

# Impact of eastern european immigration on united kingdom economics essay



**ASSIGN  
BUSTER**

Is the sentiment against immigration in the United Kingdom well-founded or is immigration used merely as a scapegoat for the economic failings of liberal democratic society? In a recent survey by “ Populus” involving more than 5, 000 respondents, two out of three white Britons thought that immigration was ‘ bad’ for UK, a view echoed by nearly 43% of Asians and 17% black Britons.[1]Recently, headlines have capitalised on the ‘ death’ of multiculturalism and how the whole policy on immigration has ‘ lost its allure.’[2]

Clearly, the immigration debate is a contentious one. The economic downturn is Europe’s central political and policy preoccupation. In such a climate, it is unsurprising that the value of economic migration has come under scrutiny. Concerns are hardly limited in the UK.[3]Rising immigration is also common to many industrialised countries, where the average share of immigrants in the labor force has increased from 4. 3% to 7. 2% between 1995 and 2005.[4]In the wake of the global war on terror and the economic recession, the prevalent feeling today is ‘ anti-immigrant’ and unfortunately, according to some rights groups, bordering on ‘ racism.’[5]Lest we rely allow speculation and emotion to take precedence on the issue, it is best to investigate empirical evidence on the impact of immigration on the UK.

Critics of immigration policy have contended that the presence of immigrants have created more negative than positive consequences for the UK economy, that the unprecedented rise of immigrant populations have caused downward pressure on wages, taken employment off native Britons, with immigrants going for a ‘ free-ride’ off UK’s welfare system and the need for greater integration.[6]Most of these criticisms are based on speculations;

empirical studies on the impact of immigration on the UK are relatively young and have mixed findings. Some studies support the contention that the immigration balloon has reduced wages for Britons[7]but several studies have also supported the positive contributions of immigrants in the UK economy[8]and whatever effects immigration may have on labour, are minimal.[9]

One of the largest immigrant groups that have made their mark on UK society are Eastern Europeans - those who were absorbed in the labour forces as a result of the accession of eight countries - the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia - to the European Union.[10]The geographical references ' Eastern Europe' is used interchangeably with East Central Europe, the former Soviet Union, the Balkans, or the Baltic region. In the context of immigration and in the analysis being conducted in this thesis, Eastern Europe will refer to the so-called ' Accession 8' countries earlier mentioned.

The influx of Eastern European migrants is due to several factors. Politically, EU policy is attributed to be the most significant driver of immigration in the UK. The free flow of migrant workers from Eastern Europe was fuelled by the EU ' Four Freedoms' codified in a 2004 Directive.[11]While most of EU member countries came up with immigration restrictions, UK along with Sweden and Ireland did not. Migrant labourers from the A8 countries have come and gone freely in the UK since 2004. Aside from policy drivers, economic drivers also influenced migration patterns. So-called economic push and pull factors determine the expansion and retraction of migrant labour supply in the UK. Among the push factors include increasing poverty <https://assignbuster.com/impact-of-eastern-european-immigration-on-united-kingdom-economics-essay/>

in the countries of origin, overpopulation, and excess blue-collar labour.

Countries from the former Communist bloc suffered economically and had large segments of unemployed workers in their population coupled with dwindling social services. These difficulties are aggravated by a consistent growth in population, low levels of education, and lack of training.[12]

Pull factors are those arising from labour demand in receiving countries such as the UK. Particular demographic characteristics could explain the pull in migrant labour from Eastern Europe. For instance, UK has seen declining fertility rates, an ageing population, and a rising level of highly educated professionals which is increasingly wary of 'undesirable' menial jobs.

[13]Undesirable jobs are characterised by low wages, long hours, and lack of job security – those that appeal less to native Britons and more to immigrants. Jobs that fit into this category have been growing at a steady pace. Between 1979 and 1999, jobs belonging to the ten lowest paid occupations increased by 12 percent.[14]A small percentage of these workers receive social benefits; 3 out of 5 of them are not eligible for maternity or paternity leave; half of them do not get raises; and more than 50 percent did not receive sick pay. Studies have shown how around 90 percent of the lowest paid jobs in the UK are taken up by migrant workers. [15]

Aside from the economic push and pull which motivate migration for most Eastern European workers, social and political factors also significant influence these decisions. Migration is also fuelled by the desire to reunite with family or build social networks. A study shows that the important of

social networks and family cohesion cannot be discounted as significant  
<https://assignbuster.com/impact-of-eastern-european-immigration-on-united-kingdom-economics-essay/>

factors influencing migration decisions.[16]New migrants are usually those who already have family members working as migrants in the UK and the decision to move is largely due to initial family migration. A report shows that the migration of Eastern Europeans to England is mainly through word-of-mouth and family networks. Family referrals are the most common routes to obtaining employment.[17]The importance of family networks is often seen as a boon or a bane by receiving communities. To the migrant communities, migration facilitated through family networks serve as foundation of community solidarity and formation. To receiving communities, such community formations may lead to the ghettoisation of migrant communities, giving worries that migrants do not assimilate enough with the mainstream society.[18]This, in effect, fuels suspicion and 'othering' of migrant workers, and laying the basis for security concerns. As far as Eastern European immigrants are concerned, the common fear is the unregulated entry of migrants and asylum seekers may lead to increasing involvement with organised crime.[19]

The most forceful argument made by immigration critics so far is to emphasise the negative consequences of Easter European immigration on labour. Saying that the influx of cheap labour from Central and Eastern Europe causes a downward pressure on wages has been asserted as early as 2004 by economists. In 1999, a study conducted by the Department of Education and Employment came up with conclusions supporting this fear: it found that if higher levels of unskilled workers came in, native Britons would be on the losing end and that if the opposite were true and migration instead attracted highly-skilled workers, native Britons would get the long end of the

stick.[20]In addition, recent studies have also echoed the finding that the recent immigration levels have significantly reduced wages of British workers.[21]The disadvantages of immigration on job security of British workers have been largely hyped in the media[22]despite empirical studies generally contradicting this claim.

In fact, several economic papers have found that the migration flows prior to 2000 until 2005 have shown very little evidence of a negative impact. Specific studies on the impact of Eastern Europe immigrants have also stated that the general fear associated with migrant labour does not have empirical basis.[23]Econometric studies have also contradicted hypotheses that the increasing number of immigrants from the A8 countries have led to rising unemployment among British workers.[24]What is known about the impact of Eastern European immigration is little compared to U. S. studies examining migration consequences. Nevertheless, a substantial amount of scholarly literature is present.

This present work reviews scholarly material and econometric studies related to the impacts of migration from A8 countries on the outcomes of native Britons - in three spheres (1) labour, (2) culture, and (3) security. This paper uses the term 'immigrants' and 'immigration' to refer to people originated from any of the A8 countries to stay temporarily or permanently in the UK. For the purpose of this study, the term 'immigrants' is used as a category under which labour migrants, asylum seekers, and political refugees all fall under.

## Research Questions

<https://assignbuster.com/impact-of-eastern-european-immigration-on-united-kingdom-economics-essay/>

The study focused on answering the following questions:

What is the historical context of Eastern European immigration to the UK?

What are the current migration trends in Eastern European immigration?

What is the impact of Eastern European immigration on a) labour, b) culture, and c) security?

### Structure of the Paper

This paper is structured into four main sections. The first section includes a brief description of the historical setting of migration in Europe. Moreover, the history of migration in Britain is particularly examined. The second chapter deals with the most recent migration patterns and migration trends of Eastern Europeans to the UK. It examined the rise and fall of migration numbers and account for possible factors that led to these trends. The third section presented a brief discussion on the major policies that have affected migration trends of Eastern Europeans toward the UK. The fourth section made a thorough review of the findings of scholarly studies particularly econometric studies that have dealt with the issue of immigration impacts. First, the impact on labour is examined – whether or not immigration is negatively associated to outcomes of native workers. Second, the impact of Eastern European immigration in the context of assimilation, integration, and community cohesion is discussed. Third, security concerns on the so-called irregular workers and their ties to organised crime are examined.

### Historical Context of East European Immigration

The United Kingdom is a region where immigration and emigration co-exist, and its British citizens have always been accommodating to the migrant inflow. There has been no clear evidence as to when migrants first came into the region. However, the post-war effect was the migration of the people from the ' New Commonwealth' which was viewed as an influx of non-white races, such as Caribbeans, Indians and those from Bangladesh. The high migration was from 1950 to 1970 slowly made the UK a significant player in the European labour market. The migration has always been considered long-term or temporary.[25]

Immigration to the UK began to increase when the government from the EU Accession countries, also referred to as the A8, have provided a policy that allowed migration from the A8 countries to the UK. The A8 countries are the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. Migrants from these regions have considered economic factors as one of the main reasons to move out of their respective nations into the United Kingdom, which has a relatively attractive economic status over the past years.[26]

Migration from Eastern Europe began during the 1900's because of the Russian communist sovereign. This era was marked by a high flow of migrants from Russian territories, all determined to escape the difficulties brought about by a communist republic. It was recorded that migration was from Eastern to Western Europe, with few people returning to their original residence.[27]The primary estimate of migrants conducted by the Labour government was between 5, 000 to 13, 000, but the actual resultant population of migrants was far more than what was expected.[28]

<https://assignbuster.com/impact-of-eastern-european-immigration-on-united-kingdom-economics-essay/>



One such group is the Polish. The United Kingdom opened its doors to the Polish community to help Polish soldiers and support the British labour market. In 1939, migration from Poland to its neighbouring countries was due to the Soviet brutality and deportation. Polish soldiers were forced to reside outside the borders of their country to reform, and at the end of the war, some have decided to settle in the United Kingdom and even brought with them their families. The twentieth century marked the increased flow of Eastern European migrants in different nations in Europe, and even outside Europe, particularly United States and Australia. The free movement after the war resulted in the reconfiguration of the political structure in Europe, and 2004 has been marked as the turning point for the Polish migration to the United Kingdom.[29]

In 2004, the UK has experienced a fast inflow of migrant workers from the A8 countries, and these workers have been given the freedom to migrate and work in the UK even without any employment permit. This was a political strategy to get workers for low-paying jobs and empty slots for skilled workers.[30]

Prior to the May 1st accession of the A8 workers, the Workers Registration Scheme [WRS] was created to modulate the access of the A8 workers to different welfare benefits and gather data that will aid in regulating the inflows and creation of policies. The WRS has mandated that A8 workers who have acquired jobs in the UK in a period of one month must register with the Home Office.[31]

Asylum seekers have also been consistently being monitored by the UK government, Roma from the Czech Republic, Slovakia and Romania have entered the UK borders by placing themselves under the Eurostar train or by hiding themselves in enormous containers being delivered to the UK.[32] In the early 1980s, 150, 000 asylum seekers migrate per year, sharply increased in 1992 to 850, 000 and went down again to 380, 000 in 1997. The sharp increase in the number of asylum seekers in 1992 was brought about by the collapse of Soviet Union and other issues related to the split of Yugoslavia.[33]

In general, the East to West migration of Eastern Europeans was brought about by the change from communism to a socialist type of government, the removal of the restrictions to travel across the region and the re-delineation of individual rights.[34] Aside from the political changes, the accession of the ten new countries, including the A8 countries, to the European Union on May 2004 and expansion of the EU further increased the number of immigrants to the UK, Sweden and Ireland. The three mentioned countries are the only regions which have freely opened its labour market to the A8 migrant workers upon accession in 2004. They have been able to get jobs without restrictions and were provided the right to live like UK citizens. Moreover, these migrant workers can be joined by their dependants.[35]

#### Factors affecting the Immigration of European to the UK

Economic factors have been regarded as the most significant motivating factor for individuals to migrate. It is a fact that the economic status in Central and Eastern European countries have changed from the communist

period. The communist period was marked by a low employment rate and low wages for the working population. This has led to an unstable economy and low per capita income during that era. These factors have led individuals to consider migrating to other regions to improve their lifestyle and economic status, and minimise the effect of being deprived economically in their own countries.[36]

Globalisation is a significant aspect in the migration trends as the improvement and economic growth of London, as paralleled to that of New York City, has made the migrants more mobile because the transportation cost has been reduced and people have become more appreciative of the employment opportunities that are available in the region. The decrease in the cost for transportation has encouraged the movement of migrant workers into the UK and has enforced its labour market.[37]

The high employment rate and high per capita income are the main reasons why A8 countries migrate to the UK. Improvement in the GDP and employment rates in the A8 countries may eventually result to lower migrations to the UK. Similar to situations in other countries, the individual assesses the economic state of the country and compares the benefits and disadvantages of possible migration. If there is more to gain compared to that of staying in their own countries, these individuals have greater probability to migrate.[38]

Two general factors affecting professionals and skilled people to migrate have been shown to be correlated, namely the goal to leave and the realisation of finding what they want somewhere else. The external force

which serves as the driving mechanism makes individuals think of leaving their home country. These external forces are commonly in the form of job dissatisfaction resulting from low salaries or less benefits in their work area; unemployment or underemployment and uncontrollable social and political disturbances that disrupts the economic state of the individual. The realisation of finding what these individuals want is also economic in aspect, just the same as most of the reasons why they migrate. Being able to find a better-paying job, as well as getting a more specialised exposure to the field of work are appealing to those workers who are currently unsatisfied. Several factors will then be considered in terms of the location for migration. Some of these factors are job opportunity, liberalised immigration policies, language barriers, salary, standard and cost of living, better job experience and fulfillment, environmental factors and government policies with regards to the acceptance of family members for petition. All these factors are inter-related, but different cultures and individual perspectives also affects the decisions being made by the professionals when migration is being considered.[39]

Based on the same survey conducted by the Home Office, the UK was chosen by only 42% of their respondents as the most probable location to migrate, aside from United States, New Zealand, Australia or Europe. The UK culture and location as well as the language in the region has also been considered as significant factors for migration. The main advantage of the UK against USA was that the UK was the first to open its gates to migrant workers, providing equal job opportunities, was then seen as a provider of a less stressful work environment and that the provided jobs were better in

terms of the job satisfaction and fulfillment of the migrant workers. Factors such as the intense climate, problems in procurement of work permits and distance from loved ones have been identified to reduce migration to the UK.

[40]

Political factors that caused migration have been common to both the Central and Eastern Europe. The migration policies that have been implemented in the early 1990s have significantly affected migration flow. Some of these policies are the liberalisation for visas within countries in Europe and legal entry of the working immigrants. These policies have dramatically encouraged citizens from other European regions, as well as the non-EU migrants to try to migrate to the first world countries in Europe, including the UK.

Humanitarian factors such as in the case of refugees have been considered one of the reasons for immigration. The number of refugees greatly depends on the violence in the events taking place in their respective national residence. Some of these events are Coup d'etat[41], government crises, guerrilla warfare and civil war; among which, civil war generated the most number of refugees with an estimate of 35 refugees for every one thousand of the population. The United Nations High Commission for Refugees [UNHCR] in the Geneva Convention for Refugees has referred to a refugee as someone who can no longer return to the country that he or she normally resides in because of possible persecution. The UNHCR have identified that most of these refugees are in Third World countries.[42]

The refugees, in the course of their nations' history, have moved farther away from their home where there is economic and political conflict, as well as threats to their safety, heading to the closest neighbouring country where they seek for temporary escape. However, most refugees go back to their homes as soon as the war ends because of the difficulties that they encounter in the refugee camps. The most appealing escape from the refugee camps is to cross borders of the neighbouring countries, wherein the refugees are provided only temporary resettlement and restricted rights in the countries that they have escaped to. These temporary privileges are the refugees' reasons for both the migration from and return to their respective homes.[43]

The long process required for refugees to seek protection in neighbouring countries takes a very long time and this has also been a problem because in most cases, smuggling and illegal entry into the neighbouring regions occur. [44]It has been estimated that 50% of the asylum seekers have been reported to enter UK, Germany and France by smuggling operations; and these refugees needed to pay at least \$4000 to be able to get smuggled through Europe.[45]Data gathered about the asylum seekers show the uncertainties that are being encountered by these people who really have no idea of how and where their destination will be as the route that the smuggling operations take are dependent on the tightness of the security in the regions they are about to cross.[46]A 13-year pooled regression study[47]on 20 countries showed that factors such as employment rate, number of foreign nationals and the destination country's liberalised

perspective on immigration and acceptance of asylum seekers are the key determinants for immigration.

The increased influx of working migrants and asylum seekers to the UK have led to the formation of a point-based system to properly control the movement of immigrants into the UK. This type of system aimed at giving more restrictions to those who intend to apply for legal immigration in the UK, and this system also minimises the number of possible refugees that will enter the UK illegally.[48]The main goal of this point system is to slow down the population of UK, with the aim of controlling the pace of immigration.

#### Types and Number of European Immigrants in the UK

Immigration in the UK has been reported to be half of the total British population growth from 1991 to 2001. Some surveys have evaluated that most of the immigrants have settled in London, and Wembley has even reached half the population in its region. Three areas have also been identified in which there was a marked rise in the number of immigrants, namely Scotland, South-West and North-East England.[49]

The number of working migrants in the UK has increased from 30, 000 in the 1990s to about 80, 000 in the early 2000. The labour market of the UK varies from EU nationals to non-EU nationals, but the most of which belong to the A8 countries. Professionals from other regions with the aim of improving their economic situation in first world regions also make up the immigrant population in the UK, but 90% of the aspiring immigrants are students and asylum-seekers.[50]The movement of foreign workers in the UK have shown

that about 20% are IT professionals and about 8% work for financial services.

[51]

In 2006, the estimated number of refugees all over the world is about 12 million. This is a 400% increase compared to the estimated number during the 1970s, and is still expected to increase further based on the trends in the past decades. Furthermore, approximately 50, 000 to 500, 000 asylum seekers have resettled in developed countries from 1970 to 2006 (Hatton, 2004).

Polish nationalities have been considered as one of the most significant ethnic population of the migrants in the UK. Being approximated at about 540, 000 migrants, the Polish community is expected to grow even more in terms of the movement of the population from their country to the UK.

[52]However, in 2007, despite the 237, 000 increase in immigrants in the UK, there was a recorded decline in the number of Polish migrant workers going into the UK. The same trend is also observed with that of Latvia.[53]

In 2009, a decrease in migration was observed, from 160, 000 to 142, 000, however, the data gathered did not include the number of asylum seekers, as well as the mobility of migrants in the Northern Ireland. A 59% increase was observed in the number of people that have become UK citizens, amounting to 203, 790 individuals.[54]

The increase in the number of migrants has not been only on the asylum seekers, but almost all categories of the immigrants currently living in the UK. The influx of migrants has been associated with the improvement of the economy in terms of employment opportunities, and rise in GDP. Asylum <https://assignbuster.com/impact-of-eastern-european-immigration-on-united-kingdom-economics-essay/>



seekers, illegal aliens and overstayers were shown to be related to economic and political issues. The entry of illegal migrants is not feasible to be empirically measured but with the strong connection between migration and economic status, the number of illegal migrants is assumed to be increasing.

[55]