

EAST EUROPEAN MIGRANTS IN THE UK LABOUR MARKET

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Abstract

The status of East European migrants in the UK is a very topical issue, given the outcome of the UK referendum held in 2016, where the main argument for Brexit was the large immigration from Eastern Europe. Official figures show that net migration from the Eastern European countries which have joined the European Union since 2004 rose sharply. The negative view on migrants from Eastern Europe relies on the fact that these migrants are a major burden for the British social and healthcare system. At the same time, however, the issue of modern slavery is being discussed, based on the fact that East European migrants are willing to work under undignified working conditions in the UK. The aim of the paper is to build up a picture of the economic status of East European migrants in the UK labour market. The paper is based on the theoretical concept of the dual labour market, which is used in the analysis of real data. As the conclusion, the expected changes in migration after the UK's leaving the European Union scheduled for April 2019, is given.

Key words: economic migration, labour market, wage disparities, modern slavery

JEL Code: J00, J61, J62

Introduction

In today's increasingly interconnected world, migration has become a reality. Modern transportation has made it easier, cheaper and faster for people to move in search of jobs, opportunity, education and quality of life. Migration can contribute to sustainable economic growth both home and host countries. Countries of destination benefit from migration as migrants fill labour gaps. Some of migrants are among members of the communities that contribute to the development of science and technology in host countries. A part of migrants are sending home remittances that supplement household income and improve the livelihoods of families.

However, inequality and poverty compel people to leave their homes to seek a better future for themselves and their families abroad and many migrants remain among the

vulnerable workers. Migrants are often the first to lose their jobs in the event of an economic downturn, work for less pay, for longer hours, and in worse conditions than native-born workers. Some migrants endure human rights violations, abuse and discrimination.

The status of East Europeans migrants in the UK is a very topical issue, given the outcome of the UK referendum held in 2016, where the main argument for Brexit was the large immigration from Eastern Europe. Official figures show that net migration from the Eastern European countries which joined the European Union in 2004¹ rose sharply following the accession and peaked in 2007. Net migration from Romania and Bulgaria, states which joined the EU in 2007 increased sharply from 2014 onwards, which was likely augmented by the ending of UK transitional controls on migration from those countries in January 2014.

The largest migrant diaspora in the UK is the Polish diaspora, the rise in the Polish-born population has more than tripled in size over the last decade from 2007 to 2017. Also notable is the rise in the Romanian-born community over the same period. The Czech-born population is not significant in size, but Roma population born in the Czech Republic along with Roma population born in Slovakia living in the UK is mainly gathered in socially excluded areas living on social benefits receiving them without any work.

The aim of the paper is to build up a picture of the economic status of East European migrants in the UK labour market.

1 Methodology and data used

Understanding migration statistics requires an explanation of the terminology used.

The *first issue* need to be discussed is: who is a migrant? A migrant is broadly defined as a person who changes their country of residence. Conventionally, there are two different ways of making this definition more precise (Office for National Statistics, 2018a):

- A migrant is someone whose country of birth is different to their country of residence. That definition is consistent and objective, includes people born abroad but classifies as migrants also people who were born abroad but who are nevertheless nationals of the country in which they live: e.g. children born to armed forces personnel stationed in foreign countries.

¹ Eastern European countries that joined the EU in 2004: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia

- A migrant is someone whose nationality is different to their country of residence. That definition includes nationals born abroad but excludes people who have changed their country of residence and acquired the nationality of their new home country.

The *second issue* need to be discussed is: what is the difference between migrant stocks and flows? In migration statistics, stocks refer to the number of migrants resident. i.e. people whose country of birth or nationality is different from that of the country in which they live during a particular period. Flows refer to the number of people changing their country of residence during a particular period. Immigration and emigration are therefore flow measurements, recording the number of people entering and leaving the country on a long-term basis. Stocks and flows are normally measured as the number of people changing the country of residence for a period of at least a year. Net migration is the measure of the net flow of migrants into and out of a country, it means the difference between immigration and emigration: the number of people moving to live in a particular country minus the number of people moving out of that country to live elsewhere. (Office for National Statistics, 2018a). This paper is based on estimates of the number of international migrants prepared by the Population Division being a part of the Department of Economic and Social Affairs of the United Nations. Dataset *Trends in International Migrant Stock: The 2017 Revision* containing estimates of the total number of international migrants by country has been used for preparation that paper (United Nations, 2017a), (United Nations 2017b), as well as data from bulletins Migration Statistics Quarterly Report (Offices for National Statistics, 2018a). Used definition of international migrant at this chapter: an international migrant is a person who is living in a country other than his or her country of birth

2 Migrants stock and net migration in UK

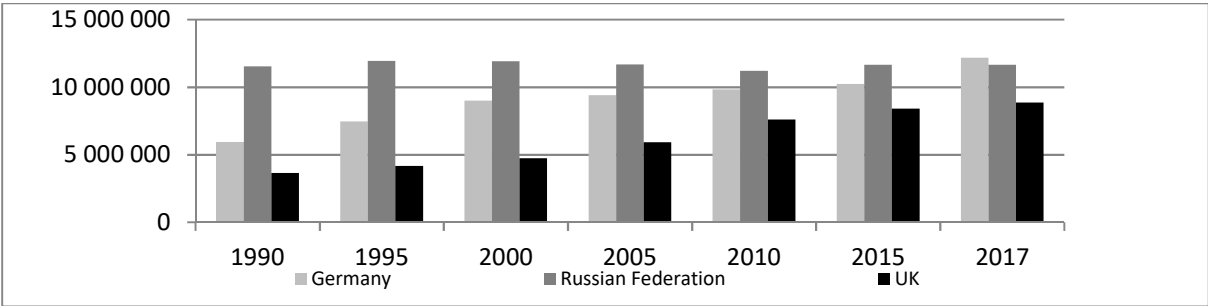
Since 2000, the number of international migrants has continued to grow worldwide, reaching 258 million in 2017, up from 173 million in 2000. The international migrant stock grew by an average around 2 % year. Between 2000 and 2017 Europe received 22 million of international migrants² and the UK was one of the countries most affected.

In 2017, two thirds (67 %) of all international migrants were living in just twenty countries. The largest number of international migrants (50 million) resided in the United States of America. Saudi Arabia, Germany and the Russian Federation hosted the second,

² Between 2000 and 2017, Asia received more international migrants than any other region (30 million), Europe received the second largest number of (22 million), followed by Northern America (17 million) and Africa (10 million).

third and fourth largest numbers of migrants worldwide (around 12 million each), followed by the UK (around 9 million). The UK is therefore one of three European countries with the largest number of migrants along with Germany and the Russian Federation. Trends in the number of migrants in that countries between 1990 and 2017 is shown in figure 1.

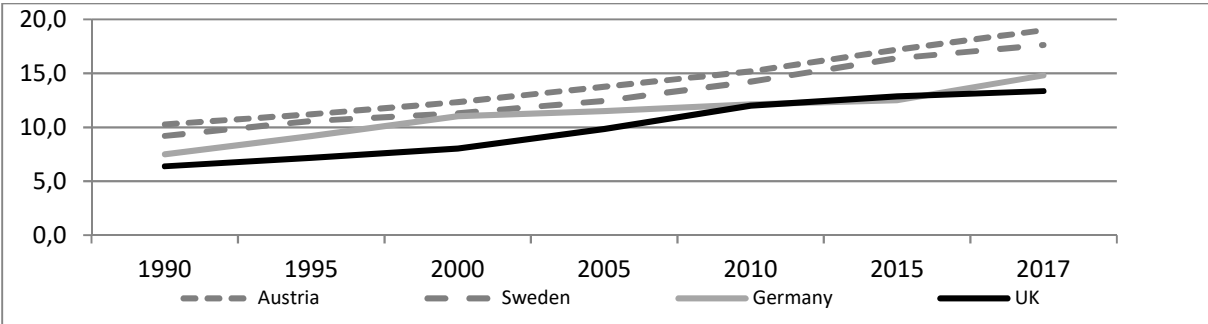
Fig. 1: Migrant stock in Germany, the Russian Federation and UK at mid-year by country of birth, 1990 - 2017



Source: United Nations, 2017a, United Nations, 2017b

Analysing the data by countries given in figure 1 provides insights into current trends in changes in the number of international migrants, which differ widely by countries. Between 2000 and 2017, the number of international migrants increased sharply in UK and Germany, while in the Russian Federation the international migrant population remained the same. However, according to the share of migrant in population, the European countries with the largest share of migrant in population are Sweden, Austria, Germany and UK, see figure 2.

Fig. 2: Migrant stock at mid-year by country of birth as percentage of total population in selected countries, 1990 - 2017

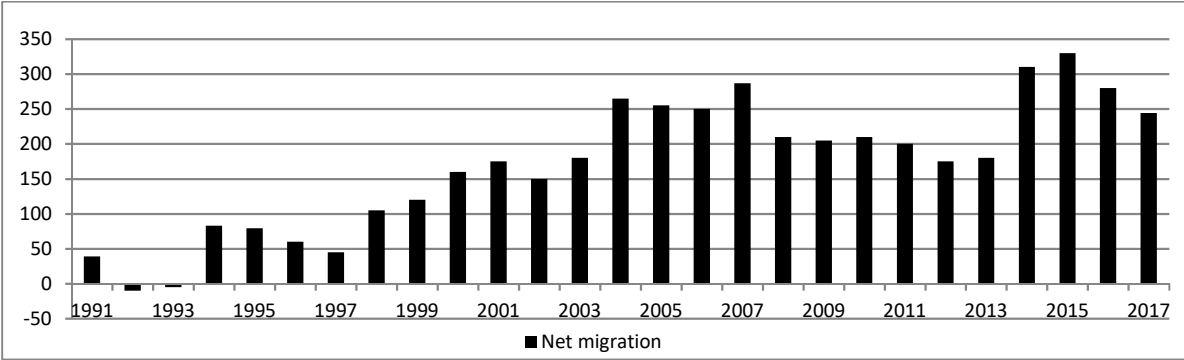


Source: United Nations, 2017a, United Nations, 2017b

The share of migrants has risen sharply throughout the period 1990 - 2017 in the population in Sweden, Austria, Germany and UK and raised the issue how national populations are changing. Building up a picture of how population are changing due to the movement of migrants means take into account net migration, i.e. the net flow of migrants into and out of a country. The number of people migrating to the UK has been greater than the number emigrating since 1994. However, for much of the twentieth century, the numbers

migrating to and from the UK were roughly in balance, and from the 1960s to the early 1990s the number of emigrants was often greater than the number of immigrants (Aldin, Wadsworth 2010). Over the last twenty five years, both immigration and emigration have increased to historically high levels, with immigration exceeding emigration by more than 100,000 in every year since 1998, see figure 3.

Fig. 3: Net international migration in the UK at mid-year by country of birth, 1991 - 2017



Source: Office for National Statistics (2018a)

Immigration in UK has grown faster than emigration since 1998, leading to an increase in net migration from an annual average of 37,000 in the period 1991 to 1995 to an annual average of 253,000 in the period 2012 to 2017. Net migration has risen sharply from 2004, when the Eastern European countries joined the European Union and peaked in 2007. The next sharp increase in net migration was recorded in 2014, which was likely due to the end of the UK's transitional controls on migration from Romania and Bulgaria in January 2014. Romania and Bulgaria joined the EU in 2007.

3 The UK Government net migration target

In response to increasing net migration, the following tasks were adopted by UK Government:

- Under the 2010 Coalition Government, the Home Office said that it aimed to reduce net migration “from the hundreds of thousands back down to the tens of thousands” (House of Commons, 2016).
- Following the 2015 General Election, Prime Minister David Cameron said the new Conservative government still aimed to reduce net migration to that level, it means to the tens of thousands (Prime Minister’s Office, 2015).
- Following the UK Referendum held in 2016, Prime Minister Theresa May said she remained firm in her belief “that we need to bring net migration down to sustainable

levels, and the Government believe that that means tens of thousands” (House of Commons, 2016).

However, net migration has not been reduced of less than 100,000 since 2010, it means that the UK Government targets have not been achieved. In that context, the position of East Europeans migrants in the UK society is a very topical issue.

4 From which countries and why do people migrate to the UK?

In 2017, 14.4 % of all UK population were international migrants, out of which 5.6 % were immigrants came from the European Union (hereinafter: EU) and 8.7 % came from the rest of the world including European, but non EU member state countries. The largest group of migrants in the UK (922,000) was born in Poland, followed by migrants from India and Pakistan. A large group of migrants was also born in Romania (390,000), ranked fourth. Relatively small is a group of immigrants from the Czech Republic (54,000), which is on the 43rd place, see table 1.

Tab. 1: Migrants in the UK by country of birth, January 2017 to December 2017¹

List of the first five countries plus the placement of other EU8 and EU2 countries ²	Country of birth	Migrants stock in thousands
1	Poland	922
2	India	829
3	Pakistan	522
4	Romania	390
5	Republic of Ireland	390
12	Lithuania	178
24	Latvia	105
27	Hungary	93
29	Bulgaria	84
31	Slovakia	79
43	Czech Republic	54

Note 1: Estimated numbers of immigrants are measured through the Labour Force Survey (LFS) and the Annual Population Survey (APS), which aggregates and supplements LFS data.

Note 2: Slovenia and Estonia is not included due to migrants stock from these 2 countries in UK is not significant

Source: Office for National Statistics (2018a)

Strong incentives for migration from East European countries include a much higher wages in the UK relative to the countries of Eastern Europe, the pull effect of people already are in the UK and political turbulence in Eastern Europe:

- The rise in net migration from Eastern Europe has likely been driven in large part by the fact that wages available in the UK are considerably higher than in countries of origin. The minimum wage in the UK, between 2010 and 2016, was over three times

higher than in Poland. The UK's 2017 minimum wage (1,397 Euros) remains three times higher than Poland's minimum wage (453 Euros) and is five times higher than Romania's minimum wage (275 Euros) (Migration Observatory, 2018).

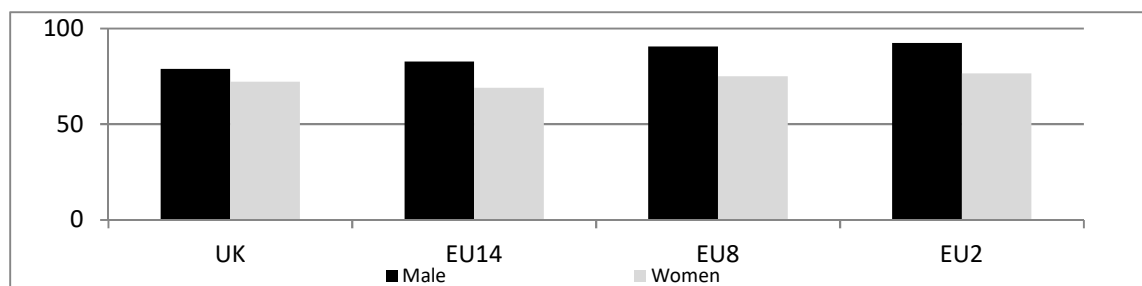
- Kinship and growing existing communities of EU8 and EU2 nationals in the UK act as a draw for migration. The 2017 figure includes 1.4 million people born in the EU8³ and 470,000 born in the EU2⁴, see table 1. The most notable rise has been in the Polish-born population, which has nearly risen fourth time in size over the decade from 265,000 to 922,000. Also notable is the rise in the Romanian-born community over the period – it increased nearly 18-fold from 17,000 to 320,000 over the period.
- Political turbulence in Eastern Europe could act as a push factor for potential migrants to other parts of Europe including EU. Poland's ruling Law and Justice Party has been accused of pursuing a polarising agenda, a factor which may driven opponents of the government to seek residence elsewhere in the EU. In February 2017, as a result of political disputes over corruption, Romania experienced its biggest anti-government demonstrations since the fall of communist leader Nicolas Ceausescu in 1989.

5 East European migrants in the UK labour market

A key indicator of labour market outcomes is the employment rate measuring the share of the employed in the total working-age population. In 2017 the employment rates of male workers from the EU countries, i.e. EU2 (92%), EU8 (91%) and EU14 (83%) were higher than those of UK-born men (79%) (Dawson, Veliziotis, et al., 2018).

Female workers coming from EU2 and EU8 countries had higher employment rates than UK-born women (respectively 76% and 75%). However, the employment rate of women from EU14 (69%) was less that of UK-born women (72 %), see figure 4.

Fig. 4: Employment rate by country group of birth



Source: Office for National Statistics (2018b)

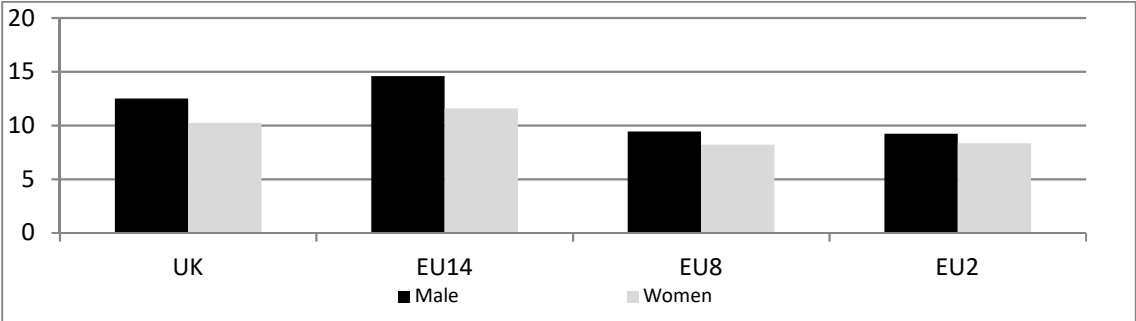
³ EU8: East European countries that joined the EU in 2004: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia

⁴ EU2: East European countries that joined the EU in 2007: Rumania, Bulgaria

UK born men’s wages have exceeded those of male European migrants. This is to be a result of the higher share of EU8 and E2 migrants who, being employed in lower skilled occupations, have been earning a lower hourly wage. Although characterised by very high employment rates, workers from the EU2 and EU8 countries earn the lowest median wages among groups considered. Workers born in EU2 and EU8 are poorly paid (Consterdine, E., Samuk, S., 2018).

On the other hand, workers from EU14 have the higher hourly wage UK-born men. The trends are similar for female migrants, see figure 5.

Fig. 5: Median hourly wage (£) by country group of birth, 2017



Source: Office for National Statistics (2018b)

Even when the averages reported above may mask significant variations in employment rates and in hour wages, it is evident that East European migrants are mostly part of the secondary labour market where created workplaces have worse working conditions and poorer wages (Kotýnková, Krebs, 2015). In 2017, EU8 and EU2 born workers were overrepresented in elementary occupations, such as cleaners, kitchen and catering assistants, building workers, carpenters and chefs and less part of that workers were employed in skilled jobs. There can sometimes be a mismatch between an individual’s educational attainment and the skill level required for his or her job in the UK. Specific groups of recent migrants from the EU8 and EU2 countries are known to be frequently employed in jobs that do not correspond with their education and skills. (Sirkeci, I., Acik, N., et al.).

Workers born in EU2 and EU8 are poorly paid and their jobs are often called 3D jobs where they do dirty, difficult and dangerous work and in that context have been raised questions on modern slavery⁵. Some Poles, Czechs or Slovakian people are brought to the

⁵ Modern slavery is a crime where the most vulnerable men, women and children are abused for criminal profit, with many victims forced to live and work in squalid conditions for little or no money. They are controlled with threats and abuse and have no means of escape. They are considered to be invisible. (Wadsworth, J. 2010).

UK with the offer of employment and, after arrival, gang leaders seize their documents, opening multiple bank and utility accounts in their names – but refuse to hand over access to the accounts or bank cards. Some of those workers do work in the farming sector harvesting grains or root vegetables, tending livestock or fruit picking and are being exploited every day in the UK⁶ (Vickers, Rutter, 2018). Modern slavery workers are invisible people, but very visible are Roma migrants born in the Czech Republic along with Roma migrants born in Slovakia living in the UK mainly gathered in socially excluded areas living on social benefits receiving them without any work. Well - known socially excluded areas are in county Kent.

Conclusion

The number of people migrating to the UK has been greater than the number emigrating since 1994. However, for much of the twentieth century, the numbers migrating to and from the UK were roughly in balance, and from the 1960s to the early 1990s the number of emigrants was often greater than the number of immigrants. Over the last twenty five years, both immigration and emigration have increased to historically high levels, with immigration exceeding emigration by more than 100,000 in every year since 1998. In 2017, the largest group of migrants in the UK (922,000) was born in Poland, followed by migrants from India and Pakistan. A large group of migrants was also born in Romania (390,000), ranked fourth. Relatively small is the group of migrants from the Czech Republic (54,000), which is on the 43rd place. Strong incentives for migration from East European countries include a much higher wages in the UK relative to the countries of Eastern Europe.

The migrants coming from Eastern Europe and their economic status has become a major topic in the UK, as this issue was one of the main arguments for the leaving the European Union in the UK Referendum held in 2016. The negative view on migrants from Eastern Europe relies on the fact that these migrants are a major burden for the British social and healthcare system. However, there is a little evidence available for debate about that issues. It seems that migrants pay more in tax than they claim in benefits, because their employment rate is very high. But this ignores the extent to which tax has also to be spent on services consumed by the migrant population including health, and education and additional

⁶ Women from across eastern Europe are lured to the UK, whether by fake migration services or unscrupulous individuals who betray them fall into a dark spiral of sexual exploitation and forced, unpaid prostitution, unable to escape.

infrastructure required. These elements should be included into the overall fiscal balance. Therefore, there is no clear answer to that key issue.

Looking ahead, the attractiveness of the UK for potential migrants from the East European countries could be reduced by uncertainty stemming from the Brexit process, by the risk of a further devaluation of sterling and by the possibility of a period of lower growth. On the other hand, there will continue to be a large wage disparity between the UK and the East European countries. As regards to the Pole,s there has been a reduction in net migration in the year 2017 which may reflect improving economic conditions in Poland and reduced exchange rate in the UK. Romania is in a different proposition. Economic and political conditions in these country have remained poor. It is therefore likely that there will continue to be a significant inflow. Regarding to the Czech Republic, migrants stocks in UK is not very significant and it seems to be clear that uncertainty arising from Brexit will be a push factor especially for the Czech Roma population as access to social benefits will probably be tightened since spring 2018, when the UK leaves the EU.

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