Migration Policies and Polish Labor Responses – A Tale of Two Countries

Bozena Leven
The College of New Jersey and SGH
Economics Department
Ewing NJ 08807 USA
(609) 771 3140 or bleven@tcnj.edu

Michal Szwabe
Warsaw School of Economics (SGH)
Institute of International Economics
Ul. Madalińskiego 6/8
02-513 Warszawa
+48 22 564 93 61 or michal.szwabe@sgh.waw.pl
Abstract

This study finds that recent declines in Polish migration to the US and UK are both attributable to entry barriers, but for starkly different reasons. High entry barriers for Poles in the US (relative to the EU), have discouraged migration. By contrast, a lack of entry barriers in the U.K. allowed Poles to react to an economic downturn in that labor market. These very different reasons for lower migration broadly support the theory that lower migration barriers result in less permanent migration, which lowers financial and social costs for the host country during periods of economic downturns.

Key words:
Polish migration
Permanent vs. temporary migration
Introduction

This study describes recent changes in Polish emigration to the US and UK, comparing the characteristics of these two migrant groups and the forces influencing migration to those countries. Among our findings is that the pursuit of economic opportunity by Polish migrants to the UK and US has led to a decline in Polish migration rates to both countries. The composition and likely explanation of that decline, by country, is, however starkly different.

In terms of composition, fewer Poles were migrating to the US before the recession of 2008 and that decline continued steadily through 2013. By contrast, Polish migration to the UK increased rapidly before the 2008 recession, and then declined in response to that recession.

In terms of causation, the rapid response to the recession of Polish migrants in the UK, which had instituted an “open door” policy in 2004, as compared to the limited response of Poles migrating to the US, provides additional support for the theory that removing immigration barriers leads to a higher flexibility of foreign workers. More generally, this research also supports the notion that migration policies facilitate temporary migration and controls permanent migration, thereby decreasing the strain of permanent migrants on the domestic resources of the host country and helping to maintain economic equilibrium in labor markets.

I. Polish immigration to the US

According to the 2009 American Community Survey there are almost 10 million Polish Americans in the US, constituting over 3 percent of the entire population and the 5 largest in the country after Germans, Irish, English and Italians. Of those, about 1 million are first generation emigrants from Poland.

This study focuses on recent Polish emigrants, analyzing the characteristics of this population, as well as pulls and push forces, to explain migration patterns. Finding accurate emigration data is often challenging. To overcome that challenge, we employ several data sources and cross reference their reliability. Key sources include US State Department information on various types of visas granted to Poles, reports on migration by the Central
Statistical Office of Poland (GUS), and data from the 2009 American Community Survey and
the US Census.

General Characteristics of Recent Polish Immigrants in America

A. Naturalization

While it is impossible to generalize about a “typical” Polish immigrant to the US, various
characteristics are shared by a large number of Poles living in the US, including their legal status,
gender, education, and average income. According to the 2000 US census data, recent Polish
migrants are less likely to be naturalized than those coming to the US earlier. Among Poles who
arrived in the US during the 1981-90 period, 56 percent acquired US citizenship by the year
2000. This percentage was only 17 percent for those Polish immigrants who arrived after 1990
(Census2000). Dramatic changes in Poland’s political and economic system and consequent
changes in the ability to travel more widely must have played a significant role in those
decisions. Prior to the early 1990s Poles could not freely travel, leaving those in with a stark
choice – either remain in the US indefinitely or return to Poland and (quite possibly) never travel
again. The lifting of domestic restrictions on travel abroad, coupled with the EU’s gradual
elimination of visa restrictions, also eliminated this choice.

Unsurprising, the purpose of some visitors coming from Poland has changed as well. Prior to the 1990s, Poles arriving into the US on tourist visa most often sought employment and
over time turned into permanent immigrants. Starting in the mid-1990s several new categories of
temporary visitors appeared among Poles coming to America: an increasing number of students,
short-term scholars and legal summer workers (relying on “work and study program”) as well as
au pairs came to the US (Iglicka2009).

The overall numbers of Poles coming to the US for both temporary and permanent stay
has, however, declined significantly in the last decade, from its peak level of 108 thousand in
2000 to 68 thousand in 2011 (US State Department 2012). This is consistent with the literature
findings that restrictive migration policies lead to a more permanent migration (as opposed to
temporary), as migrants, who face risks and costs related to leaving the country opt for permanent stay (Beath 2009).

B. Education

Along with changing migration opportunities, the characteristics of Polish migrants to the US have also changed. In 1980, over 40 percent of Polish migrants had no high school education; by 1990 that percentage had declined to 26 percent, and in 2000 it was only 17 percent. For both males and females, Polish educational attainments vary negatively with age. The most striking characteristic is that among the youngest cohort (e.g., children of Polish immigrants aged 15-24) over 95 percent are in the process of continuing their higher education in the US. The educational level of Polish born Americans is lower than that of the entire US society. Relative, to other ethnic groups, however, Poles are better educated (on average) than emigrants’ from Mexico, Vietnam of Italy but not as well educated as the average emigrant from China, India Great Britain or Russia.

C. Economic Mobility

Increased educational attainment has led to a selective upward mobility, but mostly for Polish females (Radzilowski 2010). During the 1980-2000 period, the professional status of males hardly changed, with 55 percent of males clustering in blue collar jobs in 1980 as compared to 56.2 percent in 2000, and the share of male Polish born professionals remaining stable at around 23 percent. By contrast, 14 percent of Polish born female migrants occupied professional positions in 1980, as compared to 19 percent in 1990, and 29 percent in 2000. At the same time, the share of female Polish born blue collar workers declined from 35 percent in 1980 to 18 percent in 2000 (American Community Survey, 2010).

The relative stability (and lack of upward mobility) exhibited by Polish born males may be explained, at least in part, by the types of jobs that male immigrants who may initially lack strong language skills often occupy; that is, construction (where Poles constitute over 10 percent of all workers) and auto mechanics (where their respective share is 6 percent). The relationship between job type and limited upward mobility is further suggested by their income data, as construction or auto mechanics jobs tend to be relatively well paid despite relatively low
educational requirements. This interpretation is also consistent with the gender income gap among Polish migrants: despite their higher educational attainments, Polish born females reported an average annual income of $39,000, as opposed to Polish born males, for whom this number was $51,200 in 2010 (American Community Survey, 2010).

D. Geographic Changes

There have also been some changes in terms of the geographic locations where Polish immigrants cluster in the US. Historically, Polish immigrants have lived in large, ethnically distinct communities that relied on a flow of new immigrants from the diasporas to maintain their distinct character (Jelavic 2010). The recent generation of migrants to the US, being better educated (with all that suggests regarding English language and other skills) has much greater geographic mobility and only rarely remain in traditional Polish communities. Moreover, many of those who already live in established communities are moving to other areas, and thus blending with the US society, which is characteristic of many second generation migrants (Briggs 1993). Historical centers of Polish migration, such as the suburbs of Chicago and New York, are therefore losing their importance as long-term destinations, and are instead increasingly treated as a temporary, first stop in the journey to the new land. The ability to leave predominantly Polish communities, combined with the lack of new migrants moving into those communities, has led to a slow decline of distinctly Polish neighborhoods in the US.

**Forces driving declining migration**

When measuring the role of different forces shaping the decline of migrants from Poland we rely on statistical data describing population movements, which can be problematic, particularly when some percentage of migrants lacks legal status. Further problems arise when the statistical analysis of migration is combined with macroeconomic data, such as average incomes, prices etc., which are the types of data required for a regression analysis that attempts to better reveal these forces. Our analysis of migration forces is rooted in the literature describing *push and pull* forces that drive migrants (Lee 1966, Cohen 1996). That basic distinction can, however, be somewhat arbitrary as it is often difficult to discern and measure individually the
strength of a pull or push force. For example, when there are considerable wage differences between two countries it is hard to separate the impact of relatively low wage in Poland (push force) from the higher wage in the US (pull force).

In our model we attempt to better understand the relative importance of several economic factors in a decision to leave Poland for the US. The regression analysis uses historical data on visitors into the US on B1-2 visas as a proxy for migration, which is the exogenous variable. The underlying assumption is that until very recently, most Poles visiting the US for more just a short stay typically engaged in employment and therefore constituted a group considered as 'illegal temporary migrants’. Our other endogenous variables include the standards of living between Poland and the US as measured by differences in: GDP/capita; the two countries’ unemployment rates; average wages; total GDP growth rates; the exchange rate of Polish currency against the US dollar. The key sources of data on various types of visas include the US State Department, reports on migration by the Central Statistical Office of Poland (GUS), the 2009 American Community Survey, and US Census data. The period examined is 1991-2011.

Regression results:
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\text{Immigration(US)} = 6.45831 \times \text{ExchRateUSDPLN} + 0.00387 \times \text{diffUSPolGDPcapPPPUS} - 2.05688 \times \text{PGDPgrowth} + 0.765688 \times \text{USGDPgrowth} + 0.36297 \times \text{uneplPOL} - 6.93359 \times \text{unemplUS} - 0.00552 \times \text{averagediffUSPolwage} + 22.07660
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Of the variables examined, only one - the exchange rate of the Polish currency (zlotys) against the dollar - does not appear to play a significant role in the decision to migrate to the US. The two significant factors (p<.05) affecting Polish migration are the differences in the US/Poland GDP per capita in PPP, and US/Poland unemployment rates. The difference in growth rates is also significant and as expected is inversely related to the emigration.

More unexpected is that the average difference between the US/Poland wages which, since 2005, has accelerated, is the least significant migration factor with a p-value of .8597. Indeed, it appears that as the average difference between US and Polish wages increased (which should increase migration), Polish immigration to the US decreased, whereas when differences in
GDP per capita in PPP of the two countries increased, Polish migration increased. This finding strongly implies that additional factors play a role in declining Polish migration to the US.

The most important factor is almost certainly Poland’s accession to the EU in 2004, and consequent opening of alternative labor markets to Polish migrants. Newly opened labor markets in Great Britain, Ireland and Sweden provided Poles with legal job opportunities at substantially lower transportation and visa related costs, and the subsequent opening of other EU labor markets can only have enhanced these options, further diverting potential Polish workers from the US, which continues to require costly and time consuming visas that limit workers’ ability to travel back and forth, making migration to the US less attractive. The declining numbers of Polish migrants to the US in times of rising income gaps weakness the role of US pull forces as an explanation for Polish migration.

II. Polish immigration to the UK

Following Poland’s accession to the EU, three member states, United Kingdom, Ireland and Sweden, decided against transitional periods to protect their labor market from immigrants from the new member states. This decision permitted immediate migration in 2005, and the propensity of the Polish workforce to migrate to the British Isles was much higher than expected. In 2002, there were 24 thousand Polish migrants in the UK and 2 thousand in the Republic of Ireland, respectively. By the end of 2004, those figures had risen over six times in Ireland and over five times in the UK, as compared to 2002. At its peak in 2007, almost 700,000 Polish migrants were in the UK, and some 200 thousand in Ireland.

These statistics indicate the importance of the intervening obstacles (Lee 1966), such as migration laws, as the inhibitors of migration; the elimination of these barriers in just two EU countries caused an outward migration from Poland of almost 900 thousand people, with the vast majority of them leaving Poland for the United Kingdom. And, as demonstrated below, that migration also proved beneficial for the UK labor market, as it made attracted migrants to the UK when the British economy was expanding and needed cheap labor, and encouraged Poles to return to Poland when the UK’s economy declined.
Polish immigrants in the UK – data sources

There are several British data sources reporting the number of Poles in the UK. The most significant include the National Insurance Numbers (NINo), the International Passenger Survey (IPS), the Labor Force Survey (LFS), the Annual Population Survey (APS), the Worker Registration Scheme (WRS) and the Census data for both the UK and Poland. There is also a Polish source published by the Central Statistical Office of Poland (GUS). Each of these sources has numerous limitations (see eg., Fihel and Piętka 2007, Trevena 2009). The most important and reliable data sources concerning Polish migration to the UK are WRS, LFS and the Census – and, of these, the Census is believed to be the most accurate. These three sources must be used in tandem regarding migration trends, because the UK Census is conducted only once every 10 years. The APS and LFS, which are carried out by the British Office for National Statistics, draw exclusively from British households using a sample size that is too small to provide an independent basis to estimate the immigrant population. By contrast, the WRS was an obligatory registration form for citizens of the A8 countries who were employed for more than 30 consecutive days with a single employer, between May 2004 and April 2011. It did not, therefore, capture the self-employed or unemployed or provide information about returning migrants and, in addition, imposed a registration fee requirement that may cause some emigrants to opt out of the process.

According to a survey carried out by the Institute for Public Policy Research, only 42 percent of Poles working in the UK between 2004 and 2008 were registered in the WRS (Pollard et al. 2008). Although some researchers and some media claim the number of Polish migrants in the UK is higher than the official statistics (Kłos 2006), the actual data on the Polish migration to the UK does not support that supposition. In fact, because one purpose of the scheme is monitor the impact of employees from the A8 countries on the British labor market, Polish immigrants in the UK benefit significantly from registering in the WRS as it allows them to legalize their employment status at a reasonable cost. It therefore follows that most Poles are registered in the

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1 APS sample is 0.6 percent of the overall households number
2 A8 countries are countries which joined the EU in 2004, except for Cyprus and Malta, i.e. the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
WRS, particularly if we assume that most of these migrants went to the UK to find employment.

Given the above-described data limitations, we rely on the WRS data, supplemented by GUS and Census data, to provide the most accurate picture of Polish recent migration to the UK.

**Polish population in the UK**

Changes in migration law and methods of registering migrants after May 2004 make it difficult to compare pre- and post-2004 growth in Polish migration to the UK. There are no reliable data sources concerning the number of Polish migrants in the UK prior to 2004. Viewed statistically as a relatively small group, Polish migrants were clustered with other Eastern Europeans for data gathering purpose. By contrast, for the period 2004 – 2010 statistical data originate from GUS. There are also some discrepancies among the different data sources covering the relevant period: for example for 2011 the number of Polish migrants to the UK according to GUS is 625,000, as compared to 601,000 based on the Polish Census data, 686,540 according to the British APS, and 546,174\(^3\) according to the British Census of 2011. These differences may reflect differences in methodologies as well as the high degree of Polish migrant mobility; according to the Home Office, 55 percent of the Polish migrants who registered with the WRS intended to stay in the UK not longer than three months (which is the minimum stay for GUS to consider a person as migrant). Taking into account differences in these estimates, we employ the GUS data set for our analysis, below.

**Forces driving immigration**

As previously noted, the inflow of Polish migrants to the UK was triggered by the decision to open the British labor market to the A8 citizens. This decision removed one of the most important obstacles to migration (Lee 1966).

It has been claimed that the resulting increase (from 24,000 to almost 700,000) in Polish citizens residing in the UK between 2002 and 2009 reflect a one-time capture of Poles living and working in the UK before 2004 who took the opportunity and legalize their stay (Portes, French

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\(^3\) This number refers to number of people who indicated Polish as their mother tongue
2005). In the authors’ view, however, this claim does not adequately describe the fact that while the 700,000 figure may well include some number of pre-2004 Poles, that phenomenon is not likely to have extended beyond 2004, whereas the number of Polish immigrants continued to rise sharply until 2008 when the UK was hit by the recession (see Chart 1). This dynamic is more consistent with the creation of migrant network (Boyd 1989, Ros et. al. 2007) that gradually grew in size throughout the migration process (Sumption 2009), rather than a legalization process by a migrant population already then living in the UK. The migrant network provided potential migrants with information on living conditions and employment opportunities in the UK, spurring further migration (Granovetter 1974, Bayer et. al. 2008), all of which significantly reduced migration costs.

Figure 1 Polish immigrants in the UK in 2002 – 2011 in thousand.

As in the case of the US, we assume that Polish citizens migrated to the UK primarily for economic opportunities. In 2003 (the pre-accession year) the unemployment rate in Poland exceeded that of the UK by more than 15 percentage points and the UK minimum wage was almost four times higher. British per capita GDP (PPP) was also three times higher than that of Poland. These macroeconomic differences made the British labor market attractive to Polish workers. Based on a recent survey (Szwabe 2013), nearly 70 percent of Poles came to the UK to
find a job, and only 10.1 percent migrated to the UK to reunite with family. Moreover, 87.5 percent of respondents admitted they were employed in the UK, which is in line with the survey carried out by the IPPR in 2008, where the corresponding value was 84 percent (Pollard et al. 2008). It is worth noting that according to the Polish Ministry of Labor and Social Policy (MLSP) the vast majority of the migrants (82 percent) were relatively young, ages 18 – 34, with a median age of 26. These results confirm the assumption that economics was the main reason for migrating from Poland to the UK.

While data on the characteristics of Polish migrants in the UK are limited, both the MLSP and WRS data identify over 41 percent of Polish migrants as working in the administration, business, and management sectors. This figure can, however, over-represent the role of these three sectors because the underlying data includes workers employed by recruitment and temporary staffing agencies (Trevena 2009). According to the MLSP data the next most popular sector for the Polish immigrants was HORECA (the hospitality sector, which includes hotels and restaurants), employing some 18 percent of Polish migrants, where migrants found jobs without having to pay agencies.

Notably, the IPPR report establishes no significant correlation exists between earnings and the education level of immigrants. In fact, Polish immigrants in the UK were relatively well-educated, with 33 percent completing tertiary education, another 47.6 percent completing secondary education, 13.9 completing vocational education, and only 5.2 percent admitting to have completed only a primary, or no, education level (Szwabe 2013). Although the majority of immigrants worked in blue collar jobs (Pollard et al 2009), their median income was 5 times higher than their prior income in Poland (Szwabe 2013).

To better understand which specific economic factors most affected the decision to migrate, macroeconomic data time series were analyzed. Among the independent variables were differences between Polish and British: total GDP growth rates⁴; standards of living (as measured by the GDP/capita⁵); unemployment rates⁶; and wages⁷, as well exchange rate changes

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⁴World Bank data on GDP growth Y/Y (%) in 2000 const. USD
⁵World Bank data, PPP, USD
⁶EUROSTAT and GUS data
of Polish currency against the Pound Sterling. Given the above-mentioned changes in data collection methodologies and data incompatibility for pre- and post-2004 periods, any analysis must be limited to EU accession period.

In this paper we attempted a time series analysis beginning in 2002, using Census and the LFS data to estimate the Y values for 2002 and 2003. This attempt, however, left the number of dependent variables too high in relation to the number of observations to permit the construction of a sufficiently reliable econometric model. Hence, to understand the effect of the above-mentioned factors on migration decisions, we rely on Pearson’s correlation, which assesses the interdependence of the individual macroeconomic indicators and the migration flows, basing on y/y dynamics rather than nominal values (full results in Appendix A). This analysis reveals the importance of the differences in GDP per capita growth and the migration flows between the UK and Poland at r= 0.72, which was the highest statistically significant dependence in our analysis. Remarkably, migrants’ reaction to economic slowdown in the UK was immediate (t=0), meaning return migration is observed immediately during the recession periods in the UK, as can be seen in the chart 2 for years 2007 – 2010 (Szwabe 2012).

Chart 2. Y/Y GDP growth in Poland and the UK versus migration flows in 2007 - 2010

![Chart](image)

Source: GUS and EUROSTAT database

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7 ONS and GUS data
8 National Bank of Poland data
This finding confirms the core hypothesis that migration flows between two countries are interdependent of their business cycles (Jerome 1926, OECD 2009, Koehler et. al. 2010, Mandelman and Zlate 2012), and also addresses a weaknesses of migrant networks theory, which is to neglect external factors in explaining migration flows (de Haas 2008). The migrant network theory claims that after reaching a certain threshold of migrants, the migration process becomes self-perpetuating and, to a large extent, independent of the factors that have originally caused it (Massey 1989, 1993). It seems that in the case of Polish migration to the UK, economic factors, which triggered the migration process continuously, influenced migration rates.

Our findings also suggest a high degree of flexibility among Polish migrants, particularly those employed in low paying jobs, which is often referred in the literature as the secondary labor market (Piore 1979). Many Polish migrants employed in the UK in this sector returned to Poland immediately following the British economic downturn. They were able to do so because the elimination of immigration barriers gave them the ability to return to the UK anytime, once the economy improved. Thus, removing immigration barriers resulted in greater flexibility for foreign workers, who in times of a weak economy are able to return to their home countries, thereby diminishing the pressures on the host country’s labor market. This rapid adjustment of labor supply to market demand helps restore economic equilibrium and –at the same time - ensures the sufficient labor supply during the prosperity.

Our analysis also supports the notion that lower migration barriers result in less permanent migration (Green & Winters, 2010). With high immigration barriers, illegal migrants fear that once they leave their host country they will be unable to return during the prosperity. The result was a higher financial and social costs for the host country during periods of crisis.
Conclusions

Beginning in the 1990s there have been significant changes in emigration trends from Poland. These changes are illustrated by the case of two countries, which have historically hosted significant Polish migrant populations. The typical Polish migrant to the US is less able to make it a permanent home though naturalization, they are better educated (particularly women) and are more likely to live outside historically ethnic Polish communities. At the same time, fewer Poles are coming to the US despite a rising income gap between the two countries. The steady decline in migration, despite wage and GDP gaps, indicates that additional factors must play a role.

One such key factor is the opening of the EU markets to Polish labor, which initially lead to a rapid increase in Polish migration to the UK and Ireland. In this study of labor flows between Poland and the UK, our statistical analysis reveals a high sensitivity of migrants to differences in economic growth between the UK and Poland. The predominant factor in this case is the dynamics of GDP growth in the UK, which can be considered as a pull factor in times of economic prosperity and a push factor in times of crisis. Unlike in the US, these forces, and a rapid adjustment in labor flows, are well-correlated to economic growth and downturns. The opening of the EU, and the UK in particular, combined with the elimination of migration barriers that allowed Polish labor to flexibly adjust to current economic conditions, has a natural tendency to facilitate a more efficient use of host country resources and help restore the economic equilibrium in the host country through labor mobility.


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