Is EU immigration so negative for the UK and is it out of control?

by rpinto_anglodeutsch - Sunday, March 06, 2016

EU immigration has been possibly the single most topical issue in Britain since 2004, when Britain allowed various new members of the European Union (EU) such as Poland to come and live and work in the UK. When the economic and financial crises hit, the views on immigration hardened noticeably in Britain, with an accent on immigration from central European countries. The discourse evolved into “British Jobs for British Workers” under the Labour Party. Under the Conservative Party, the debate intensified further, partly due to the impact of the UK Independence Party (UKIP), resulting in a “cap” on annual net immigration at 100,000 and concern over Britain’s “uncontrolled borders” due to the EU’s freedom of movement of people. Attention then shifted to Bulgarian and Romanian migrants and EU “benefit tourism.” Lately, the surge of refugees and asylum seekers to the EU in 2015, on-going tensions in the “jungle camp” in Calais and the possibility of jihadist terrorist sneaking through EU borders have elevated anxiety to peak levels.

This is a very potent mix of issues to discuss. In the context of the British referendum on whether to remain in the EU or not, the key issue boils down to this question: to what extent is the EU and its freedom of movement of people the reason for the current level of immigration in the UK and it is good or not for Britain??

Is the level of foreign born population much higher than the EU average?

The first issue to address is whether Britain is somehow exceptional and has disproportionately higher levels of foreign born population living in the country. The answer is an unequivocal no. The UK and Germany had very similar levels of foreign-born inhabitants (12.3% and 12.4% respectively) as a percentage of the overall population in 2013. The latest figures would probably be around 14% for the UK but larger for Germany, following the entry of over 1 million refugees in 2015, an issue which I have written about.

The percentage of foreign-born populations in the UK is relatively modest compared with many EU countries such as Luxemburg (42.4%) and Cyprus (23.2%), well as others such as Belgium (15.7%), Ireland (16%), Austria (16.1%), Sweden (15.4%), etc. Indeed, given Britain’s not so distant colonial past, the level of foreign born population in the UK could have been a lot higher. At the same time, it is not only foreigners that have been beating a path to the UK. Historically speaking, a very large number of Britons emigrated to the rest of the world, especially the Commonwealth countries, though there is far less concern about British emigration as about immigration into the UK.

Focusing on the role of the EU migration and thus on the freedom of movement of people, the EU cannot be held responsible for any migration to Britain prior to joining the European Economic Community (EEC) in 1973. Until then, Britain was entirely in charge of its immigration policies and the pattern of immigration reflected its colonial past and the rules established by successive British administrations.
The freedom of movement of people is one of the four economic freedoms that form the basis of the EU: free movement of goods, services, labour and capital. By voting in a referendum in 1975 to join what is now the EU, the British people accepted these four economic freedoms. The freedom of movement and residence for persons in the EU as one of the cornerstones of the EU was established by the Treaty of Maastricht in 1992 but the data show that the flow of EU citizens to the UK was a trickle until 2004, when larger numbers started to come to the UK.

Are Britain’s Borders out of control because of the EU?

Over time, the EU has grown to 28 member countries, a process that successive British governments have supported enthusiastically until recently. There is always a possibility that people will flow from lower income/employment economies to higher income/employment ones. This is the very reason why EU transitional provisions exist to restrict the flow of people from new member countries to the rest of the EU for a period of up to 7 years. This applied to Spain, Portugal, Ireland, etc. when they joined to the EU then Poland, Slovakia, etc. then Bulgaria and Romania (until 01 January 2014) and it applies to Croatia, the latest country to join the EU, until 2020. Each member country has a choice of either sticking with the 7 year transition or not. Thereafter the EU freedom of movement of people and workers applies in full to the new EU member countries.

The evidence shows that there was not a significant flow of people from the EU to the UK until 2004. Until that point the overwhelming majority of immigration to the UK reflected the policy of the British government, which in turn reflected Britain’s colonial heritage and its agreements with Commonwealth countries, as well as a strong flow of students to the country. These are not something which the EU interferes with. They are national decisions that Britain makes.

Furthermore, two issues reinforced the UK’s ability to influence migratory flows to the UK:

- **Schengen Agreement**: this created the EU’s borderless space, enabling passport-free movement across most of the EU bloc. However, the UK opted out of the Schengen Agreement and unlike most EU countries, its borders remain intact and passports are essential to gain entry;
- **Britain is an island**: unlike most other EU countries which have no internal borders and thus people can cross former borders unimpeded (this is changing following the 2015 refugee crisis), this is not the case in the UK. As an island, it has defensible natural and other borders. There are few entry points and every person seeking entry is checked by the UK authorities.

Therefore, the notion often repeated by the media and “Leave” politicians that Britain has “uncontrolled borders” because of the EU and its freedom of movement of people is little more than a fib. It has opted out of Schengen, it has natural borders and migrants can only come in via three routes: the Channel tunnel, the harbours and the airports, all of which under the exclusive control of the UK Border Force. It is only the people that are allowed in (or manage to sneak in) that get through. This is the exclusive preserve of the British government. What it cannot hinder is the freedom of movement of EU citizens (once the transition period is over). However, this cuts both ways: Britons can and do leave the EU to other EU countries in large numbers.

If Britain is an island and is able to check every single passport of every single person coming into the country, you might well pause to ask what is so uncontrollable about the UK’s borders, other than EU
related migration? Whose fault is that and is the EU element a reason to leave the EU?

Why did EU migration increase and is it detrimental to Britons?

The UK government (and Ireland and Sweden) chose to forego the EU transition arrangements and opted to remove the restrictions on labour market access from the onset of the EU enlargement in 2004. Other nations gradually followed suit, but like the UK, did not have to for 7 years. Germany and Austria restricted labour market access to the maximum period allowed.

EU-8 is the term used to denote the 10 countries that joined the EU in 2004 (Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovenia, Slovakia), excluding Cyprus and Malta. The UK decided of its own volition and with its national interests in mind, to allow the citizens of the EU-8 countries to live and work in Britain immediately. The rationale at the time was clear: Britain’s economy was booming and both the government and the private sector were concerned about a possible overheating labour market. The problem was solved by suspending the EU’s 7 year rule. Citizens from the EU-8 responded to the invitation to come to the UK, exactly as hoped by British authorities and industry. The key issue, however, was that neither foresaw just how many would choose to take-up the offer to come and work in the UK and Ireland.

But this was not an issue as the economy kept growing and all boats kept rising with the tide of employment and wealth being generated. British companies, British tax payers and British citizens benefited from the contribution of a young, healthy, educated, willing and industrious new source of labour. When the double-whammy of deep recession and financial crisis hit, leading to unemployment and reductions in wages, the gear was thrown into reverse. History has a habit of repeating itself. The call for “British Jobs for British Workers!” was soon be heard, as well as increasing levels of criticism of Central European migrants, which then transmuted into criticism of the EU, the freedom of movement of people, Britain’s uncontrolled borders, etc. This was followed swiftly by the rise of UKIP as a political force, leading to a decision by the Conservative Party to cap net immigration at 100,000 per annum and culminating in the decision to hold a referendum on whether to remain in the EU or not on 23 June 2016.

The hardening of public attitudes in respect to EU immigration specifically since 2008/9 only makes sense if the EU migrants, and more especially the recent arrivals from the EU-8 countries, have been taking-up jobs which the British population would have otherwise have had, thus leading to higher levels of unemployment among the native population, as well as depressing their wages.

The evidence is that there are two types of EU migrant: those from “old” Europe (EU-15 such as France, Germany and Italy) who are slightly younger and more highly educated than the average Brit and those from “new” Europe (EU-8) who are much younger and also better educated than the average Briton. The old Europe migrants tend to find more highly skilled work than the average Briton. However, the new Europe migrants, partly because of the lack of language skills, found work mainly in low-skill, low-paid jobs such as skilled trades, construction and services jobs.

The evidence is that neither the “old” nor the “new” EU migrants put pressure on the wage and job prospects of the native British population. A review of various UK studies shows that there has been no, a small negative or a small positive labour market effect (wages, unemployment, etc.) in destination countries such as UK, while the long run impact is thought to be very small or none. By contrast, “old”
EU migration has resulted in an increase in human capital, leading to higher productivity while also having a positive effect on British GDP.

The consistent conclusion from research into the labour market effects is that migration from the EU has been beneficial to the UK economy.

**Is the EU freedom of movement a one way street?**

It might be quite hard for some to comprehend this, but not all roads lead to London and the south east. The EU’s freedom of movement of people (as well as goods, services, capital) is a remarkable gift: it allows all EU citizens to travel across 28 countries (31 when Switzerland, Luxemburg and Lichtenstein are counted) to study, work, retire, au pair or just enjoy the richness of Europe whenever and as often as they like without “let or hindrance”, something which Britons should appreciate since these very words are engraved in our passports.

Many, if not most Britons, enjoy some or all of these freedoms in one way or another, not least in terms of their holidays. Indeed, 2.2 million Britons, such as me, have chosen to work, study, invest (e.g. holiday and retirement homes and pension funds) or retire in EU countries not least Spain (just over 1 million), France (330,000), Ireland (329,000), Germany (107,000), Cyprus (65,000), the Netherlands (48,000), Greece (45,000), Portugal (39,000) and Italy (37,000). It is not possible to claim anything other than that the UK and its citizens have taken full advantage of the freedom of movement of people in the EU: the numbers of Britons living in the EU almost balances the EU citizens living in the UK (2.3 million). Despite the somewhat hypocritical stance of many Britons towards the EU freedom of movement of people, this right is something which is taken for granted by a very large number of them, especially the elites that control the British media and the political parties (it would be good to know just how many of them own a holiday home and/or how frequently they holiday in the rest of the EU). Leaving the EU would be a double-edged sword for Britain.

**Is the level of EU migration to the UK unstoppable?**
Chart 1 shows immigration, emigration and net migration in the UK. During 1991 – 2014 immigration increased rapidly from 329,000 to 632,000. Emigration also increased from 285,000 to 319,000. Net migration (those arriving minus those leaving), increased from an annual average of 37,000 during 1991 - 1995 to an annual average of 232,000 during 2010 – 2014; this represented a significant and sustained increase in the level of migration.

However, the majority of immigration is not from EU countries, as the Table illustrates for 2014.

Historically, EU migration to the UK has been relatively low: during the period before the British government chose to allow EU-8 countries to enter Britain in advance of the 7 year transition period, EU migration accounted for 12.9% of all migration.

By 2014, 41.8% of annual immigration was attributable to the EU’s freedom of movement of people. However, the majority of migrants to the UK remain Brits returning home (12.8%) or non-EU nationals (45.4%). The decision by the UK to allow close to 60% of migrants to enter is not to do with the EU in any way, shape or form.

Of the 41.8% of the EU nationals entering the UK in 2014, almost half (20.4%) were from the EU-15 or “old” Europe such as Germany, Italy and France. As previously discussed, these are typically extremely well-educated, professional individuals who the British economy relies on to succeed and thrive. 12.7% of EU migrants were from the EU-8 such as Poland and Slovakia. The rest, 8.7% are from the rest of the EU, which is mostly Romania and Bulgaria. These are less well educated but still outperform the British average.

On this basis, although EU migration to the UK is undoubtedly significant, it is beneficial to the economy and only 21.4% of overall migration is from countries that Britons have become sensitive to in recent years. The UK could reduce the levels of migration from non-EU countries (45.4%) overnight, if it chose to do so, without reference to the EU or anyone else. Presumably it prefers not to hinder Britons from returning home, students paying pretty good money into the British higher education system or close-off access by Commonwealth countries (or presumably cut-off the supply of highly skilled employees from “old” Europe).

The rest (from the EU-8 and EU-2) amounts to 21.4% of the immigration experienced in 2014 or about 1 in five of the migrants entering the country. Is this worth leaving the EU in order to stop this group from the EU entering the country? And is it worth doing so despite the evidence that such migration does not depress wages and does not reduce the employment prospects of native Britons? I don’t think so, despite the media negativity and the claims of UKIP and Leave faction.
However, it might possibly be worth it if the EU citizens, whether from old or new Europe, were in the UK specifically to take-up the social benefits, rather than coming to work and thus contribute to the British economy. I shall address the issue of EU “benefit tourism” in the next post.

**The EU immigration debate - much heat, little light**

Migration from the EU was relatively low until 2004 when the UK decided, in its own interest, to allow immigration from the EU-8 accession countries such as Poland a full 7 years before the EU transition period officially required it. The UK benefited greatly from this decision, as did the many migrants that responded to the UK’s invitation: they did not come illegally to Britain. When the economic and financial crises struck, the mood turn ugly in the UK towards migrants generally, and those from the EU specifically. The freedom of movement of people is routinely criticised but the facts are that Britain has opted out of the Schengen Agreement, is an island and is in full charge of policing its own borders and deciding who comes into the country, not the EU. The latest information shows that immigration is running high but 12.8% are either Britons returning home or non-EU nationals (45.4%), mostly from the Commonwealth countries, over which the UK has full control of but rightly, chooses not to stop.

This means that less than half (41.8%) of the UK immigration originates from the EU. But even here, the situation is not as simple as UKIP and the Leave campaign pretend. Almost half (20.4%) are from the “old” Europe comprising top professionals which the British economy depends upon. Only 12.7% are from the EU-8 such as Poland and Slovakia and 8.7% are from EU-2, namely Romania and Bulgaria. However, in both cases, the evidence is that they are neither reducing the wages nor the employment prospects of native Britons.

Furthermore 2.2 million Britons benefit from the EU freedom of movement of people compared with 2.3 million EU citizens living in the UK. A decision to leave the EU would be a double edged sword for Britain, since it not only benefits economically from EU immigration, but also exports pensioners, student and workers to other parts of the EU.

Is this a case of the British media and populists politicians eating the EU cake and having it too? Form your own opinion.

- Is the **EU responsible** for the overall level of foreign born population in the UK: No
- Is the **British government responsible** for its own borders and the majority of migration in the UK: Yes
- **Should I vote to leave the EU** because of the EU freedom of movement: No