

New Freedom of Movement for Eastern Europe

As late as May 1st this year, Germany will finally open its labor market to workers from Eastern European countries that have joined the European Union back in 2004. After this much too long transition phase, full freedom of movement has reached Germany at last.

With their reluctance for fear of overburdening the labor market, Germany's policymakers have done the country no favor. High-skilled workers, which are urgently needed in many sectors, have instead moved to countries such as the UK, Ireland or Sweden, which opened up their labor markets much earlier for skilled labor from Poland, the Baltic States, the Czech Republic and Hungary.

Meanwhile, older and low-skilled workers from Eastern Europe have still continued to migrate to Germany through other channels. The closed-door policy pursued since 2004 has therefore produced a double negative effect.

This unfortunate situation is now misused as an argument to put the desperately needed reform of the German immigration law on hold once again until the effects of the May 1st liberalization can be evaluated. This further delay would be a waste of time because no major effects can be expected from the late opening of the gates.

Fears of Eastern European workers flooding the labor markets of Germany and other Western neighbors are completely unsubstantiated. The high potentials from Eastern Europe have long moved to other attractive regions of the world. There is no longer a sizeable demand even for seasonal jobs, although this market has been liberalized earlier this year.

Given the growing shortage of skilled labor in many industries, it is paramount that German policymakers and business leaders develop a joint strategy to put the new freedom to good use. The opening of the labor market can have a positive long-term impact on Germany if it leads to productivity gains that will increase income and wealth. The economic effects will be larger the more actively we try to attract high-skilled immigrants.

German firms are therefore well advised to set up information and service centers in cooperation with local partners in Eastern Europe to provide advice to prospective migrants who may become future employees.

Private business should lead the way in learning from the mistakes of past migration and integration policies. We need to establish a culture of welcome and openness to convince interested people from Eastern Europe of the advantages of working and living in Germany. This is not just about Germany's own economic strength – it is also about living up to the common market ideal. The success of the European project ultimately depends on a dynamic exchange of labor, which requires that people can migrate freely between EU member states in response to the needs of national and regional economies.



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