	18,357	20,257	35,100	31,100	24,300
IRL	1,182	4,775	15,036	27,229	42,988	93,243	135,800	194,400	215,700	191,800	184,100
ITA	40,433	40,108	41,431	55,593	67,755	79,819	94,215	117,042	128,813	137,306	132,200
LX	1,063	1,100	1,136	1,518	2,164	3,252	3,940	4,561	5,362	6,232	6,666
NL	10,063	11,152	12,147	13,048	17,814	23,155	28,344	36,317	48,131	58,201	65,276
PT	437	492	587	662	842	1,061	1,373	2,477	2,502	2,843	2,800
ESP	16,396	23,672	34,076	42,672	55,735	70,576	103,190	126,971	137,068	139,558	141,465
SWE	23,884	22,868	21,376	21,147	23,257	26,877	33,757	42,312	50,575	57,669	62,440
UK	59,153	67,174	71,035	100,958	161,693	290,730	488,895	656,594	747,100	752,100	864,600
EU-15	725,908	776,341	822,860	895,942	989,274	1,258,498	1,633,277	1,974,123	2,171,371	2,203,958	2,389,271

Notes: Labour Force Survey Data for France, UK and Ireland. Belgium and Luxembourg: national population statistics extrapolated with Labour Force Survey data. All other countries: national population statistics.-- In some countries the 2010 figures are based on extrapolations from previous years.

Source: Baas and Brücker (2011). Authors' calculations based on the Eurostat Labour Force Survey, British Labour Force Survey and the national population statistics from Austria, Belgium, Denmark, Finland, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden.

³ The ten countries were the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Poland, Slovenia, Slovakia, Finland and Sweden (Kahanec, Zaiceva & Zimmermann 2010).

similarities, migrant networks, and economic opportunities also played a role in shaping the patterns of migration after the 2004/2007 enlargements.

3.1 Return Migration in the EU8 and EU2

Return migration has begun to play a role slowly but surely in CEE countries. One of the most famous examples of out-migration, Polish emigration to the UK, has now slowed and signs of return migration have begun to emerge. The difficulty in acquiring cross-national data and measuring returnees generally presents problems, but in the study by Kaczmarczyk, Mioduszevska & Żylicz (2010) Polish Labor Force Survey (LFS) data indicated “a significant increase in the scale of mobility in the post-2004 period. However, it also suggests that since early 2008 the number of Poles staying abroad has been decreasing. This is one of the very first signs showing an expected process of return migration.” Blanchflower and Shadforth (2009) argue that Polish immigrants should be labeled “temporary workers” or “commuters” in the UK based on the circular pattern of return that has emerged. This is further supported by the fact that when surveyed, most Central and Eastern European workers report that they intend to stay only for a short period of time (Blanchflower & Shadforth 2009). This is consistent with the line of reasoning that EU labor migrants often work abroad to accomplish benchmarked earnings goals (IOM 2010).

As seen on the following page in Table 2, Martin and Radu (2012) estimate from 2006-2008 the percentage of returnees in CEE countries ranged between 2.6 percent in Hungary to 9.1 percent in Estonia. Approximately 50 percent of the returnees surveyed had returned from three host countries: the UK (18 percent), Germany (16 percent), and Italy (12 percent). Before 2004, most CEE return migrants were returning from Germany, but after 2004, the UK became the

main host country of returnees (Martin & Radu 2012). The general pattern of return mimics the emigration flows themselves, so Romania sees a much higher proportion of return from Italy (more than 40 percent) and Spain (25 percent) whereas Poland sees most returns coming from the UK (26 percent) and Germany (23 percent) (Martin & Radu 2012).

Table 2: *The rate of return migration in the active population (aged 24-65) in NMS 2006-2008*

	Percentage of returnees overall	Percentage of returnees among men	Percentage of returnees among women
Bulgaria	6.20	7.10	5.33
Czech Republic	6.48	7.57	5.55
Estonia	9.10	12.50	6.77
Hungary	2.61	4.19	1.38
Latvia	7.43	11.41	4.82
Poland	7.97	11.79	4.30
Romania	7.65	11.09	4.51
Slovakia	6.80	10.19	3.17
Slovenia	4.30	6.10	3.50

Source: Martin and Radu (2012)

Note: Returnees were identified as those persons born in the country that had spent at least six months working abroad over the past 10 years and had subsequently returned.

The Romanian migrant population in Spain, one of the fastest growing migrant groups in Europe, presents a particularly illustrative example of efforts to induce higher return migration rates. In early 2008, the Romanian economy was performing exceedingly well: the GDP grew eight percent and the unemployment rate was 3.5 percent, “the equivalent of full employment” (Martinez 2011). Numerous sectors had resorted to using immigrant labor to offset the shortage of workers domestically. As a result, Romania attempted to encourage its labor force abroad, particularly in Spain, to return home. Bilateral cooperative agreements between Romania, Spain, and Italy were signed in the spring of 2008 to encourage Romanians to return. However, the

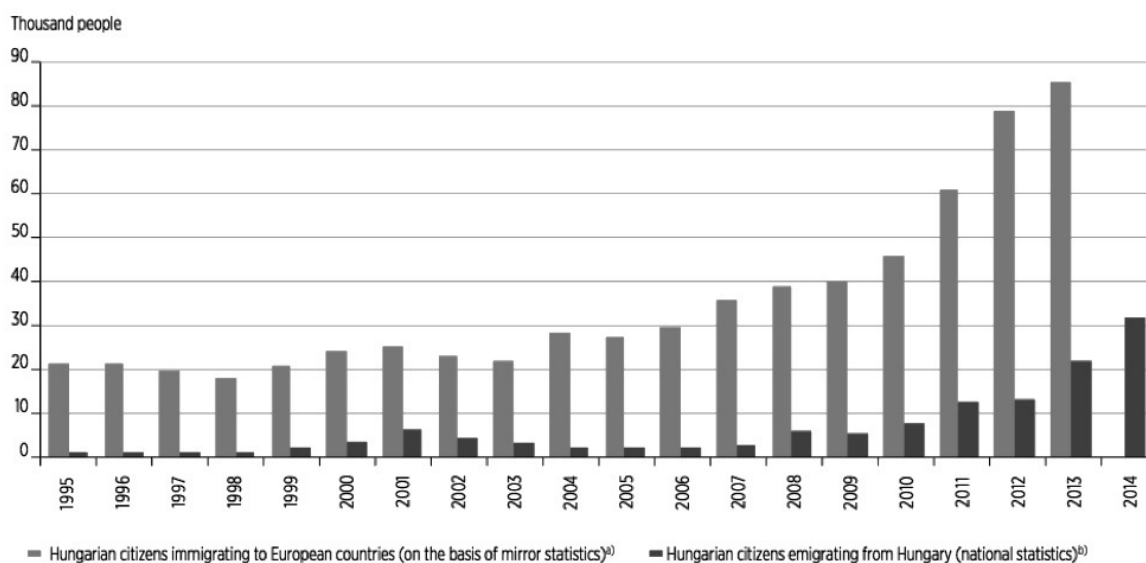
effectiveness of these efforts was minimal and difficult to measure (Martinez 2011; Martin & Radu 2012). “Expectations about opportunities on the labor markets in home countries are stronger predictors of return than financial incentives or governmental programs to attract migrants back home” (Martin & Radu 2012). Once the financial crisis hit Europe later in the year, both Spain and Romania suffered an economic downturn and high unemployment. Despite the economic situation providing few opportunities for Romanians in Spain, noticeable return migration flows from Spain to Romania did not occur.

This was part of a broader trend: Many expected the economic crisis to cause migrants from CEE countries to return home, but this did not take place. As Kahanec, Zaiceva & Zimmermann (2010) argue; “Unlike in normal business cycles, the current downturn is not asymmetric across economies but occurs parallel. This implies that migrants face a deepening of the crisis in both the host and home countries suggesting that it is less reasonable to return home. Even more, the relative situation in the old EU15 countries may still be better than the one in the new EU members.” In their study of return migration in Eastern Europe, Martin & Radu (2012) argue that the magnitude of return flows “appear to be correlated more with socio-economic and political developments in the countries of origin [rather] than with economic fluctuations in the receiving countries.” While motives to go abroad may initially be economic in nature, the choice to return depends on both political and economic dimensions. Development in political and economic spheres is therefore key in understanding return migration decision-making for labor migrants from new member states.

Additionally, a decline in economic and democratic empowerment can also be associated with an increase in emigration. Hungary, one of the early success stories of democratization in the 1990s, is currently backsliding into an illiberal democracy. Unlike most NMS from the 2004

enlargement it did not experience a significant increase in emigration after accession, but since 2007, emigration has increased. While Hungary experienced return migration during the 1990s after the regime change and in the early 2000s, this trend has declined in recent years (Gödri 2015). Statistics from Germany and Austria, traditional destination countries for Hungarian labor migrants, show that there has been an increase in Hungarians returning (or moving elsewhere) since 2004. However, the rate of return has declined in recent years, while emigration from Hungary has increased (see Figure 2) (Gödri 2015). The worsening economic situation in combination with significant democratic backsliding seems to have motivated young, educated Hungarians to seek opportunities abroad. This highlights the link between economic performance, democratic institutions, and the propensity for return migration, as well as the likelihood of a country experiencing higher rates of emigration in Europe.

Figure 2: *Emigration from Hungary and immigration of Hungarian citizens to other European countries, 1995-2013(2014)*



Source: Gödri (2015); author's calculations based on Eurostat data and national statistics.

Still, the benefits of returning can be substantial. Return migrants and their households benefit from temporary migration with most studies finding a significant income premium for work experience abroad. A large representative survey in Romania from 2007 estimated an average 7 percent income premium from work experience abroad (Martin & Radu 2012). “Unlike other mass migrations from earlier periods, recent migration from CEE is characterized by short-term moves and migrants are therefore young at the time of their return” (Martin & Radu 2012). The circular patterns of return migration that have emerged throughout Central and Eastern Europe as a result of EU enlargement represent a modern trend in labor mobility that, when utilized to its full capacity, has the ability to aid development in both sending and receiving countries. To successfully capitalize on this trend, domestic migration policy plays a relatively minor role, which is explored more closely in the following sections. It seems this pattern of return can be partially attributed to both political and economic growth in the countries of origin, as well as the right to free movement, which strengthens the potential for return migration.

4. Future Enlargements: Migration Potential in the Balkans

The purpose of this section is to explore the potential for return labor migration in the wake of EU accession negotiations in the Western Balkans. With previous East-West migration patterns in mind, the future of the enlargement agenda in the Balkans and the regional migration potential comes to the fore. Croatia acceded in 2014 and the rest of the states are either negotiating their status as candidate countries or are considered potential candidate countries. While EU President Jean-Claude Juncker stated in 2014 that there would be no new member states acceding in the next five years,⁴ integrating the Balkans is an important agenda item for

⁴ Poznatov, M. (2014, September 16). Serbia grudgingly accepts Juncker's enlargement pause. *EurActiv.com*.

the EU in the medium-term. It must juggle the complex task of, on the one hand, fostering the cohesion of newly established nation-states, while on the other, introducing supranational norms and legislation. The main challenges to overcome in this process include reforming the public administration, establishing the rule of law, and fighting corruption. In some countries, namely Macedonia and Bosnia-Herzegovina, the main challenge is still establishing a liberal democracy.

Meanwhile, migration has played a significant role in the region for decades. The Balkans has a history of exporting labor to Europe, and Yugoslavia was a particularly unique case during the period of the Cold War. Whereas most countries on the Soviet side of the Iron Curtain were forced to cut all migratory ties to the West, Yugoslavia successfully negotiated conditions that meant emigration to Western Europe could continue (Münz & Fassmann 1994; Kupiszewski & Kicinger 2010). “Since the late 1960s, Yugoslavia was the only communist country whose citizens had the right to emigrate” (Münz & Fassmann 1994). About 500,000 workers from Yugoslavia were recruited by the Federal Republic of Germany and Austria during that time, but the economic turbulence of the 1970s and 1980s caused return migration and this number dropped significantly (Münz & Fassmann 1994).

The dissolution of Yugoslavia and subsequent wars in the 1990s caused an exodus from the Balkans to Western Europe. By 1995, an estimated 300-350,000 Croats had fled to Serbia or Bosnia, and 2.6 million Bosnians were displaced with around half (1.2 million) finding refuge abroad. “In Kosovo, 350,000 people fled their homes as IDPs or refugees in 1998, and in 1999 some 450,000 ethnic Albanians fled to Albania, 250,000 to Macedonia and 70,000 to Montenegro” (Baldwin-Edwards 2005). It was the largest wave of migration in Europe since 1945-46. The Yugoslav wars challenged Europe to face the reality that, despite the collapse of communist regimes, the continent was not guaranteed peace or stability.

In 1999, the Helsinki summit affirmed that incorporating southeastern Europe was an agenda item for the EU. As Triantaphyllou (2001) argues, “the European Union introduced the Stability Pact (thus stressing the regional approach) and the Stabilization and Association Process (with its emphasis on conditionality), launched accession negotiations with Romania and Bulgaria and accepted Turkey as a candidate for membership. Whether intentional or not, the significance of the decisions taken by the EU at Helsinki in December 1999 is that South-Eastern Europe’s role has become more important for the EU.” In 2003, the Thessaloniki summit further formalized this agenda by setting accession dates for Romania and Bulgaria, as well as confirming the EU accession prospects for states in the Western Balkans.

While it is tempting to generalize the peninsula in this broader context, there exists substantial variation among Balkan states today. The EU has provided considerable financial and technical support to South-Eastern Europe to overcome the violent dissolution of Yugoslavia and create a stable and peaceful neighborhood. “However, despite this, the recipient countries in the Western Balkans still differ substantially in levels of development and democratization, as well as in their progress in the EU association and approximation process” (Grimm & Mathis 2015). Current population estimates and migration trends vary as well. According to the IOM (2007) report, of the 3.2 million people in Albania, approximately 1.1 million are currently living abroad. In Serbia, the total number of emigrants is estimated to be 2.53 million of the total population of 7.38 million. The continual flow of labor from the region does substantiate concerns about emigration from the region, but in comparison to the EU’s total population, these numbers are small.

For return migration to emerge as a trend in the Balkan labor markets two conditions must be present and stable: liberal democracy and economic growth. First, let us examine

democratization efforts in the region as well as the role of the EU in fostering these efforts. According to Haughton (2007), the EU wields the most power when it is deciding whether or not to open accession negotiations with potential candidate countries. The EU has utilized its active leverage, for example, by demanding cooperation with the International War Crimes Tribunal, setting a precedent with the case of Croatia in 2005, and other Balkan states have followed suit. However, the ability of the EU to utilize the same political conditionality that succeeded in Central and Eastern Europe is questionable in the Balkans, partially due to the strength of national identity still present in the region (Freyburg & Richter 2010). Grimm and Mathis (2015) explore democratization in the Balkans through democracy assistance, defined as “the amount and patterns of EU financial flows to the Western Balkans targeted at developing democratic institutions and empowering pro-democratic actors.” Although the EU is interested in promoting democracy in the Balkans, its financial expenditures on democracy promotion rank third on the list of spending, behind socioeconomic development and humanitarian assistance.

Economic development has however stumbled, particularly as a result of the financial crisis in 2008. Due to the substantial links between Balkan and EU markets, the region suffered consequences of the global economic downturn despite not being members of the Union. In the broader picture though, integration in the EU market is still to the benefit of the Balkans. As was the case in the 2004/2007 enlargements, the economic benefits of accession are reflected in GDP growth and furthered through transfers from the EU budget. For example, since 2001 Croatia has been allotted €1.13 billion in EU pre-accession funds, including the Community Assistance for Reconstruction, Development, and Stabilization (CARDS) program from which it received €76 million through 2004 (World Bank 2014). It also received €836 million under the Instrument for Pre-Accession (IPA) within the period of 2007-2013. Funding alone is not proof of economic

development, but when intelligently invested in the domestic economy it can yield high returns and result in growth.

One point that highlights growth in Croatia is its recent ability to attract migrants from neighboring countries, namely Serbia. While post-World War II emigration from Serbia was primarily directed towards Western Europe and specifically Germany, Croatia has begun issuing a substantial number of work permits to Serbians in recent years. “[O]ver 8,000 work permits were issued by the Croatian authorities to Serbian citizens in 2008, together with 2,500 extensions” (Kuszewski 2010). This is a testament to the growing appeal of Croatia as a destination for labor migrants and signals economic growth and more opportunities in the region.

While full EU membership is at least a few years away for most Western Balkan states, the experience of CEE countries, as well as Croatia, can act as a guidepost when managing the pressures of accession both politically and economically. Growth and consolidation can be expected on both fronts, and migration plays a crucial role in the equation, allowing excess labor to move to Europe. The following section discusses the importance of an effective migration policy scheme to facilitate circular and return migration in the Balkans as the EU accession process plods onward.

5. Effective Migration Policy and Sustainable Return Challenges

The purpose of this section is to review effective strategies for managing return migration in the case of the 2004/2007 NMS, and to make policy recommendations for Balkan governments seeking to bring migrants home. As previously mentioned, return migration is not new to the Balkans. Temporary labor migration has been a feature of the economies in the region for decades with remittances making up a significant portion of most Balkan GDPs (IOM 2010).

While the economic and democratic norms stabilize, return migration is expected to accelerate.

Martin Baldwin-Edwards (2005) succinctly explains the situation and the challenge of incorporating return migrants into Balkan economies:

Although there clearly has been an exodus of skilled personnel, mass emigration from the Balkans has represented all sectors of society and arguably over-represented the lower skilled. The primary issue is not how to deal with past emigration, but how to encourage and fully incorporate possible returning migrants into modern economies. There is, so far, little evidence that focused strategies are being developed to address this issue; furthermore, the EU has provided no guidance or incentives for better labor market and migration management. (Baldwin-Edwards 2005)

Return migrants offer a real opportunity for Balkan states, and migration policy may influence their propensity to return. “[M]igration policies are extremely important, and the less restrictive they are the more likely migrants are to engage in return and circular migration” (Zaiceva & Zimmermann 2012). Therefore, as candidates accede to the EU and have the right to relatively free movement within the European economic space, the potential for return patterns to emerge over time increases. Additionally, as Martin & Radu (2012) suggest, migration creates incentives for human capital investments, and the income premiums for work experience abroad also create incentives to return. These two mechanisms can “more than offset the negative effects of a ‘brain drain’” (Martin & Radu 2012). Finally, contrary to popular belief, when migrants do return from work abroad they are more likely to return to their region of origin rather than to other, economically and more dynamic regions (Martin & Radu 2012). This means that circular and return migration with the EU can benefit regional development both in rural and urban contexts, a particularly significant incentive for countries in the Balkans with large rural areas in need of modernization.

Policies targeted at incentivizing specifically return migration, however, are usually

ineffective. As Martin and Radu (2012) argue, “the policy options for the countries of origin are...limited, since return decisions appear to be influenced mainly by factors that go beyond migration policies.” Examples of programs in destination countries include the assisted voluntary return program instituted by Spain in 2008, which offered unemployed immigrants the opportunity to receive 40 percent of their accumulated unemployment benefits upon leaving Spain and the remaining 60 percent within a month of their return home (Arango 2013). In April 2008, Romania began actively campaigning in Spanish cities to encourage Romanians to return. However, Spanish government records indicate that only 363 Romanians took advantage of Spain’s voluntary return program from 2003-2009, 60 in 2008 and 48 in 2009 (Martinez 2011). The financial crisis compromised both Romanian and Spanish economies, but it seems that Romanians were overwhelmingly inclined to stay abroad despite the pro-return migration policies attempted by Romania in that time.

While incentivizing return migration may not be feasible for Balkan governments through policy, it is still necessary to oversee return migration as it unfolds. The danger of brain waste, which occurs when returning migrants with higher skill sets are unable to utilize these skills in their country of origin, looms large. In the case of the 2004/2007 enlargements, Zaiceva & Zimmermann (2012) point out that most returnees to CEE countries are middle-aged (under 45), single, male, and employed in low-skilled jobs abroad, including those with higher education, which suggests that overqualified individuals prefer to come back. With qualified individuals returning, the domestic economy must be capable of employing these persons at their skill level, otherwise risking brain waste. It is therefore all the more important to develop not just higher economic productivity overall, but high-skill and academic sectors able to utilize returning migrants to their full potential. Returning migrants also require social capital to

succeed at home, where certain stigmas may exist between returnees and the general public. The KNOMAD roundtable in 2015 on integration of return migrants in Croatia and Kosovo discussed social tensions and stigmas between the two groups. Diversity education can be an important step in facilitating understanding between returning migrants and their home societies. Setting up welcome and introduction programs can also help returnees begin capitalizing on their skillset by assisting with licenses and documents as well as job searches (KNOMAD 2015). This requires coordination between national and local bureaus to ensure returnees have a positive integration experience with their home economies.

As I have shown above, return and circular migration has already been seen in the wake of the 2004/2007 enlargements and the potential benefits of capitalizing on this process are significant. Therefore it is crucial for the Balkans, as they work towards EU membership, to ensure an effective migration policy mechanism is in place to foster brain gain, avoid brain waste, and transform brain drain into brain circulation.

6. Conclusion

In this thesis I have argued that the democratization and development fostered by the EU's pre-accession process, both through political conditionality and various funding mechanisms for development, create hospitable conditions for return and circular migration in Europe. This trend has been seen in both the 2004/2007 enlargements, as temporary labor migration becomes the norm for many young people in Central and Eastern Europe. The EU enlargement agenda has, for the time being, been put on hold. Recent crises faced by Europe, both financial and humanitarian, have challenged the notion that EU membership is an ideal to strive for. However, the economic and political benefits of enlargement, particularly for the

Western Balkans, are still significant. As these states work towards qualifying for EU membership, similar return migration patterns can be expected to emerge as a result of the stabilization and growth that accompanies the EU accession process. Capitalizing on this return migration is essential to secure growth in globally competitive sectors and create a symbiotic relationship wherein both new and old member states benefit from the highly mobile labor force that is developing in Europe today.

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