

QUESTIONS AND ANSWERS ON MIGRATION WITHIN THE EUROPEAN UNION

1. **What is the early history of free movement of people within the EU?**

It has been a longstanding objective ever since the Common Market was originally established in 1957 to allow there to be free movement not only of goods, services and capital but also of people between Member States. It is also the case that allowing EU citizens to move freely between its constituent countries was a very popular and on the whole successful component of the UK's early membership. Hundreds of thousands of UK citizens retired to live in Spain. London is now the home to more French people than Bordeaux, the sixth largest city in France. Living in another country builds bonds between people of different backgrounds. It widens horizons and spreads ideas. It provided career opportunities which would not otherwise have been there. The success of this policy, however, depended on two crucial and inter-related criteria being met. One was that the movement of people to and from one country to another was in rough balance, so that there were no major net migrations which left some areas very overcrowded while others became depopulated. The second was that these potential imbalances were not encouraged by very large differences in living standards between the countries involved, so that instead of the migrations being driven by mutual exchange of people with similar economic backgrounds they would be very largely the result of economic opportunities being generally much greater in some countries than others.

2. **What changed?**

This benign initial situation on migration prevailed between not only the original Six members of what is now the EU but also generally among the expanded membership which came about in the late twentieth century – as the UK, Denmark and Ireland joined in 1973, Greece in 1981, Portugal and Spain in 1986 and Austria, Finland and Sweden in

1995. The situation began to change in the 2000s, however, particularly as the ex-Communist countries of Central Europe became members. In 2004, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia all joined the EU, followed by Bulgaria and Romania in 2007 and Croatia in 2013. Living standards in many of these countries were – and are - far below what it was among the earlier members. World Bank figures for 2012 show Poland having GDP per head at 33% of that in the UK, Romania, 21% and Bulgaria 18%. Even if Purchasing Power Parity figures, which take account of variations in the cost of living, are used instead the figures respectively are 60%, 45% and 43%. These figures compare with variations of no more than about 10% either side of the average for the older members. It is the steepness of the economic gradient between the EU Member States in the West of Europe compared to those in much of Central Europe which has caused migration within the EU to become such a salient political issue. Whereas a recent survey showed that there were about 300,000 UK nationals working in other EU countries, there were at least a million non-British EU nationals living and working in the UK. These two figures highlight the asymmetry of EU population flows.

3. **What happened?**

When the ex-Communist countries joined the EU, initially restrictions were put in place on the movement of large numbers of people from the poorer to the richer countries. Not all countries, however, including the UK, accepted that there should be any delay before people should be allowed to move from the new accession countries to the West. The result was far larger amount of migration than the UK government expected. By July 2006, 447,000 people from Central Europe had applied to work in the UK compared to a predicted total of 15,000 from all the eight new EU Member States. The results were mixed. Some of them were clearly beneficial. Most of the new arrivals were young, enterprising, hardworking and relatively well educated. Contrary to what is often suspected, the new arrivals paid more in taxes than they received back from the state. Nevertheless, there were also major downsides. Immigrants from Central Europe competed heavily with the more disadvantaged members of the UK labour force. Between 1997 and 2010 three quarters of the rise in employment in the UK was accounted for by foreign nationals although they comprised only 12% of the labour force. There was also a major problem in that the swelling population put an increasingly severe strain on the UK's schools, roads, hospitals, and its infrastructure generally. During this period, waiting lists for social housing in England rose by 70%. The main beneficiaries of the influx of new young workers were the better off who did not have to compete with them – although their children often did - but who found themselves supplied with willing cohorts of waiters, plumbers and au pairs.

4. **Taking a broader view, is mass migration of general benefit?**

The pros and cons of the heavy influx of people from Central Europe to the UK from the mid-2000s onwards needs to be set in the context of a wider considerations of the benefits and disbenefits of mass migrations, not least because most net immigration to

the UK, including the period after the 2004 accession, has not been from EU countries. Recently, however, increasingly rigorous restrictions have been put in place on non-EU immigration, particularly affecting students, but because of our treaty obligations to the EU, it has been much harder for the government to curb immigration from the EU. The background to this toughening of policy was that the 2011 census revealed that total net immigration between 1997 and 2010 had been nearly 4m, of which about 80% was from non-EU sources. These figures – much higher than any applying at any stage in our previous history – inevitably put a severe strain on the social cohesion of the country, a concern which is strongly reflected in all the polls on the subject. A poll carried out in 2010 by the Department for Communities and Local government showed that not only did 77% of the population at large think that immigration should be reduced but so did 53% of ethnic minority groups. Looking at the wider picture, while nearly all migrants benefit personally, this not always true of their families. Nor is it at all clear that it is fair for relatively rich host countries to bleed poorer countries of their most enterprising and best trained people. A recent report showed that about 30% of all doctors working in the NHS were foreign born. Nor are there tangible overall economic benefits. Perhaps the most authoritative view on this matter was from the House of Lords Select Committee on Economic Affairs in 2007/08 which concluded that “We have found no evidence for the argument, made by the government, business and many others, that net immigration generates significant benefits for the existing UK population.” On the contrary “The overall conclusion from existing evidence is that immigration has a very small impact on GDP per capita, whether these impacts are positive or negative.” They also observed that “The available evidence suggests that immigration has had a small negative impact on the lowest-paid workers in the UK, and a small positive impact on the earnings of higher-paid worker.” All these conclusions have broadly been mirrored in other research carried out by organisations such as the NIESR and UCL.

5. **What is likely to happen over the coming period?**

The position now confronting the UK is that the scale of immigration to the UK is becoming a more and more difficult issue for the government to handle. There is very strong electoral pressure to reduce it and the government has responded by putting restrictions in place where it thinks it can. The problem is that it is much easier for the government to restrict non-EU immigration, because of our commitment to the free movement of people within the EU, than it is to put restraints on the number of people coming here from other Member States. The result is that the constraints which have been imposed often make little economic sense. In particular, it is far from clear that – as has happened - it is in the UK’s interest either to restrain the number of bona fide students coming to UK universities or to make it more difficult for highly skilled people to come and work in the UK. Meanwhile, the restrictions on migration from Romania and Bulgaria, which have been in place since these two countries joined the EU in 2007, come to an end at the beginning of 2014. The very large differences between living standards in these countries and the UK make could mean that the numbers of Romanians and Bulgarians planning to come to the UK to find work would undermine any efforts made to curb immigration from non-EU parts of the world. The government has refused to produce any estimates of migration to the UK from Romania and Bulgaria

but independent organisations have suggested that we might expect an influx of about 50,000 people a year. A net figure of this magnitude in addition to the roughly 180,000 expected to arrive from other sources, would increase the total number of new immigrants per annum by almost 30%.

6. **What can Labour do?**

During the period of the last Labour government, from 1997 to 2010, Labour positively encouraged more immigration, partly because of its generally internationalist stance and partly because its belief in the benefits of multiculturalism, tolerance and support for welcoming people with new ideas and horizons who wanted to come and live and work in the UK. Since the 2010 election, however, there has been a change of stance and a recognition – reflected in Labour statements about immigration - that there is a limit to the capacity of the UK to absorb greater and greater numbers of people from abroad without generating unacceptable strains. Coalition policy, with some considerable dissent from some Lib Dem members of it, has been to set a cap on some non-EU migration, to tackle widespread abuse of the student visa system, to bring in more stringent requirements for those wishing to bring in family members and to restrain the rights to stay indefinitely of those who come here to work to those earning more than £35,500 a year. It also intends to make it more difficult for recent immigrants to claim benefits. In addition, it intends to toughen up on illegal immigration by making it more difficult for those who should not be in the UK to rent a property, access a bank account, or to get a driving licence. While Labour may be able to criticise some of these measures in detail, it will no doubt find it difficult to oppose all of them in principle.

7. **What should Labour's strategy on the EU then be?**

The reality is, however, that the sort of restrictions which the government is putting in place cannot alter significantly the one major way in which it would be possible to make a big difference to net immigration, which would be to curb free movement of people within the EU. Although this was one of the pillars on which the EU was built, the strains which it is now imposing on the UK are becoming very heavy. For many reasons, the UK is perhaps the most natural destination in the EU for those in Romania and Bulgaria wanting a better life. While the strains resulting from mass migration are showing up in other relatively high income EU countries as well as the UK, the problems here are particularly acute. If the UK is seriously intent on renegotiating our terms of EU membership, allowing reasonable restrictions on the free movement of people needs to be high on the list, otherwise the option of leaving the EU altogether as the only way of dealing with what is now becoming a very pressing problem may become even more popular.