
Border and Labour Market

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1. Introduction

Uneven regional economic development is a well-known research topic in economic geography. Much attention is paid to (a) the explanation of differences in economic performance between regions and to (b) policies that could eliminate at least a part of the arrears of the economically weak regions. Many economically backward regions are peripheral regions as well. On the basis of the principle of cumulative causation Myrdal used the notion 'core-periphery' to illustrate the interrelatedness between rich (the core) and poor regions (the periphery) already in 1957. Many poor peripheral regions are located along a national border. These regions are handicapped in their development since national borders are supposed to act as a barrier for economic interaction. In geography handbooks we read that interaction between potential economic partners that are separated by a border is less intensive than between partners that are not separated by a border. Shops get no or less clients from the other side of the border. A port, Hamburg during the period of the Cold War being an example, can be cut off of its 'natural' hinterland. Of course, the intensity of cross-border interaction depends on many other factors too: the degree of openness of the border, the degree of cultural, ethnic and lin-

guistic differences on both sides of the border, and differences in prosperity.

Reasoning from a neo-classical point of view economic integration would especially be beneficial for border regions. The lifting of tariff and non-tariff barriers eases cross-border interaction, and might reduce transaction costs. Integration changes the peripheral location of many of the border regions too. Within the European Union many border regions nowadays even claim that their location within the EU has become quite central. However, against this background we must admit that in reality the economic situation of many of these 'old' peripheral regions within the EU did not change so much. Many are still relatively poor, asking still for additional support from their national governments as well as from 'Brussels'.

In this paper we deal with cross-border interaction, including the lack of such interaction, focussing on cross-border labour mobility. Stimulating mobility, for labour, capital and goods, has been one of the driving forces behind the European integration process from the beginning. Our starting point is that cross-border labour mobility depends on the character of the border involved. Referring to Oscar Martinez' attempt to categorise borderlands (1994) we distinguish four categories.

- The 'alienated border', that is a border that does not allow any cross-

border interaction. This situation exists when neighbouring countries have serious conflicts, the border between North and South Korea being an example.

- The 'coexistent border', that is a border where in a certain sense that are conflicts or different interests too, but they are less problematic, they are manageable. Such borders allow controlled cross-border interaction. An example is the border between Romania and Ukraine.

- The 'interdependent border', that is a border between neighbouring states that have stable relations. This border allows for a significant amount of exchange, although there is not yet a situation of free flow of goods and persons. The US-Mexican border and the outer border of the EU being examples.

- The 'integrated border', that border has in fact been eliminated, implying the free flow of goods and labour. The Dutch-German border is an example.

Figure 1 gives the outline of the paper, in which we mainly focus on 'in-

terdependent' and 'integrated borders'. Although we deal with cross-border labour interaction, our contribution is placed in the general EU framework of social cohesion. That framework implies battling (regional-)economic disparities by encouraging economic development in backward (border) countries or regions. Especially for economically backward border-regions the elimination of inner EU borders is considered to open new perspectives for cross-border interaction of all kinds (labour migration and commuting, trade, tourism, investments etc.), especially in those situations in which cross-border differences in production costs exists, or in the availability of specific products. When discussing this aspect of 'openness' we adopt two perspectives. The first is an 'institutional' one, stressing the formal, juridical functioning of national borders. The second one is a 'psychological/ mental' perspective, which aims more specifically at the perception of the border by individuals.

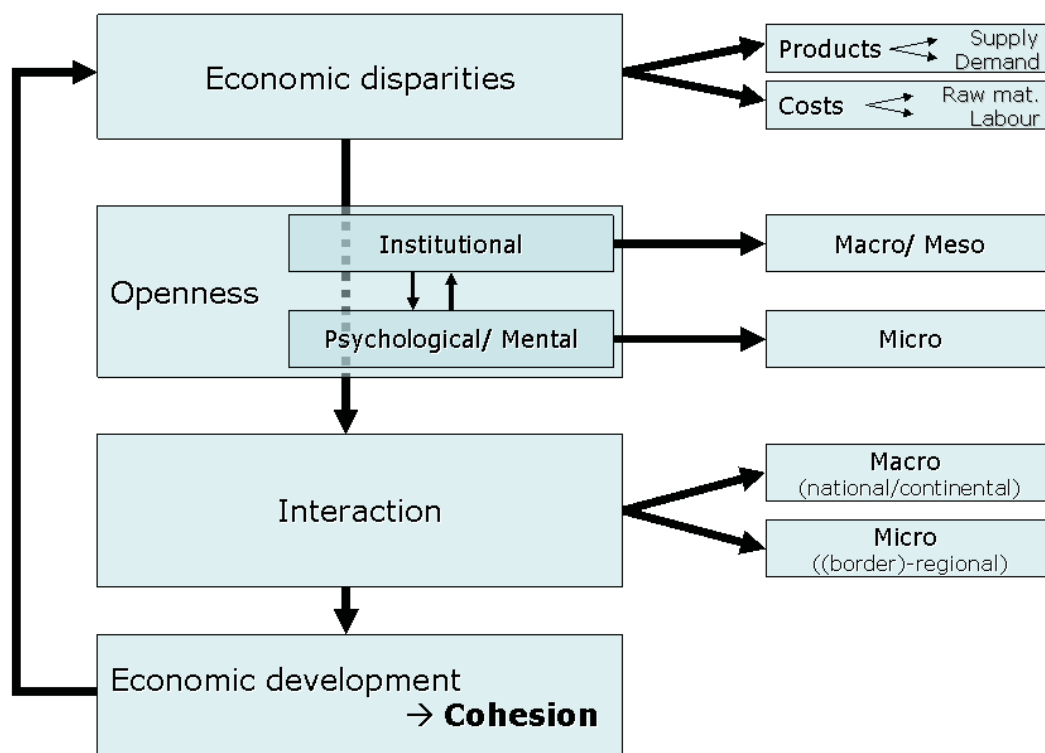


Figure 1: Cohesion through interaction

The paper is structured as follows. The first part discusses the issue of ‘institutional’ openness of the border for cross-border labour markets, that is to say the efforts that are put into (a) the ‘eradication’ of the inner EU-borders for the free flow of people (and of goods and money), as well as (b) establishing, what is called sometimes, the ‘Fortress Europe’, by reinforcing the outer EU-borders. The focus of this first part will be mainly a national (macro) one. After a short intermezzo, in which we change focus from the national to a regional (meso) level (i.e. the cross-border region), the second part deals with the issue of ‘personal or individual’ mobility or interaction. In this part the psychological or mental aspects and impacts of (national) borders are discussed.

2 Cross-border labour mobility and institutional openness of a border

The ‘interdependent border’

In this contribution we will deal with two ‘independent borders: the US-Mexico, and the outer EU border. Both can be linked to a process of territorial integration: NAFTA and EU. The US and Mexico belong, together with Canada, to the North America Free Trade Agreement (NAFTA). Compared to the EU, NAFTA has a very modest aim: free trade between the member states and a minimum of super-national structure. Free trade is stimulated by lifting export tariffs for many goods coming from member countries. However, there is no common outer tariff, like in the EU. Each country has the possibility to impose its own tariffs for non-member

states. Moreover, unlike the situation in the EU, there is only a more or less free flow of goods, but absolutely not a free flow of labour. In fact, labour mobility is restricted severely, especially between the US and Mexico. In order to protect the interests of the well-paid American workers only a restricted number of Mexican workers is officially allowed to enter the US. To keep all other Mexican

workers away, programs like 'Gatekeeper' (1994), 'Hold the Line' (1994) and 'Safeguard' (1999) have been put into operation. They changed the border in a highly militarized zone, with high steel walls and high-technology detection equipment that is much grimmer than its popular name 'Tortilla Curtain' suggests (figure 2).



Figure 2: The US-Mexico border in the San Diego-Tijuana area

This curtain, that became even grimmer after 9/11, separates regions that differ quite substantially in economic welfare. In July 2002 the average manufacturing wage on the Mexican side of the border was \$2.40 per hour, on the US side \$15.20. These low wages make the nearby Mexican border region an attractive low cost area for American firms. Especially after the signing of the NAFTA agreement many US firms decided to produce or outsource activities in the so-called maquiladores. In 1993, just before the signing, 1,475 maquiladores existed in the Mexican border regions with nearly 500.000 workers. In

2000 there were 2,759 maquiladores with almost one million workers. However, the rapid growth of the number of jobs in the maquiladores could not prevent that thousands of Mexican workers are still looking eagerly to the other side of the border, where wages are much higher than in Mexico. Many of them try to reach the US illegally, taking sometimes extremely high risks¹⁸.

¹⁸ The situation is different along the US-Canadian border. Because of the (a) much smaller differentials on both sides of that border (b) the relatively smaller number of workers living there and (c) the emotional nearness between Canadians and Americans that border is



Figure 3: The Spanish-Moroccan border at Ceuta

Within Europe we can distinguish four types of ‘interdependent borders’. Nearly a copy of the US-Mexican border is the Spanish-Moroccan border near the Spanish enclave Ceuta (figure 3). The

much more friendly and easier to cross for Canadian workers. But even here, the situation changed after 9/11. In January 2007 for instance Canadians require again a passport to enter the US.

second type we find in the Mediterranean, where the authorities in countries like Spain, Italy and Greece desperately try to prevent illegal immigration from especially North Africa. The third type is the new EU outer-border, where massive investments are implemented to help the new member states in reinforcing ‘Fortress Europe’. A fourth type that at least looks less grimmy and is supposed to be temporary, is the new inner-border, that came into existence with the entrance of the ten new member states May 2004.

Along all four types of ‘interdependent borders’ we see that just as in the US, the EU-member states fear that a big influx of workers will disturb their ‘home’ labour market, resulting in unemployment of their ‘own’ workers. Discussions around the recent EU expansion illustrate these fears¹⁹. Although the EU stands for free movement of goods, capital and labour the old EU members (EU-15) decided that individual countries could establish a transitional period of several years (Germany and Austria seven years) in which they could restrict the inflow of workers from new member states like Poland, Hungary and the Czech Republic. Such fears are even bigger for the inflow of African workers. But like the Mexicans many of these African workers as well risk their life by crossing the Mediterranean in small unsafe boats to reach the ‘right side’ of the border. For them too, the big difference in wages is the main motive to take this dangerous

¹⁹ At the end of the 90s 14,840 Dutch and 12,000 Austrian workers had a job in Germany. At that time Germany was more or less closed for Polish and Czech workers. Only 1,500 Polish and 6,000 Czech workers had a job in Germany. The fear was that many Polish workers would cross the border when Poland would join the EU (Janssen 2000).

and unsure step. And here too the EU countries regularly legalize African workers at least when they have found a job. Recently no less than 700.000 illegal migrants were legalised in Spain.

One could question if these fears are legitimate. This holds especially for Eastern European workers, for which life has clearly more perspective than for Mexican and African workers. Previous EU enlargements, especially the one of 1986, when Spain and Portugal entered, did not show such an influx of workers. Neither did the workers in former East-Germany migrate en masse to the richer parts of Germany when the Berlin Wall disappeared. Of course, one could argue that the situation with Spain and Portugal was less problematic, since the welfare and wages in these two countries were much higher than in the new member states in 2004. For example, GDP per capita in Spain and Portugal was already more than 60% of that of the old members. For Poland this is less than 50% (Molle 2005). So for Eastern European workers it was relatively more attractive to migrate to the EU. But we should realize that not only wages in the new member states are low, the same holds for living costs and that might restrict the incentives for Eastern European workers to leave their country. Moreover, the economies of most of the 'new' member states are performing relatively well and we know that faith in a prosperous future is a good argument to stay. The outcomes of an opinion poll among inhabitants of the new member states point in that direction too. In 1991 Eastern Europeans were not interested at all in migrating to an EU country: only 5% of all interviewed Polish, in Hungary and the Czech Republic even less. More people were interested to work temporarily

in a EU country, but even there it concerns no more than 13% of the Poles, 7% of the Hungarians and 4% of the Czechs (Bruinsma & Hakfoort 2005). In a recent report in a Dutch newspaper (NRC-Handelsblad 4 May 2005) it was even said that compared to the situation just before Poland entered the EU less Polish workers would be interested in leaving Poland. According to Papapanagos & Vickerman (2000) that is the normal situation for work migration in Europe.

Prognosis raise doubts about popular fears too. For Germany and Austria, the countries that will attract most Eastern European workers, this influx is not more than 1.7 and 3.1 percent of the total working population in these countries (Bruinsma & Hakfoort 2005) in the coming years. For Germany that is more or less the same as the influx of ethnic German workers after 1990, and these workers did not create any problem. The same situation exists in the Netherlands. In a recent report (Arbeidsmarktanalyse of the Council of Work and Income – CWI, 2005) it was said that 34.000 - 53.000 Polish are working in the Netherlands. But in the past already thousands of Poles were working, partly illegal, in agriculture (horticulture), the meat industry and the building sector, without creating any problem. In fact, many Dutch enterprises contracted Polish workers, not because they were cheap, but because of a lack of Dutch workers.

The 'integrated border'

The old inner EU borders, like the one between Germany and the Netherlands, are examples of 'integrated borders'. Along these borders labour mobility is not restricted at all. On the contrary, mobility of workers or students is stimu-

lated. But, unlike the situation along the US-Mexican border and Ceuta, workers along the German-Dutch border are hardly interested in jobs on the other side. Given their level of cross-border mobility EU-citizens in general, can not be considered really 'nomadic' (European Opinion Research Group 2001). One even could say that immobility is "a strong and persistent behavioural strategy for the large majority of the population" (Fischer et al. 2000, p.32). In fact, the 2001 Eurobarometer shows that no more than 1.7 percent of all respondents had moved to another country within the European Union in the past decade (European Opinion Research Group 2001). Of course there are differences, with the lowest figure in Ireland (less than half a percent) and the highest in the Scandinavian countries (Finland 3 percent, Denmark a little over 4 percent and Sweden 5 percent).

Given this low level of mobility in recent years, it is no surprise that all in all less than 2 percent of the total working population in all member states of the EU-15 comes from other EU-15 countries (Eurostat 2002). Although this share is growing (Kiehl & Werner 1999), it is still not very impressive (figure 4).

Figure 4 deals with migration, but when cross-border commuting is added, the picture does not really change. In border regions, defined as NUTS-3 regions (the smallest administrative region for which Eurostat provides statistical data), only 1.5 percent of all workers commutes across the border, in absolute figures 500,000 workers out of a total workforce of 34 million (MKW 2001). Although here too, considerable differences can be noticed, the overall picture again is one of low cross-border intensities.

Yet it is clear that the context along the inner EU-borders has changed substantially in the last 50 years. Within the Schengen-area, crossing a national border is hardly restricted anymore. What were the consequences of this change? An interesting case has been presented at a workshop organised for German and Dutch economic geographers in early 2003 (van Vilsteren & Wever, 2005), about the German-French Saar-Lorraine region (Dörrenbächer & Schulz 2005). In this region the number of cross-border economic relationships has increased considerably, in particular commuter-flows and foreign direct investments. The motivations behind this increased cross-border interaction were mainly economically motivated: lower wages and real estate prices in Lorraine. However, cross-border private and personal relationships did not develop in the same way, according to the authors mainly because of cultural differences. They even suggest that when the economic differentials on both side of the border disappear the economically motivated cross-border interaction will come to an end. In other words, at the moment we reach the desired EU goal of more cross-border cohesion by enhanced economic interaction, we might see declining levels of cross-border interaction.²⁰

²⁰ The international orientation of Luxemburg may account for the extreme percentage of non-natives in this small country.

3 Labour mobility and the mental openness of the border and mobility

As we saw before (figure 4) labour is still very much immobile within the integrated EU. It is this relative immobility on the labour market that we focus upon in this part of our contribution. Which factors can explain this relatively high level of immobility? We concentrate on the role of national borders within the EU for the behaviour on the labour market of individual persons. Then we see borders not as administrative, historic and more or less arbitrary lines on a map, but as actively constructed, reconstructed and experienced demarcations between groups of people. These demarcations have a distinct influence on the perceptions shared by those living on both sides of the border and these perceptions have their influence on everyday spatial behaviour. Before we deal with the exact situation along the integrated Dutch-German border we first deal with some general explanations for (a) mobility on the labour market, explanations that hold especially along 'interdependent borders', and for (b) immobility, that can be noticed alongside the 'integrated' inner EU

borders.

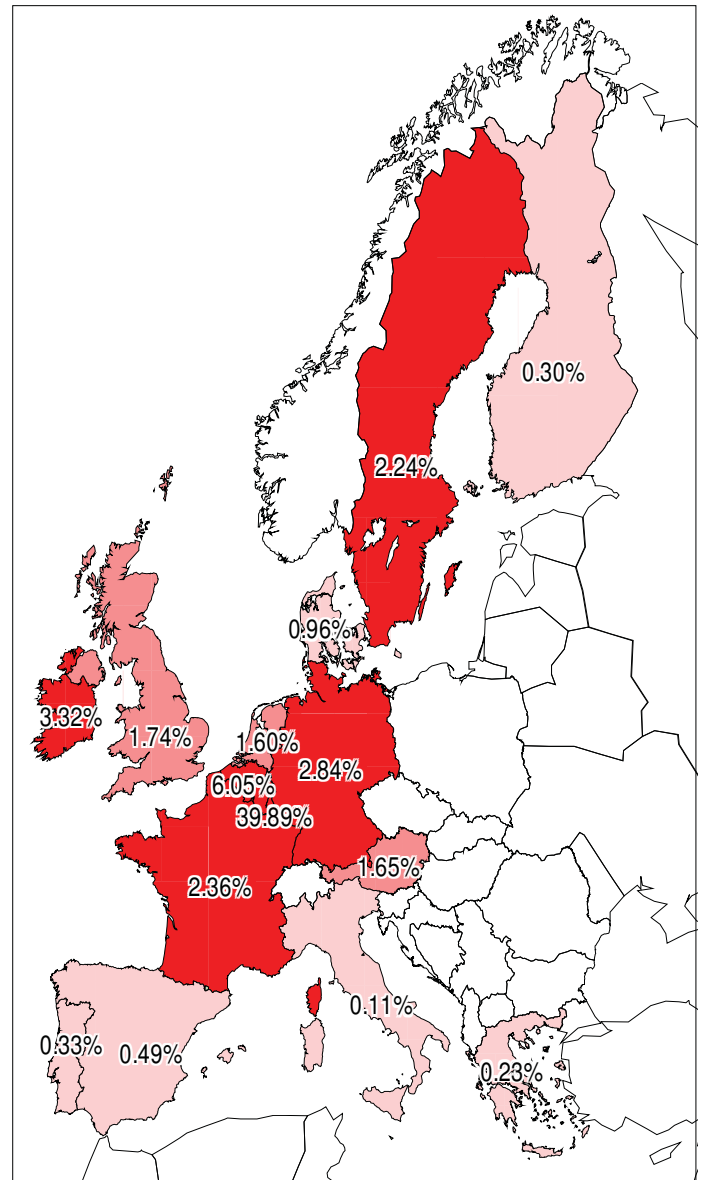


Figure 4: Share of foreign-born workers from other EU-15-countries in the active population
Source: Eurostat Labour Force Survey, 2001 and own calculation

Explaining mobility and immobility

As we already discussed, even within the EU-15, labour mobility is low. The inter-state mobility in the US is about six times as high (European Commission (2001, p.6). Although this com-

parison might not hold completely, this US figure is often used by the EC as a standard that should be aimed for. How can this low level of mobility in the EU be understood?

Theories explaining mobility are often used as well to explain immobility. The labour market is often regarded as a kind of system that is in (a process towards) a state of equilibrium. Viewed in this perspective, disequilibria between demand and supply are regarded as a temporary phenomenon. They will level off in due course since they stimulate mobility. Workers from an area with an oversupply, and as a consequence low wages, will move to an area with a lack of workers and consequently higher wages. Mobility is the 'big equaliser', playing a crucial role in the functioning of labour markets.

The mobility-approach often departs from assumptions already formulated in the 1880's by Ravenstein (1885). He considered regional wage differences as the basic principle underlying labour migration. Since then, explanatory models have become more complex. Other aspects are included, for example a concept like 'human capital' (Becker, 1962), that links the decision to migrate for work reasons to new investments in education or learning experiences that could be profitable in the long run. Also the notion of 'bounded rationality' was introduced (Simon, 1982), stating that workers, in their decision to migrate or not, simply cannot decide like an ideal homo economicus, since they don't have all the information they need and part of the information they have is distorted. Again another notion is 'transaction costs', stating that all kinds of transactions and as a consequence decisions, in-

volve indirect costs, relating partly to another culture, but as well to different legal procedures, etc. However, even when these aspects are included, the explanation still departs from a push-pull model (figure 5), in which factors are taken into account, that make people move from one place to another. The situation along the US-Mexico and the EU-Africa border fits reasonably well in such a model. We will come back on that later on.

However, in many cases such a push-pull model overestimates the level of labour mobility. This especially holds for the inner EU borders, like the one between Germany and the Netherlands, where immobility is the rule. There we should less focus on factors that make people move, but on factors that make them stay. Straubhaar and others (1988) developed the so-called 'insiders advantage approach' (Straubhaar 1988, Tassinopolous and Werner 1999, Fischer 1999). This approach tries to attach an economic value to being immobile, by introducing a third category of factors, the 'keep'-factors. An example are the work-experiences or competences built up by workers in practice. If an employer on the other side of the border is not interested in these experiences a worker has to weigh the profit he can make when he moves against the loss of these competences. When a worker is strongly socially embedded in a region, is happy there, that can keep him in his home area as well. This can be linked up with the concept of 'psychic income' introduced by Greenhut (1956). In addition to such keep-factors, we can also include repel-factors. These factors are linked to the potential destination region, for example when that region is characterised

by traditional resentments towards foreigners, when the region has an unfavourable regional image, for example because of high crime rates. Such repel factors might prevent people from going there.

An approach, which includes 'keep' and 'repel factors', still fits into the tradition of rational choice approaches. It presupposes actors who are constantly in a process of deliberation, who are engaged in weighing the pros and cons of different places or regions. In other words, it supposes that these actors are willing and are able to evaluate between the HERE and THERE, in our case the area on this side of the border and the area on the other side. However, in everyday life, most workers do not continuously make a rational costs/benefit-analysis between staying 'at home' or going abroad. Therefore we include the notion of 'threshold of indifference' to explain labour immobility.

In order to explain what is meant by this notion, we start with the rationality of belonging. It is said often that in our globalising world, within the European Union as well, people increasingly use to claim a part of that space as theirs (Van Houtum & Van Naerssen, 2002). There seemingly is a need to belong somewhere or to feel at home in a specific region. This can be linked to the notion of psychic income as used by Greenhut, but it is trying to expand this notion beyond the realm of economic rational choice approaches. The evermore-expanding European Union seems to be incapable to function as such a place of belonging. People need other spatial frameworks for their feelings.

One of the consequences of using the notion of a space of belonging is that a mental distance is created between

places on both side of the border. At someone's own side of the border a space of belonging is created, with ease and comfort, where mental nearness to the other inhabitants exists: WE in the HERE. The other side is not a space of ease or comfort, it is another 'world': THEY in the THERE. The consequence of this process is that a space of indifference is created (Van Houtum, 2003); a space that is neither consciously nor unconsciously included in the search for a new job. It creates (consciously or unconsciously) a threshold that has to be overcome before the THERE is included in the search for a job.

Figure 5 tries to elucidate the 'dynamics' in the cross-border labour market. This model is developed in the context of an already very much integrated region like the EU-15, where contrary to the expectations, lifting the border did not result in a major increase in labour-market-mobility. In such a situation explaining immobility instead of mobility is an important task. We deal with that aspect. However, the model can also be used in situations where integration has not developed to the same extent, for example at the US-Mexico-border or the outer border of the (enlarged) EU. One has to keep in mind that the differences on both sides of the border are extremely important for transgressing the 'threshold of indifference', since there is a relation between the factors at play in the process of economic rational decision making. When these factors (like income-difference, unemployment-rates) are big, one could expect that persons might be less 'indifferent', implying that the 'there' is considered an alternative option. But as said, we will deal only with the integrated inner EU (15) borders.

<i>Cross-border labour market passiveness</i>	Indifference-factor		
Threshold of indifference			
<i>Cross-border labour market activeness</i>	Stay	Keep-factor	Repel-factor
	Go	Push-factor	Pull-factor
		Home	Away

Figure 5: Factors influencing individual spatial behaviour on the labour market
Source: Based on Van der Velde, et. al., 2005

Along such borders several outcomes are possible, resulting in mobility as well as in immobility. When a large group of people exhibits an indifferent attitude towards job opportunities on the other side of the border, immobility will be the rule. That situation exists along the Dutch-German border, perhaps as well along other inner EU borders. The other extreme holds for the ‘interdependent borders’, especially the ones between the US and Mexico and between the EU and Africa, where life itself is at stake for the workers from Mexico and Africa, and people are ‘desperately’ seeking alternatives for their current situation. Workers from the countries that joined the EU in 2004 take a middle position. In the earlier mentioned European opinion poll, they showed no big desire to move (Bruinsma & Hakfoort, 2005), for them ‘keep’ and ‘repel factors’ are already more important than the authorities in the old member states realise.

4 Conclusion

There are quite different types of borders, resulting in quite different types and intensities of interaction between the border regions connected with them. ‘Interdependent borders’, like the ones between the US and Mexico and the outer EU border, generate a lot of legal and illegal economic interaction, based primarily on differences in costs and wages. Regions with inner EU ‘integrated borders’, where all ‘technical’ barriers have been eliminated, are often seen as regions that profit strongly from the integration process, resulting in all kinds of cohesion processes. But reality tells another story. Even when a border is officially abolished, it has a strong impact on the spatial behaviour of those living on both sides of it. Although labour can move freely within the EU, the number of cross-border commuters is amazingly small. Workers are more or less ‘locked in’ in their own (institutional) framework.

As that framework in many respects does not cross a national border, not even an 'integrated border', workers are just as in the past focussed on jobs on their own side of the border. In that sense there is a clear 'indifference' towards the other side, resulting in a threshold that has to be surpassed before even considering becoming mobile. An after this threshold is taken, there are still 'keep factors' and 'repel factors' that create just another threshold, which in its turn might often be too high for workers to consider taking jobs available on the other side of the border. In such a situation immobility is the rule.

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