Migrant well-being after leaving transition economies

EVIDENCE IS MIXED ON WHETHER QUALITY OF LIFE IMPROVES FOR MIGRANTS FROM POST-SOCIALIST ECONOMIES

KEY FINDINGS

**Pros**

- Post-socialist immigrants who are happy and productive abroad positively contribute to their home and destination countries.
- Temporary migrants from “Eastern Partnership” countries investing in their skills before moving can increase their earnings upon return and constitute a “brain gain” for the sending countries.
- One study shows a positive causal effect of migration on the well-being of those who leave transition economies to work and live in the West.

**Cons**

- Few studies credibly assess the well-being consequences of leaving transition economies, and the evidence focuses mainly on experiences in the West.
- Post-socialist immigrants earn less than natives in Europe, though the earnings gap could decrease over time.
- Post-socialist immigrants often experience occupational downgrading or “skill waste” in the destination countries.
- Migrant happiness in the destination countries may decline over time due to rising aspirations or adaptation, or if migrants compare themselves to high-earning natives.

**AUTHOR’S MAIN MESSAGE**

Post-socialist migrants can contribute positively to social outcomes at home and abroad. Recent research finds that leaving transition economies leads to improvements in income, life satisfaction, and freedom perceptions. However, the comparative evidence is mixed and suggests that immigrants from transition economies have worse labor market outcomes than natives and certain immigrant groups. Policymakers need to consider the material and emotional well-being of immigrants from transition economies and reduce the barriers to labor market integration, as there can be potential “win-win” situations if migrants are happier and more productive abroad.
MOTIVATION

The fall of the Berlin Wall in 1989 marked the beginning of the transition process from planned to market economies in the former Soviet Union and Central and Eastern Europe. Following sharp declines, both life satisfaction and income rose in these countries in the mid-1990s, although the “happiness recovery” was less than that in GDP, leading to the conclusion that ordinary citizens “paid” for the transition with their happiness [1], [2]. The “unhappiness in transition” was due to the inapplicability of the education received under socialism, deteriorating public goods, declining social protection, income inequality, and stagnating labor market conditions [1], [2].

Given these unique experiences during the transition, post-socialist movers may be different from other migrants. Specifically, while scholars still debate whether economic growth increases a country’s subjective well-being (SWB) over time, transition economies are a special case: in these societies, economic growth predicts short- and long-term SWB fluctuations. While income gains may generally fail to translate into higher SWB for other groups of economic migrants, economic migration and the rise in material standards it brings should positively influence the perceived well-being of post-socialist movers.

Transition economies

Transition economies are the countries in Central and Eastern Europe and the former Soviet Union which experienced (or are currently experiencing) democratization and marketization reforms. They include: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, Latvia, Lithuania, Former Yugoslav Republic of Macedonia, Moldova, Mongolia, Montenegro, Poland, Romania, Russian Federation, Serbia, Slovak Republic, Slovenia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

The post-transition countries (i.e., the EU-11) are the countries which joined the EU, thus technically completing their transition processes. These countries include the EU-8 countries, which joined the EU in 2004: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia; and the EU-2 countries which joined in 2007: Bulgaria and Romania; and Croatia which joined the EU in 2013.

DISCUSSION OF PROS AND CONS

What is well-being and how is it measured?

Human well-being has both material and non-material aspects. Although important, objective measures such as income, consumption, or labor market outcomes tell an incomplete story about “quality of life.” SWB indicators, however, which are commonly measured using survey questions about negative and positive feelings, life satisfaction, and life purpose, provide useful information about people’s quality of life. Research has established that, while not perfect, these data are valid and reliable and are comparable across different countries and levels of development.

There can be large gaps between the objective and subjective metrics because frustration or dissatisfaction may accompany processes which improve a person’s material well-being. For example, while migration may increase one’s income, it may also be
associated with psychological distress due to separation from loved ones, or hardship due to discrimination, or lack of assimilation abroad.

Although migration from a poor to a rich country typically increases movers’ incomes, it can also lower happiness because of adaptation problems and rising aspirations. While migrants’ (absolute) incomes increase, so do their expectations about life as they compare themselves to high-earning natives in the host countries [3]. Moreover, migrants who enjoyed a certain status in their origin country may not have the same social position after moving, due to language barriers, discrimination, or because their skills and qualifications are not applicable abroad [4].

Why the well-being of post-socialist immigrants matters

Post-socialist immigrants comprised one-fifth of the global stock of migrants in 2010 and are the most significant migrant labor source for the European OECD countries [3], [5]. How these immigrants fare abroad matters for both sending and receiving societies. In the destination countries, immigrants with a high objective and perceived quality of life can be more productive and less dependent on health care and social assistance systems. Given the relatively well-educated populations and proximity to Europe, migration from transition countries can also potentially help with unsustainable fiscal deficits, aging populations, and skill shortages in Europe and beyond.

From the sending countries’ viewpoint, those living abroad can contribute to the homeland’s development through remittances, investments, the spread of ideas, and technology [6], [7].

Despite their importance for policy and social outcomes in both origin and receiving countries, few studies credibly evaluate the well-being consequences of leaving post-socialist countries. A lack of data tracing the experiences of migrants across international borders, along with methodological problems, make it difficult to study this topic. Comparing the well-being outcomes of post-socialist immigrants with those of other groups—such as natives, other immigrants, or stayers—only provides a descriptive assessment, but does not reveal whether any differences in outcomes are due to leaving or to other factors. Identifying the causal impact of leaving transition economies on the well-being of those who move requires a credible evaluation of what the well-being metrics would have been if these immigrants had never left.

Comparative evidence on migrant well-being in Western Europe

Labor market integration of immigrants from transition economies

Most of the comparative research on the labor market performance of immigrants from transition economies tends to focus on Eastern European migrants following the 2004 EU enlargement. These studies have mixed results depending on the time period studied, as the socio-demographic composition of immigrants has changed over time, both due to the economic crisis and EU enlargement. In Germany, for example, EU-8 migrants who arrived after 2008 were more educated than those arriving prior to 2004 [8].

However, several unifying findings emerge from this research. In most destination countries, despite high levels of education, Eastern European migrants earn less than
natives—although there is evidence pointing to assimilation over time [8], [9]. Studies further show that post-socialist immigrants experience occupational “downgrading,” i.e., they work in jobs that belong to lower occupational classes than the jobs they had at home [8], [10], [11].

In Germany, post-2004 EU-8 immigrants had more education than similar natives but earned between 7% and 10% less, with the native-immigrant earnings gap decreasing for more recent cohorts [8]. Post-2004 immigrants also earned more, on average, than pre-enlargement immigrants [8]. Similarly, in Sweden, in 2010, EU-10 migrants had lower wages than natives, despite being more educated, with the largest negative effects found for Bulgarian and Romanian men (earning 10.5% and 11.5% less than comparable natives, respectively) and Lithuanian women (earning 10.9% less) [12]. In Ireland, EU-10 immigrants were the lowest-earning group compared to both natives and other immigrants in both 2006 and 2009, although the native-immigrant gap declined for EU-2 migrants between 2006 and 2009 [9].

Studies also examine immigrants’ employment probabilities and the types of jobs they take abroad. In Spain, compared with natives, male immigrants from the 2004 and 2007 enlargements (mainly Poles, Romanians, and Bulgarians) were less likely to work upon arrival, while female immigrants were more likely to work upon arrival compared to natives [13]. Post-enlargement (2004 and 2007) EU immigrants were more likely to work upon arrival than other immigrant groups, with the employment situation improving with years spent in Spain. The economic crisis altered some patterns, with enlarged-EU men being the major losers [13].

Using data from the EU Labor Force Survey for 2004−2009, one study finds that compared with natives, EU-10 migrants (and those from Malta and Cyprus) have a lower employment probability in the Netherlands, Finland, and Germany, but a higher chance of being employed than UK natives [10]. Compared with EU-15 immigrants (the EU-15 being the EU member countries prior to the 2004 accession), EU-10 migrants (and Maltese and Cypriots) have higher employment probabilities than non-EU immigrants in Finland, Germany, the Netherlands, and the UK. In Finland, EU-10 immigrants (and those from Malta and Cyprus) have about equal employment prospects as EU-15 immigrants. The study also shows that Eastern European immigrants are also more likely to have low-skilled jobs compared with natives and that they tend to have temporary jobs, which are often of low quality. Finally, despite being relatively well-educated, both Central and Eastern European immigrants face difficulties in having their education and qualifications recognized abroad [10].

Foreign language skills and other training can improve the labor market performance of post-socialist immigrants abroad. For example, research on temporary “Eastern Partnership” (EaP) migrants—i.e., migrants from Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine—shows that about one-fifth of those leaving for the West (i.e., the EU and the US) try to improve their labor market chances abroad by taking language courses or obtaining qualifications that will be recognized in the destination country. Those who invest in skills before leaving are less likely to experience occupational downgrading [11]. Given that these are often temporary migrants, the experiences acquired abroad, as well as the investments in human capital and skills, may constitute a “brain gain” for the sending countries. Moreover, the additional skills can help these migrants earn higher incomes upon return.
Subjective well-being outcomes of immigrants from transition economies

The evidence comparing the life satisfaction outcomes of post-socialist immigrants with those of other groups (e.g., natives, other migrants, or stayers) predominantly focuses on Western Europe as a destination. Using data from the European Social Survey (ESS) for 2008 and 2010, one study finds that recent EU-11 migrants and those from Turkey and Ukraine are, on average, 0.25 points happier than stayers (as measured on a self-reported scale from 0 to 10, where 0 corresponds to “extremely unhappy” and 10 “extremely happy”). More established migrants, however (i.e. those who arrived six or more years ago), are 0.75 points happier than stayers [4]. These effects are economically small and disappear after taking into account that those who migrate may be happier than stayers to begin with. There is variation by origin country, moreover, with those who left Russia and Romania being happier than stayers, but those who left Poland being one point unhappier compared to stayers [4].

Using earlier ESS data, another paper finds that Eastern European immigrants are unhappier than natives and other immigrants in 13 Western European countries.

Similarly, earlier research finds that the average overall life satisfaction of Eastern European immigrants living in Western Europe is lower than that of natives and, in some cases, lower than that of other immigrant groups. These differentials could be due to the fact that some of the Eastern European migrants arrived from conflict regions and have not yet assimilated into the host societies. It appears, however, that Eastern European immigrants are nevertheless more satisfied than natives and other immigrants with social and institutional conditions in their host countries.

Well-being of migrants from post-socialist countries moving to other transition countries

While most of the studies focus on the well-being consequences of moving to the West, the majority of transition country migrants, and particularly those from the former Soviet Union, reside in other transition economies. Russia hosts almost a quarter (24%) of the nearly 45 million immigrants from post-socialist countries worldwide, followed by Ukraine (10%) and Kazakhstan (6%). In comparison, Germany hosts 11% and the US 5% [5].

Recent research finds that Russia is de facto an extended labor market for low-skilled and relatively poor temporary EaP migrants [11]. Despite the lower income gains from migration compared to the West, Russia is geographically closer and institutionally more similar to the sending countries, which probably reduces the psychological costs of emigration.

Moreover, temporary EaP migrants going to Russia enjoy a relatively high transferability of skills, given historical ties and Russian language fluency. Yet these migrants are less likely to improve their skills before leaving, thus reducing the brain gain opportunities for sending countries. Furthermore, well-educated temporary EaP migrants in Russia tend to experience severe occupational downgrading. In fact, the probability of keeping their occupational status is 11 percentage points higher in the West than it is in Russia. In contrast, low-educated, temporary EaP migrants fare better in Russia than in the West [11].
While no studies explicitly examine the SWB consequences of leaving one transition economy to live in another one, the illustration on p. 1 provides some descriptive evidence implying that immigrants from post-socialist countries living in other transition countries have lower life satisfaction than their counterparts living in the West and comparable life satisfaction levels with non-migrants. The difference in means between immigrants from transition economies living in other transition economies and non-immigrants is not statistically significant. All other differences in means are statistically significant at the 1% level. While future research will need to confirm this pattern, the evidence suggests that moving to other transition economies is not associated with improvements in life satisfaction.

Well-being of migrants after leaving transition economies

Obtaining a causal assessment of the well-being consequences of leaving post-socialist economies requires comparing the outcomes of the same migrants before and after the move with those of a group of similar stayers. The latter group is the “counterfactual” and shows what the well-being outcomes of migrants would have been if they had not migrated.

Some researchers compare the well-being of natives and migrants and conclude that migrants become unhappier or have worse labor market outcomes because of migration. Yet the simple comparison of outcomes between immigrants and natives, or among immigrant groups, cannot show the causal effects of migration on well-being. Rather, it shows the simple well-being differences across groups in the destination country. Similarly, comparing the well-being of migrants and stayers is misleading because gains or losses may reflect unobservable differences between the groups that the researcher cannot measure and take into account in the analysis. The main problem is that the decision to migrate is non-random and migrants differ from stayers along many unmeasurable traits—such as ability, risk tolerance, and motivation. Potential emigrants may also be happier or richer than the average person in the migrant-sending transition country. Comparing the well-being outcomes of migrants and other groups, such as stayers, other migrants, or natives, does not address the unobservable differences between the groups and the fact that migration is not random. Unfortunately, data on international migrants before and after migration are very scarce, thus limiting the scope for rigorous analysis.

One study uses data from the Gallup World Poll and statistical matching to create a data set with two time periods—i.e. before and after migration [3]. The data set has information on: immigrants from transition economies living in advanced economies; comparable migrants observed in the source countries prior to migration, created using statistical matching; and similar non-migrants observed in both time periods. The year of survey is taken into account in the analysis to ensure the temporal logic of the created groups.

The authors of the study find that for those moving to advanced economies, the real household earnings premium due to migration is about 21,000 international dollars (ID—a hypothetical unit of currency that has the same purchasing power parity as the US dollar at a given point in time) per year, or 10,500 ID per adult household member per year. This earnings premium takes into account differences in prices and cost of
living between different sending and destination countries. Importantly, the study also finds large and significant gains in life satisfaction and in perceptions of freedom (i.e. in terms of the freedom of choice in life). The SWB gain from leaving transition economies is between 1.0 and 1.2 on a scale from 0 to 10 (0=worst possible life respondents can imagine and 10=best possible life respondents can imagine) and is therefore quite substantial. In addition to boosting incomes and well-being perceptions, migration affects movers’ freedom satisfaction [3]. Those who leave transition economies are about 26−27% more satisfied with their freedom due to migration [3].

Movers from the EU-10 to the non-transition EU countries realize even larger life satisfaction gains of up to 1.4 points on a scale from 0 to 10, but slightly lower income gains of about 15,500 ID per household (about 9,000 ID per adult household member) [3]. This smaller earnings premium is unsurprising because the EU-10 migrants are leaving countries that are wealthier, on average, than the non-EU transition migrants. Those who leave the EU-10 to live in non-transition EU countries increase their satisfaction with freedom of choice by 35%.

While the income gains from leaving transition economies are straightforward, the study provides several explanations for the SWB improvements. First, the authors show that income is positively associated with immigrant life satisfaction. In addition, cultural similarities and shorter distances between the sending and destination countries might explain part of the positive life satisfaction effects for immigrants from post-socialist countries. While there are psychological consequences of leaving one’s home—such as nostalgia, culture shock, loss of cultural identity, changing reference norms, and rising expectations—the positive effects of emigration on life satisfaction and freedom perceptions seem to dominate, at least for those who move to the West [3]. The study concludes that migration has positive well-being effects, while also allowing movers to escape the opportunity constraints at home [3]. Whether the same patterns hold for temporary migrants or those moving to other transition economies remains an open question.

**LIMITATIONS AND GAPS**

Most current analyses lack a proper counterfactual showing what would have happened to the well-being of immigrants if they had not migrated. Due to a lack of data tracing migrants from transition and other countries before and after the move, most studies compare the well-being outcomes of migrants with those of natives, other immigrants in the destination country, or non-migrants in the home country. However, this approach is methodologically flawed and may provide biased results. Such comparisons may reflect only unmeasurable characteristics linked to both the emigration decision and well-being—such as ability, risk preferences, aspirations, and motivation. The direction of causality between well-being and migration is also unclear: while migration may influence well-being, those who leave might have higher incomes but lower life satisfaction before the move.

Currently, only one study has tried to establish the causal effects of leaving transition economies on both income and SWB [3]. However, this study uses a statistically constructed data set which is an imperfect substitute for a true panel. Further, the study does not distinguish between labor and non-labor migrants and only shows results for those emigrating to the West. The well-being effects are likely to differ with the duration...
of stay in the host country, which, due to data limitations, the study does not address. Whether the results hold for migrants from post-socialist countries moving to other transition countries remains an open question.

One shortcoming of existing studies, and comparative ones in particular, is the identification of the relevant reference group for well-being comparisons. Specifically, it is unclear with whom migrants are comparing themselves: family and friends left back home; other compatriots in the destination country; other migrant groups; or natives. It is also likely that reference groups change with time spent in the destination country. On arrival, migrants are likely to compare themselves with non-migrants at home, while later on they may compare themselves with others (immigrants and natives) in the destination country. Hence, as migrants spend more time in the destination, they may adapt to the more comfortable living standard abroad and raise their aspirations about income or well-being, which may decrease their happiness over time.

In addition, studies so far (except [3]) have focused on either the material or non-material benefits of migration. Yet human well-being is multidimensional, and the material and psychological well-being consequences of migration need to be examined side-by-side.

**SUMMARY AND POLICY ADVICE**

The well-being of post-socialist immigrants is important for both sending and receiving countries. For destination countries, and especially those in Europe, immigration from transition economies may be a partial solution to problems related to unsustainable fiscal deficits, population aging, and skill shortages. Sending countries might benefit from remittances and new insights brought by returnees; and immigrants may also gain from migration, both economically and with respect to their well-being.

Recent research that has attempted to examine causal effects finds that leaving transition economies to live in the West leads to improvements in income, life satisfaction, and freedom perceptions. This suggests that by “voting with their feet,” migrants from transition economies can improve their well-being.

Comparative research suggests, however, that immigrants from transition economies have worse labor market outcomes than natives and certain immigrant groups. There is also evidence of “downgrading,” whereby immigrants work in occupations that require fewer skills than they possess. Often, this is due to the fact that education and qualifications acquired in the home country are not recognized abroad. Several correlational analyses also find that immigrants from post-socialist countries are less happy compared with natives, stayers, and other migrant groups.

Policymakers in migrant-receiving countries need to pay more attention to both the material and emotional well-being of immigrants from transition economies and reduce the barriers to integration into local labor markets. Policies that indirectly enhance immigrant life satisfaction could play an additional role. Such policies, which already exist in some destination countries, can include integration and assimilation policies, such as language and cultural training, job search help, translation services, and others.

Policymakers should aim to design and implement policies based on research that explicitly addresses the causal effects of migration—either through tracking migrants
across international borders, or through providing credible estimates of what their well-being would have been in the absence of migration. In addition, while migration may improve material well-being, the move can also be accompanied by emotional problems related to being separated from family and friends, adaptation problems, and culture shock. Policymakers should therefore seek to base their decisions on research looking at both objective and perceived well-being metrics.

For migrant-sending countries, actively engaging diasporas (e.g. through the ministry of foreign affairs or diaspora offices in the home countries, diaspora clubs in the destination countries, embassies, or local non-governmental organizations) could be key for ensuring migrant well-being and maximizing the benefits for the home countries. Migrants not only send remittances, but also contribute to their homelands through investments and the spread of ideas and technology. Several post-socialist countries have devoted ministries or ministerial departments to diaspora affairs that focus on facilitating remittances, encouraging return migration, or stimulating cultural or language preservation [5]. Yet, a handful of transition countries have no offices for diaspora populations, and few countries explicitly link diaspora affairs with development policy [5]. One area of engagement could be related to reducing any potential or actual negative consequences of migration on the health and well-being of the family members left behind.

Migration does not solve the systemic problems in the countries that migrants leave, and it is unclear whether the results of the single study finding positive causal effects apply to migrants moving to other transition economies. Yet there could be potential “win-win” situations if migrants from transition economies are happier and more productive abroad.

Acknowledgments

The author thanks two anonymous referees and the IZA World of Labor editors for many helpful suggestions on earlier drafts. Previous work of the author contains a larger number of background references for the material presented here and has been used intensively in all major parts of this article [3]. The author is especially thankful to Carol Graham, who is an advisor to the Gallup World polls, for valuable comments, joint work on happiness and migration, and access to the Gallup World Poll data. In addition, the author has greatly benefited from thoughtful and thorough suggestions and edits from Jo Ritzen, Artjoms Ivlevs, Ben Elsner, Elena Nikolova, and Derek Stemple. The author is also very grateful to Margard Ody for her help with locating and procuring the research articles. All errors remain the author’s own.

Competing interests

The IZA World of Labor project is committed to the IZA Guiding Principles of Research Integrity. The author declares to have observed these principles.

© Milena Nikolova
REFERENCES

Further reading


Key references


Online extras

The full reference list for this article is available from:
http://wol.iza.org/articles/migrant-well-being-after-leaving-transition-economies

View the evidence map for this article:
http://wol.iza.org/articles/migrant-well-being-after-leaving-transition-economies/map