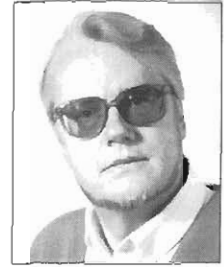


Olli Kultalahti



Internationalization and Migration Pressure

The integration of Europe is speeding up the internationalization of Finland. Finnish companies considerably extended their operations to foreign countries as early as the 1970s and 1980s. At the state level the single Nordic market was established in 1954 and the single market in the EC in 1968. Finland belongs to the first of these and has made considerable decisions with regard to joining the EC in the 1990s. Finland is already member of the European Economic Area (EEA), and has signed the agreement for membership of the European Union—the referendum will be in October 1994. These measures by the state of Finland can be seen as a consequence of international and national developmental trends rather than as a major reason for accelerating internationalisation. For this reason international migration flows from and to Finland in the 1980s reflect both the internationalization of Finnish companies and agreements on the state level, possibly the former better than the latter.

Defining migration pressure

The term migration pressure refers to the ratio of migration-minded people and the barriers preventing them from moving.

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An excessive supply of migration-minded people relative to migration demand in immigration countries produces migration pressure (Straubhaar 1993; Schaeffer 1993). Migration pressure involves economic factors both at the micro or individual level and macro or aggregate level as well as other socio-economic aspects. The terms internal and external changes (see Schaeffer 1993) refer to the changes on the micro and macrolevels. Internal changes include, among other things, completion of formal schooling or training and other important stages in life when aspirations and responsibilities and society's expectations of the individual change significantly (cf. factors on the microlevel). The relative frequency of migration is highest at such important junctures. External changes affect, in part, the availability and attractiveness of migration opportunities. These changes may be political, economic, legal, environmental, social and technical in nature (cf. factors on the macrolevel). (Schaeffer 1993)

Migration pressure is related to migration potential and migration propensity. Migration potential is the potential of people willing to migrate from one country to another and depends on individual or micro factors and aggregate or macro factors (see above). The necessary condition for the existence of migration potential is individual willingness to move. This willingness depends on the migration utility function, i.e. the individual comparison of utility levels of

the actual place of stay to every alternative place, for example another country. "Utility" contains a great variety of factors: economic factors (such as income, employment prospects, purchasing power and others) and non-economic factors (such as social acceptance, cultural behaviour and language, relative deprivation, i.e. the motivation to reach a relatively better position within the social ranking of a reference group, and family situation). Accordingly, utility received by migrating depends on the actual situation before migration and the costs incurred and the benefits achieved by migration in a new place. "Utility" determines in part propensity to migrate. (Staubhaar 1993)

The term of migration utility brings the definitions of migration pressure and human capital theory close to each other. Human capital theory views migration as an investment; decision to move depends on the relationship of costs and benefits. Transferability of human capital from one country to another is essential. Transferable skills determine, to a great extent, costs and benefits of migration because they are important conditions for employment opportunities in a new country. Transferability means that one's skills meet requirements of the labour market in another country. The definition of migration pressure is compatible with many other theoretical approaches. "Defining migration pressure in terms of demand for opportunities to move to another country is compatible with human capital theory which views migration as an investment. The investment analogy is particularly appealing in, but not limited to, international labour migration. The definition of migration pressure is also compatible with other theoretical approaches, including the view that migration is triggered not by individual choices and deci-

sions, but occurs in response to structural changes." (Schaeffer 1993) Accordingly, the scope of the term migration pressure is wide. "It makes little sense to treat it only from an economic point of view" (Straubhaar 1993).

Schaeffer's (1993) and Staubhaar's (1993) definitions of migration pressure are close to each other. Both of them stress the importance of the supply of migration-minded people in the country of origin and the willingness of destination countries to accept immigrants. However Staubhaar emphasizes net migration pressure rather than differentiates emigration and immigration pressure, as Schaeffer does. These differences are only minor, and the definitions have much in common. They differ from the definitions of Bruni and Venturini (1991) who based their notion of migration pressure on excess labour supply but considered only emigration pressure (Staubhaar 1993).

In my paper, migration pressure is theoretically considered similar to those addressed by Schaeffer and Staubhaar. Empirically emigration flows will be interpreted as a result of migration demand in receiving countries. Return migration can also, to some extent, be understood as an indicator of the migration demand; immigration policy or selective demand of labour force may discourage immigrants from staying in the country rather than integrate them into society. Return migration is then considered a better alternative than trying to stay in unfavorable conditions in a foreign country.

Macro factors influencing migration pressure

Industrialization is one of the most important social changes creating migration pressure. Industrial and occupational structures, jobs available and other chan-

ges in the labour market, accelerating social mobility, new patterns of social networks and many other things imply both new stimuli for and barriers to migration. Changes in the labour market refer to macrolevel factors while social mobility, social networks and motives refer to microlevel factors. All these affect the ratio of migration-minded people and migration demand in receiving countries.

The development of information technology is another major social change which is connected to migration pressure and the factors bearing on it. From the point of view of migration pressure this change is analogical with industrialization, although the content of the change and its implications may differ. Labour markets have changed, new professional fields and new jobs have come into being, old ones have ceased to exist. Changes in the working environment are also apparent in people's social surroundings. From the point of view of the present study the pertinent questions have to do with the willingness to move in different sections of the population, the propensity to move and the factors influencing the opportunities on which migration pressure and the means of alleviating it depend.

The third and currently most interesting phase of social change is internationalization and its effect on migration pressure and the direction taken by migration flows. So far the integration of Europe has facilitated the movement of people from one country to another in the countries of the EU and of EFTA. This, as has already

been stated, has been preceded by the internationalization of Finnish companies, and international agreements will have the effect of accelerating this. From the point of view of migration the main question concerns the effect of integration on willingness to move, propensity to move, the opportunities offered and the direction of migration.

Legislative, administrative and other similar regulations create effective barriers for migration over national borders. The agreement of the new trade market EEA by the European Community and the EFTA countries declares four issues of freedom: free movement of capital, people, services and goods. This agreement, not to mention potential membership of the EU, will effectively lessen the effects of barriers caused by national regulations. However, the other 'distance factors' mentioned above will still remain although their effect will gradually diminish. Since the 1970s international educational exchange programmes, expansion of large companies abroad, tourism, mass media and many other factors have clearly lowered the threshold of migrating on cultural and occupational levels. However, the integration of Europe has both immediate and delayed effects on the distance factors. Legislative and administrative 'distances' will be eliminated or lessened relatively quickly, cultural and occupational barriers will take longer.

The agreement of the EEA gives the citizens of its member countries freedom

Time needed to achieve changes in:

legislative
and other
national
regulations

differences in
occupational
skills

differences in
cultural values
norms

Short ————— Long

Time needed to lessen the effect of 'distance factors' on migration in European integration

to choose their jobs anywhere within the markets, as well as to attend colleges and universities. As a consequence, occupational distances are shrinking. Cultural factors are rooted in the basic values and attitudes acquired in childhood and youth, and change only slowly, if at all. Naturally, different cultural values do not necessarily prevent individuals from emigrating but they lessen the propensity to do so. Factors causing migration pressure will not disappear, however, in some population groups they will diminish.

Micro factors affecting migration pressure

International and internal migration have many common features. Both are preceded by a process of decision-making to overcome the psychological, social, economic and other barriers which might be involved in the migration process. In general, we can presume that the barriers discouraging international migration are greater than those in internal migration. Barriers may be physical, social, economic, cultural, political, informative and so on. Crossing national borders may demand much more effort than moving from one community to another within a country. The word 'barrier' has often been replaced by the term 'distance' meaning more or less the same type of obstacle for migration. The effect of the distance, or barrier, variable on the decision to move is complicated. "The distance variable has proven to be the most perplexing. Statistical studies have demonstrated that its significance is highly volatile over time and space... Clearly, straight-line distance is much less important than economic and social distance (Margolis 1977, 140). Neuberger (1977, 467-468) mentions "the effective administrative distance" which is closely related to political boundaries between na-

tions. "It is infinitely easier to migrate the 3000 miles from New York to San Francisco than less than one-tenth of this distance from Leningrad to Helsinki." Altogether, the distance variable has many contextual meanings rather than only one.

What are the specific factors encouraging to or discouraging people from overcoming different distances associated with international migration? In other words, what are the specific factors breaking down the barriers to move or preventing them from moving. The following at least can be mentioned: push factors linked, among other things, to unemployment or persecution (refugees) and pull factors related to career, income or information from earlier migrants. The pull and push factors are closely related to the distance and to the individuals. "Recent studies have stressed the important roles of information, which decreases with distance, and the psychic costs of separation from friends and relatives, which increase with distance; both of these will vary with educational level, age and cultural integration." (Margolis 1977, 140) The single Nordic labour market and the single labour market in the EC are examples of factors alleviating migration pressure by facilitating labour mobility from one country to another. Recent rising unemployment rates throughout Europe increase, in part, migration pressure by making it difficult or impossible to find a job in another country. As a consequence, the migration process becomes highly selective; only those whose skills and education exactly meet the demand of the labour market of a foreign country are able to emigrate — given that all other requirements are met.

DaVanzo (1976, 1980 and 1983) discusses an extended human capital model of migration in which the concepts of location-specific capital and information

costs figure significantly. Her discussion is closely related to the question of migration pressure. The key words of micro factors are benefits and costs of migration, and information needed for the decision to make a successful move. DaVanzo's argumentation goes as follows: The decision to migrate is based on the expected benefits and costs (pecuniary or non-pecuniary). Information is usually limited, imperfect. Investments are needed for providing information about the expected benefits and costs; it is therefore reasonable to talk about information costs. The other important concept is location-specific capital, that is, any factor that "ties" a person to a particular place (e.g. home-ownership, job-related assets such as an existing clientele or specific training, friendship) (DaVanzo 1980, 2). Imperfect information and location-specific capital add to the costs of migration. Human capital transferable between regions or countries (e.g. certain skills and occupations) has a decreasing effect on the costs. Long (1974) points out that moves over longer distances have greater effects on the employment of wives than on that of men. Long suggests that women may choose occupations that are more easily transferable between regions, such as elementary school teaching, nursing, and secretarial work. This is one way of trying to reduce the costs of migration. (On the problem of labour force participation of wives and family migration, see Greenwood 1989.)

The educated have more information about opportunities which decrease the economic costs of migration. On the other hand, it is also argued that the "trained" have a reduced set of alternative jobs because of their specialized skills. They have to travel longer distances to match their skills with jobs. "In fact, we find that the percentage of professional and tech-

nical persons who move with a specific job in hand is twice the percentage of all other migrants in this category" (Margolis 1977, 140). This type of moving has probably become more popular in international movements from and to Finland in the 1980s. The decision to move is associated with the internal labour markets, i.e. the migrant moves abroad to work for a company owned by the same employer. Migration is a way of advancing in one's career. After a few years the migrant will return to work in a higher position for the same employer. The expansion of multinational companies has effectively reduced the costs (economic, social, psychic and other) of migration within the ILMs and this way increased the international migration of certain groups.

Historical trends of migration pressure in Finland

Finland has traditionally been a country of emigration. Immigration involved mostly Finnish returnees, few foreigners moved to our country. That is why in former times migration pressure was that of emigration. Industrialization in the latter half of the nineteenth century rattled traditional social and occupational systems and uprooted a great part of the rural population. However, barriers to move were weak. Many people moved to the rapidly growing industrial cities in the southern part of Finland, but even more people went further on, overseas to North America. In the 1960s and 1970s Finland experienced another strong wave of emigration, in this case to Sweden. Over a period of a hundred years more than a million people emigrated. The number of migration-minded people grew rapidly from time to time but in the receiving countries migration demand was high. North America needed

immigrant workers for its industry, as did also Sweden much later in this century. Migration pressure never became strong, it evened out.

Demand and supply of labour force always been an important factor in emigration. Many emigrants have considered migration as an investment with quick return in economic terms as well as in social terms. Some Finns went to North America to earn their own farm or money to buy one in Finland after their return. As far as farming and forestry were concerned they had transferable skills to earn their living in the new country. However, many of them did not succeed in getting own farm or work on others' farms. Instead, they had to go to work in mines and manufacturing industries. This created high willingness to return among many immigrants. However, it was difficult to return because of long distances and lack of money for tickets. There was a strong return migration pressure which had no chance to dissipate. Letters from immigrants to their relatives and friends back in Finland have clearly indicated this.

In terms of migration pressure emigration to Sweden and particularly return migration were different. Sweden is physically and culturally close to Finland. The single Nordic labour market facilitated moving from one Nordic country to another. Emigrating to North America around the turn of the century involved more risks than moving to Sweden a few decades later. Finland industrialized very rapidly after the Second World War and conditions for a high migration pressure existed. However, migration demand in Sweden temporarily with a great number of jobs available in growing Finnish cities effectively dissipated this pressure. All in all, conditions for high migration pressure

have many times existed but there have always been fairly good channels for that pressure to be alleviated.

Recent developments of migration pressure

Internal migration and emigration have traditionally been alternative patterns of behaviour in Finland rather than choices independent of each other. The same uprooting changes have made some people choose Finnish cities, others have preferred emigration. The regional distribution of emigrants and internal migrants refer to selective local conditions for migration; many people from eastern parts of Finland moved to southern cities in Finland whereas a great part of migrants from the west coast and northern parts emigrated.

The migration flows between Finland and Sweden were at their greatest around the turn of the 1960s and 1970s. At that time as many as 40,000 Finns migrated to Sweden annually. Some of them returned a few years later but there was still high net out-migration to Sweden. A significantly large number of the migrants came from rural areas and outside the southern part of Finland. Many of these were not particularly highly educated, and in many respects they resembled the traditional migrants of older times (cf. Söderling 1983). Many of them were also so called permanent migrants who had to leave because of actual or impending unemployment. All these are features related to migration outside the labour markets of the major Finnish companies. By the 1980s, the migration flows to and from Sweden still accounted for about two thirds of total international migration. To a certain extent also, the migrants still resemble the old-time migrants (Kultalahti 1993). However, many of these were

"quick returnees" who came back to Finland within a year.

The 1970s and 1980s produced new conditions for international migration from and to Finland. Many international programmes and networks were launched, and large Finnish companies expanded actively their operations in foreign countries. Finnish companies had about 2000 affiliated companies abroad in 1986: about 650 in the EFTA countries, 750 in the EEC countries, 300 in North America most of the rest (230) in the developing countries. The numbers of these companies had increased about 300 per cent in the EC countries since 1976, and 600 per cent in North America and the developing countries. Internationalization has continued in the 1980s. For instance at the beginning of the 1980s, Finnish companies had about one hundred production companies abroad, ten years later (1991) the number was 500 (Talouselämä-lehti 34/1991). These developments mean that Finnish companies have rapidly growing internal labour markets (ILMs, i.e. the migrant moves abroad to work for a company owned by the same employer) for workers abroad. This has, in part, reduced economic and other costs of international migration of the Finns, and also dissipated migration pressures.

Overall, there are basically two different patterns of international migration from and to Finland, namely, traditional migration outside the internationally expanding Finnish companies and then migration within the labour markets of large companies. In more abstract terms, these patterns are consequences of migration pressures succeeding in breaking down barriers to put up to hold them. The turbulent conditions in some former socialist countries of Eastern Europe and some developing countries elsewhere,

as well as great welfare differences between them and western industrialized countries, have created the third pattern of increasing migration pressure. As for Finland, it is now a question of immigration involving both regular migrants and refugees. It remains to be seen what kind of migration this pressure will produce.

Trends of migration flows in Finland since 1980

What is the present situation in Finland? Is migration pressure increasing or decreasing, do supply and demand of labour force tend encourage or discourage international migration, is the Finnish labour market differentiating from other countries or is rather harmonizing facilitating transfer of human capital to other countries? What about internal migration? Is it still more or less an alternative to emigration? These questions are important because they are related, among other things, to the present European integration and its influence on international migration from and to Finland. It is difficult to give direct answers to these questions but some interpretations can be made by using the statistical information available.

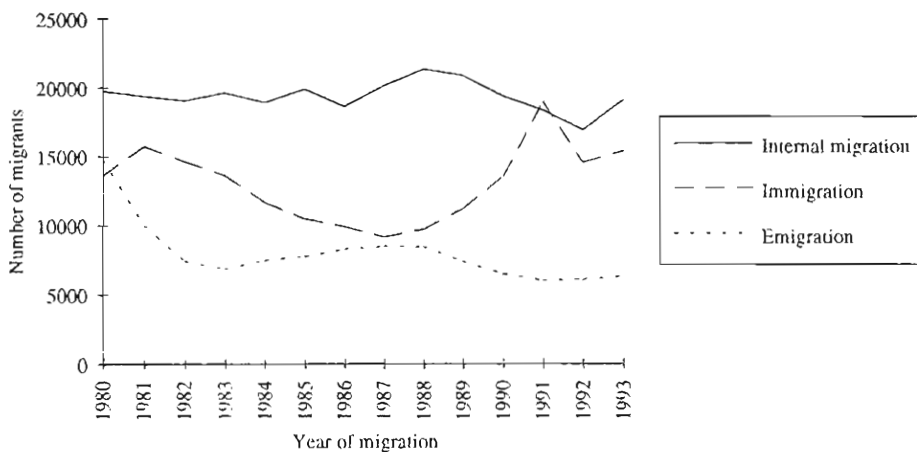
There have not been any drastic changes in the volume of internal migration since 1980 (Figure 1). A slight decrease can be seen in the first half of the decade but then the curve turns upwards for a couple of years (cf. Kultalahti 1992). Recession at the beginning of this decade, which turned into depression, restrained migration. The unemployment rate rose rapidly reaching the level of twenty per cent in 1993. It is very likely that willingness to move was high but lack of jobs available put up barriers on migration, in other words migration pressure grew but there were no ways for dissipating. In

1993 internal migration flows seem to some extent to increase.

The curve of emigration follows more or less that of internal migration. This suggests that it is push factors rather than pull factors causing migration because pull factors, for example demand of labour force, are not likely to vary in the same way and at the same time both abroad and in the home country. Most receiving countries nowadays exercise a very strict immigration policy accepting basically only immigrants who are members of the families of those already in the country or asylum seekers, or workers with specialized skills needed by the labour market. This means that demand for labour force in the receiving countries has become the most important factor in international migration. From this point of view the obvious role of the push factor in Finnish emigration seems somewhat exceptional.

There are some potential explanations for this phenomenon. Emigration to the Nordic countries, mostly to Sweden, still accounts for about two thirds of the total emigration of Finns. The single Nordic labour market allows workers to move freely from one Nordic country to another, no work permit is needed. Sweden is physically and culturally close to Finland. It is relatively easy to go there and come back either of necessity or inclination. Earlier immigrants who left Finland in the 1960s and 1970s make adaptation easier. Wages and living standard used to be higher in Sweden in the first half of the 1980s reducing risks always inherent in emigration—now the differences have evened out. In many respects, Sweden and larger urban areas in Finland were more or less equal alternatives for potential migrants. This may explain a great part of the similarities in the changes of internal and international migration.

Figure 1. Immigration, emigration and internal migration 1980-1993 (number of internal migrants divided by 10). Source: Tilastokeskus.



Finland has changed to be a receiving country in international migration. Immigration seems to be independent of the changes in internal migration and emigration. The structure of immigrant flows has changed in the 1980s. Earlier they consisted mostly of Finnish returnees. Recently immigrants with foreign citizenship have become the majority. However, many of them probably are former Finns who have changed their nationality. Anyhow, the increase of immigrants also implies a considerable growth of those who had originally a nationality other than Finnish.

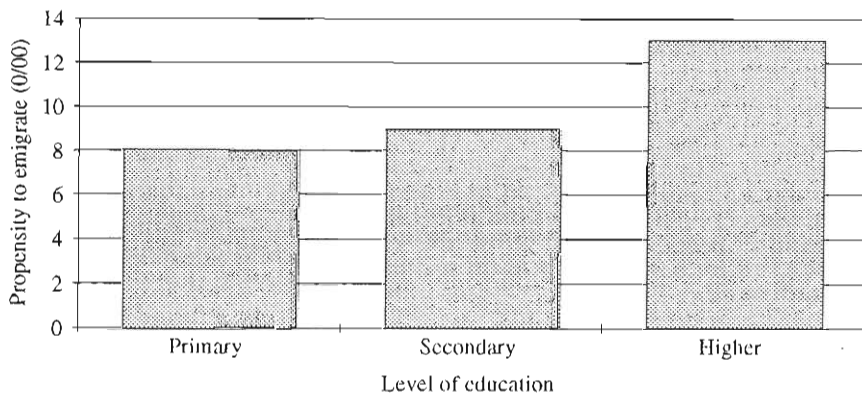
Emigration and return migration of Finns

The Finnish data available provide a good opportunity for mapping international migration flows. The Central Statistical Office of Finland collects information from various registers, such as population census, and migration and labor registers. Migrants can be monitored by place of origin and destination. Demographic data on sex, age, education and occupation, for

example, are also available. The data files can be integrated for research purposes by using social security numbers. (Individual privacy is ensured by deleting the social security numbers before submitting the integrated files to researchers.) In this study, the data of migrants cover all international moves from and to Finland 1987–1992. The proportion of international migration (emigration and immigration) of total migration (international and internal) ranges annually from eight to twelve per cent. The migration history of each migrant has been monitored during the period of 1987–1992. For the purposes of the study, only Finnish migrants aged 18–64 were included in the data.

Figure 2 presents the propensity of educational groups aged 18–64 years to emigrate. The propensity is calculated by dividing the number of all Finnish emigrants (18–64 years) in 1987–1992 by the total population (15 years and over) in 1990. The number per thousand expresses the sum of six years and is an approximate rather than an exact figure. The figure shows clearly that the propensity to emi-

Figure 2. Propensity to emigrate among Finns aged 18-64 during the period 1987-1992 by level of education *



* Proportion of Finnish emigrants (aged 18-64 years) in 1987–1992 of the total population (15 years and over) in 1990

grate increases along with education. It is known that highly educated people are more mobile and more sensitive to pull factors than the poorly educated and unskilled (Johansson 1994). Their skills are also more readily transferable and meet better the requirements of foreign labour markets than those of the less educated. Therefore in terms of migration pressure the greater propensity of highly educated people, as shown in Figure 2, results from both the large number of people willing to emigrate and those who have been able to break down the barriers preventing them from moving.

Although the majority of Finnish emigrants, some two thirds, continue to migrate to Sweden the proportion of those moving to that country in the 1980s has constantly diminished, both relatively and absolutely. Table 1 presents those destinations most popular with Finns of working age (18–64) for the period 1987–1992. In addition to the other Nordic countries, North America, a traditional destination, has retained its popularity although the figures are modest. Germany and the United Kingdom, being important trading partners, are also popular destinations for migrants. All in all the EU countries are particularly well represented in the ten most popular destinations for Finns, of twelve countries five have been included in the list.

The selectivity of emigration becomes apparent when examination is made of the migrants' level of education (Table 1). The Nordic countries differ from other popular countries of destination in Europe. In terms of relative proportions, the Nordic countries do not attract highly educated migrants as much as more distant European countries, France, Switzerland, Germany and the UK, and the USA do. The percentage of highly educated emigrants of all emigrants to the former

countries varies from 10 to 25, to the latter countries from some 30 to 40.

The same difference between the Nordic countries and the other group of countries can be seen in return migration. The propensity to return is much higher among the emigrants to the former countries than among those to the latter countries. Return migration among migrants with higher education was somewhat less common but the difference between the country groups remains fairly constant.

The results can only partly be interpreted in terms of migration pressure. As far as the number of emigrants and return migrants are concerned propensity to emigrate to the Nordic countries, particularly to Sweden, is higher than to more distant countries. Between the Nordic countries there are few barriers against migration to cause migration pressure (cf. the single Nordic labour market, cultural similarities and so on). Accordingly, the volumes of emigration and return migration are high. Some half of the emigrants return soon. No notable migration pressure ever exists. Migration between Finland and more distant countries, for example the EU countries, cannot as easily be interpreted. In terms of migration pressure, one way of interpreting would be to suppose that there are relatively strong barriers against migration. Potential migrants with higher education or with specialized skills are those who are best able to overcome the barriers, hence relatively many of them emigrate. The low level of return migration among emigrants with higher education implies both potential barriers to return and lack of willingness or need to return. Thus a low rate of return migration tells little about migration pressure, or lack of it. People with less education may be willing to move to more distant countries but are not as able to do it as those with higher

Table 1. Emigration and return migration of Finns aged 18-64 during the period 1987-1992 (10 major countries of destination)

Country of destination	All emigrants (N)	Of whom returnees * (%)	Emigrants with higher education (%)	Of whom returnees † (%)
Sweden	18717	49.8	10.3	45.5
Norway	1347	59.8	19.5	54.8
USA	1212	28.8	29.3	30.4
Germany	1102	25.2	32.9	22.6
Denmark	960	59.6	24.5	49.8
Spain	885	36.3	19.8	33.7
Great Britain	678	28.6	29.4	29.6
Switzerland	372	23.9	35.5	23.5
Canada	339	27.7	25.1	34.1
France	335	23.3	39.1	22.1

* Until the end of 1992.

education. Hence there are good conditions for growing migration pressure.

All in all, the results suggest that there is only little, if any, migration pressure between the Nordic countries. Further internationalization will hardly show up in rapidly growing migration flows between these countries. Internationalization will probably stimulate this migration, but gradually rather than with rapid jumps. On the other hand the future developments of migration between Finland and other countries, particularly the EU countries, is of great interest. There is probably migration pressure waiting for the breakdown of barriers preventing potential migrants from moving. The EEA agreement and EU membership, if it materializes, will lower the barriers as we noted above. However, there still remain many barriers on the individual level (cultural differences, language etc.) which restrain rapid changes in migration flows. The most important question does not concern the volume of the future migration flows, between Finland and the EU countries. Much more essential is the selectivity of

the migration process. The results suggest that cultural and many other differences differentiate both migration potential, propensity and actual flows. Internationalization is likely to increase migration pressure particularly among certain groups with high and specialized education and skills. It is reasonable to assume that the single labour market will break down the barriers against migration for these groups, and consequently markedly increase emigration. The high unemployment rate is likely to increase willingness to move among people with less education as well but high barriers prevent most of them from moving, resulting in high migration pressure. Thus migration pressure has also become more and more selective.

Income differentials as a factor increasing migration pressure

Great income differentials between countries increase migration flows between these countries — given that there are no barriers to moving. However, the relationship of income differentials and mig-

ration flows is complex. Many factors such as risk of losing one's job, high taxation, low purchasing power of the money earned, poor civil rights in a foreign country and so on, may even out the attractiveness of higher salaries. Doubts have been expressed as to whether small wage differential should be used at all as a variable for investigating the direction of migration flows (Schaeffer 1993). However, the greater the wage differential the more reasonable it is to assume that higher wages increase willingness to move.

Highly educated professionals are more mobile than poorly educated and unskilled people. They are also more sensitive to pull factors in the countries of potential destination. The same also applies to internal migration. (Johansson 1994) Thus great income differentials between countries have a selective

influence on migration potential, migration propensity and actual migration flows, and hence on migration pressure.

Table 2 presents a comparison of the purchasing power of salaries in various branches of industries for the years 1987, 1989 and 1991. This has been compared with the corresponding purchasing power in Finland. Indices in excess of 100 show that in the given country the workers' salary is higher than in Finland. Likewise, an index of less than 100 shows that the wage level in Finland is higher. These indices make it possible to assess the likely effect of income on the decision to migrate.

In Sweden the purchasing power of salaries has come close to the purchasing power of the corresponding salaries in Finland, in three branches of industry (the manufacture of pulp, paper and

Table 2. Comparison of purchasing power of four groups of industrial workers (Finland = 100). Source: Swedish Employers' Confederation 1993. *

Country	Branch of industry											
	Textiles			Pulp, paper and paper products			Printing and publishing			Manufacture of metal products		
	1987	1989	1991	1987	1989	1991	1987	1989	1991	1987	1989	1991
Sweden	117	117	104	102	101	90	104	101	96	105	97	89
Norway	135	135	133	109	109	99	157	142	143	132	116	108
Denmark	154	146	148	132	135	127	170	156	172	145	124	134
Great Britain	70	71	71	73	72	65	100	95	89	82	76	78
Ireland	70	68	69	74	78	74	92	90	92	82	72	76
Germany	122	118	122	100	108	102	120	116	130	132	120	128
Belgium	102	96	101	89	96	89	106	98	107	105	90	99
Netherlands	104	101	-	100	110	-	110	105	-	108	95	-
Switzerland	141	130	133	137	146	126	178	159	169	-	-	-
Austria	73	69	82	81	87	83	-	-	-	91	80	88
France	91	84	86	73	77	68	95	87	95	85	73	76
Italy	86	79	78	71	71	64	81	74	78	81	70	72
Greece	29	26	20	22	19	15	25	21	17	-	-	-
USA	98	94	80	117	120	92	111	103	92	134	117	103
Canada	90	99	88	120	123	118	95	100	99	117	119	113

* The purchasing power figures are based on wage and consumer price indices from each country.

paper products, publishing and printing and the manufacture of metal products) it is actually considerably lower. There is therefore reason to assume that in these branches any attraction based on Swedish salaries has diminished considerably. And this has apparently occurred, for there has been a clear lessening of the migration flows to Sweden. The countries with high purchasing power are Canada, Denmark, Germany and Switzerland. These countries are also included in the ten most popular destinations for Finns (see Table 1). However, these countries also include some with low purchasing power like Great Britain and France. In the United States, between 1987 and 1991 the purchasing power of salaries in the industries just named has decreased in comparison with the corresponding Finnish salaries. With the exception of metal products purchasing power has actually fallen distinctly below that of salaries paid in Finland.

The differences of purchasing power between the branches presented in Table 2 should be considered as examples describing a potential approach to analyze migration flows rather than a well defined explanatory variable. The indices illustrating purchasing power are very rough, and show the average purchasing power of salaries in these branches. The variation between worker groups within the branches is great. The indices suggest, however, that overall differences between Finland and the other countries have been on the average levelled out to a great extent and consequently their importance as a pull factor has decreased. However, there are probably greater differences between some occupational groups and then the differences may be of importance. Table 3 presents more exact information on the average salaries and purchasing power of persons with a good deal of education and

professional skill in seven countries. These include Sweden, Norway, Denmark, Germany, Great Britain, France and the USA, whose salary level has been compared to the salary level of corresponding professional groups in Finland. The table presents gross and net income and purchasing power. The information is for 1993, but it can be assumed that the direction between the different countries has not changed in any essential way in the past years, although differences in level may have changed (cf. Johansson 1994 and Table 2).

In these professional groups wage differentials between different countries are considerable. It may be that using these as an explanatory factor of migration flows is more justifiable than the information presented in Table 2. In Sweden net salaries in all professional groups are somewhat higher than in Finland, but the purchasing power of certain professional groups is actually smaller than in Finland. It is noteworthy that the high purchasing power of Danish salaries is clearly lower in these upper professional groups than what is presented in Table 2 for the branches as a whole. Presumably the more steeply rising Nordic system of progressive taxation has had the effect of levelling out the purchasing power of the different wage levels. On the other hand Germany has risen in this comparison to be the country with the best purchasing power. Purchasing power varies in comparison with Finland from one and a half to as much as over two times. The USA, Great Britain the UK and France also proved in this comparison to be clearly better than Finland.

Comparison of the purchasing power of the professional groups where a high level of professional skill and education is demanded showed that in the receiving countries favoured by Finns the people

Table 3. Salaries of certain professional groups in Finland, Sweden, Norway, Denmark, Germany, Great Britain, France and USA 1993 (Finland = 100).

Professional group	Sweden			Norway			Denmark		
	Gross sal.	Net sal.	Purch. power	Gross sal.	Net sal.	Purch. power	Gross sal.	Net sal.	Purch. power
Metal worker	113	111	99	140	140	117	198	146	125
Nurse	101	102	91	139	141	118	196	141	121
Journalist	92	100	89	111	118	99	144	112	96
Civil engineer	99	105	94	116	123	104	145	110	94
Doctor	113	117	105	109	118	99	156	114	98
Accountant	153	147	131	140	142	119	200	138	118
ADP programmer	110	115	102	136	138	116	143	113	97
Professor	93	101	90	82	94	79	138	104	89
Busdriver	111	104	93	145	137	115	155	117	100
Secretary	111	110	98	142	142	119	169	130	111
Teacher	100	106	94	107	115	96	155	120	102

Professional group	Germany			Great Britain			France		
	Gross sal.	Net sal.	Purch. power	Gross sal.	Net sal.	Purch. power	Gross sal.	Net sal.	Purch. power
Metal worker	131	142	156	82	90	122	110	119	121
Nurse	152	164	180	93	101	173	90	101	103
Journalist	183	199	219	86	98	133	151	178	181
Civil engineer	135	156	172	77	92	125	139	166	169
Doctor	109	133	147	98	122	165	164	196	200
Accountant	154	173	190	107	126	171	134	158	160
ADP programmer	176	189	207	100	111	151	143	161	164
Professor	112	139	152	68	87	119	77	103	105
Busdriver	174	173	190	88	91	124	92	94	96
Secretary	190	196	215	81	89	121	144	154	157
Teacher	199	209	229	111	121	164	111	130	132

Professional group	USA		
	Gross sal.	Net sal.	Purch. power
Metal worker	167	182	241
Nurse	135	153	202
Journalist	96	118	156
Civil engineer	-	-	-
Doctor	198	245	324
Accountant	156	189	250
ADP programmer	120	143	189
Professor	-	-	-
Busdriver	123	133	175
Secretary	132	148	196
Teacher	94	115	152

Source: G. Stein 1994

with a high level of education were able to ensure for themselves relatively higher salaries than in Finland. Examination of the information in Table 3 shows that these are also the destinations of Finns with a high level of education. It would therefore appear that at least in part differences in salary can be taken to be a reason for the emigration direction of selected professional groups. The differences increase migration pressure in certain specialized professional groups, and developments making moving easier result in a growth in migration flows. Harmonizing of school and training systems as well as competence requirements in different countries may therefore increase the emigration flow of certain groups and decrease that of others. At the same time there will be more selectivity as for the choices of destination countries.

On immigration pressure

Finland has changed from a sending country to be a receiving immigration country, as stated above. Returning Finns used to be the great majority of immigrants but around the turn of the 1990s their proportion decreased. It should be noted that there are among the immigrants individuals whose original nationality was Finnish, but who have taken a different citizenship while living outside Finland. This has probably been the case among Finns in Sweden. The former citizens of the Soviet Union were the largest foreign group living in Finland in 1992. The majority of those were Ingrians who are considered as return migrants. Refugees and asylum seekers, particularly from Somalia and the former Yugoslavia, were also of growing importance (Nieminen 1994). The number of foreign people living in Finland is still very modest being only somewhat more than one per cent of

the total population. However, the number is growing rapidly and the question of adaption and integration of immigrants into Finnish society has become more and more important. It is perhaps interesting to note that as regards the number of foreigners living in Finland the country was more internationalized at the beginning of her independence some eighty years ago than today. Many of the foreigners were outstanding persons in various fields of the culture, for example Pacius, Engel, Fazer, Gutzeit, Finlayson, Stockmann, just to mention a few (Laakkonen 1993).

The state of Finland has exercised a rather strict immigration policy which has created migration pressure from different countries. All others but returnees have needed a work permit to enter the country for a longer period. This means also that unemployment rate among foreigners has not been particularly high. Ingrian returnees and refugees have changed the situation.

The data available do not give particular chances to analyze immigration pressure. However some data have been presented in Table 4 about the ten largest immigrant groups aged from 18 to 64 years for the period 1987–1992. This information gives only a description of immigrant groups rather than making it possible to draw actual conclusions about immigration pressure. The table presents the number of the ten largest immigrant groups in 1987–1992 and the main field of economic activity for 1987–1991, the data for 1992 are not yet available.

The total number of immigrants with Finnish nationality 1987–1992 form a majority, the next largest groups are immigrants with Soviet, Swedish and Estonian nationalities. Most of the immigrants with Soviet and Estonian nationalities are Ingrians. The group of Somalians is also large and represents refugee groups. The

rest of the top ten group are, in this order, American, British, Chinese, Turkish and German immigrants.

The data available give an opportunity to see whether immigrants belonging to a certain group are at the end of the year of immigration employed, unemployed, students or outside the economically active population, that is family members, retired and so on. Immigrants for whom data is lacking also belong to the last mentioned group. There are great differences between these immigrant groups concerning the main field of economic activity. The employment rate is the highest among the British immigrants, the lowest among Estonians, if Somalis as a refugee group are not included in comparison. The unemployment rate is perhaps more interesting in showing the proportion of the immigrants seeking for

a job. The percentage of the unemployed is highest among Estonian, Soviet, Turkish and Finnish migrants.

The employment figures alone do not give a picture of the immigrants' economic activity. It takes simultaneous comparison of unemployment figures to show the immigrant population belonging to the workforce has succeeded in adapting to the Finnish labour markets. The situation is worst for the Estonians, for of these almost as many are unemployed as employed. They are followed by the former Soviet citizens, of whom approximately one third belonging to the workforce are unemployed. Finns and Turks come next. Of the Estonian and Soviet citizens a considerable number are of Ingrian origin, who have not needed to work permit to enter Finland. This explains the high rate of unemployment.

**Table 4. Immigrants (aged 18-64) for the period 1987-1992
(10 major nationality groups)**

Nationality	Immigrants * (N)	Main activity at end of year of immigration **			
		In workforce		Outside workforce	
		Employed (%)	Unemployed (%)	Student (%)	Other (%)
Finnish	26487	47.4	16.1	8.3	28.2
Soviet ***	6831	34.3	16.0	6.5	43.2
Swedish	2696	43.9	8.9	2.5	44.7
Estonian ****	2062	32.1	27.8	5.6	34.5
Somalian	1254	1.3	1.3	2.8	94.7
American	996	35.4	3.5	3.9	57.2
British	834	60.7	4.1	2.0	33.3
Chinese	752	45.8	2.0	13.6	38.6
Turkish	721	42.0	13.9	10.2	33.9
German	642	46.1	3.3	6.0	44.7
Other	13112	32.9	8.0	9.5	49.6
All	56387	41.6	13.1	7.5	37.7

* Data on 1987-1992.

** Data on 1987-1991.

*** Until the autumn of 1991.

**** Since the autumn of 1991.

There are far fewer unemployed among the Chinese, Germans, Americans and British. Note should be taken that the main occupation is for the end of the year of immigration. Thus a job waiting on arrival in Finland is no guarantee that the job still exists months later. The figures for 1992 show that the situation was even worse for the total stock of the foreigners living in Finland, unemployment rose rapidly from 1991 to 1992 being the highest among the people from Morocco (67.3 %), Estonia (60.2 %) and the Commonwealth of Independent States (55.2 %) (Nieminen 1994).

It should perhaps further be noted that the percentage of students among immigrants is highest for Chinese, Turks, and Finns. Others outside the workforce are mostly Americans in addition to the Somalis, and the smallest group are the Finns. As for the total stock of foreigners living in Finland the percentage of retired persons is the highest among Swedes and Americans, about every fifth of these is 65 years or over (Nieminen 1994). The Finnish return migration is the clearest instance of international movement of workforce to Finland. Among the non-Finns there are more family members and others who are not seeking employment in Finland.

The small figures presented in Table 4 show that the immigration flows to Finland are very small. Of course they do not show how great the actual immigration pressure might be. It might, however, be surmised that regular immigration to Finland would not greatly increase even if Finnish immigration policy were more liberal. At present the main groups entering Finland in addition to the Finnish returnees are people coming from the former Soviet Union and from newly independent Estonia. Many of these are Ingrians who are classified as returnees. From the point of view of actual migration

pressure the more salient question concerns environment refugees. Unstable conditions in a country could cause considerable immigration pressure.

Discussion and conclusion

In terms of migration pressure the analyses of international migration includes both factors related to emigration and those related to immigration. The main question is the supply and demand of migrants. The larger the supply of migrants relative to the demand for them the higher is the migration pressure. Discussion concerns most usually the migration of labour force. In Finland, and many other countries, the issue of international migration has become particularly important because of European integration and turbulent developments in many countries resulting in large numbers of asylum seekers and refugees. In this paper the question is dealt with from the point of view of labour force and internationalization.

In spite of high unemployment rates there are current and anticipated skills shortages in Europe which are a threat to its competitiveness (IRDAC 1992). In its report IRDAC says that there will be a need for a very significant reduction of unskilled workers and a much more highly skilled labour force. Some forecasts are presented: In Danish industry, the demand for unskilled workers is expected to fall from 35 % in 1980 to 10 % in 2000; technicians need to increase from 10 % to 30 %, and management from 15 % to 30 %. Projections for Germany (West Germany) indicate a demand for a reduction between 1982 and 2000 of more than 3 million unskilled workers, to be compensated by 1.6 million additional higher education graduates and 1.3 million skilled workers (the unification of Germany is not taken into account in these projections). For the

U.K., projections for the period 1988–2000 expect a 30 % increase in employment for “managers and administrators”, around 20 % for professional occupations, and similar changes are needed in many other countries.

IRDAC makes many recommendations to overcome these shortages. Among these is a suggestion for more efforts to encourage the mobility of the highly skilled workforce, in particular in areas where skills shortages are acute. At the same time, the Committee is aware of the eventual problems of brain-drain and further regional imbalances in the European Union (Community) which should of course be avoided.

Skills shortages cause pressures on the migration of skilled workers, especially those with higher education. As far as Finns are concerned, and also certain other nationalities, language may be an obstacle to emigrating for workers with secondary education. However, at present, higher education includes a good deal of studies in the English language and at least in this language area obstacles are not likely to be very high. In other language areas, such as French and to some extent German, too, they are much higher.

In Finland, there is a need for changes in skills similar to those in the countries presented above. The question is whether there are imbalances between attractiveness of jobs in various countries. If there are, the “one way migration” of the better educated between countries will obviously occur.

The above results might be interpreted as an indication of a growing potentiality of emigration among people with higher education in certain specialized fields of education. However, there are still barriers to emigrating, such as fulfilling language requirements and occupational qualifications in foreign socie-

ties. The European Economic Area, which was realised in 1994, and potential membership of the EU, will probably have the effect of greatly increasing the propensity of these potential emigrants to move out of the country.

What about differences between emigration to Sweden and the EU? The volume of emigration is largest to Sweden but it is gradually decreasing (see Kultalahti 1994). Correspondingly, the volume of migration flows to the EU is increasing, rather than the opposite. The propensity to emigrate to Sweden is going down at all levels of education in the 1980s and the beginning of the 1990s, but the decline is steepest at the level of higher education. The opposite development can be seen in emigration to the EU.

What about the potential implications for the European Union in the future? The integration of Europe removes barriers to emigration and immigration. The labour markets are becoming more equal, as are education systems for citizens of the member countries. Thus potential immigration pressure has channels to be alleviated. Therefore, the present propensity to emigrate or immigrate is most important with regard to future developments.

The tendency of migrants with higher education to emigrate to the EU has increased in recent years. This indicates that European markets look attractive for highly qualified Finnish workers. These preliminary analyses of Finnish emigrants suggest that the integration of Europe and increasing specialization of labour markets in all western societies will probably first affect the international migration of the highly educated experts whose specialized skills are in demand everywhere. The question of one-way-migration or back-and-forth migration is one of the most important issues for a balanced development of Europe.

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