

Migration Flows from New Member States and the Prospect of Britain's Withdrawal from the European Union

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Abstract

Ever since the European Union expanded to admit first eight Central and Eastern European countries in 2004, and then two more in 2007, internal migration has become a major social and political matter especially in Britain, which is one of the main destinations for thousands of migrants. This article builds on the body of data provided by British national institutions to examine the kingdom's economic interests in revising its own deal in European migration policy. It presents the contemporary concerns with migrants' flows from new member states in the wider perspective of Britain's complex relationship with Europe and its own contested integration with the Union. The paper's main objective though is to argue whether questioning the existing integration principles, including the principle of free movement, is justified or whether it has just become a convenient matter in the discussion on Britain's likely withdrawal from the organization in 2017.

Keywords: the European Union, European principles, migration to Britain, British withdrawal

Introduction

To understand why the issue of migrants is used in the present-day discussions on Britain's future in the UE, the article provides a historical perspective on the kingdom's membership with the Union. It then goes to consider the most contentious matters in the present-day Britain, including free migration from new member states. To critically assess the effects of the Union enlargement in 2004 and 2007 in the light of migration, the article bases on the body of data provided by British institutions like the Centre for Europe Reform (an independent British think-tank), Institute of Economic Affairs, Statistical Office or the Migratory Observatory. The statistical figures help to assess popular assumptions on migration and examine the kingdom's economic interests in revising its own deal in European migration policy. Finally, the article discusses whether the challenges caused by new migrants' influx can be regarded as a vital reason for Britain's dissatisfaction with their EU membership and its likely withdrawal from the organization.

1 Britain's EU entry and its consequences

The United Kingdom effectively entered the European Community (the then European Economic Community) in 1973, after signing the Treaty of accession a year earlier. The move had some major constitutional consequences; the first was undermining the British traditional and fundamental principle of parliamentary sovereignty—i.e., which meant accepting the EU provisions as binding in the kingdom, and the other one—eroding the doctrine of legal sovereignty, which enforced the rule of so-called “direct effect,” enabling British nationals to enjoy the legal provision of international law (Oliver 2013, 84). In the post-legislative referendum held two years later in order to measure support for the kingdom's continued membership, an overwhelming majority of Britons—i.e., 67,2%, at a comparably high turnout (64,5%), were in favour of their staying in Europe (Meyer 2013, 2).

Membership in the European Community added a new dimension not only to the British constitutional arrangements. Since 1973 the European members have undergone further shifts submitting their power and imposing directives. The 1987 Single European Act, the 1993 Maastricht Treaty and the 1999 Amsterdam Treaty strengthened European ministers and its parliament's law-making decisions (Norton 2007, 263). For years, despite Eurosceptic attitudes towards supranational integration on the part of many British politicians and citizens, the subsequent governments did not question the idea of European integration too eagerly. Being in the Union with many other wealthier member states, Britain enhanced its economic growth and strengthened its position in the world (Norton 2007, 242). With increased trading, the kingdom became a more significant partner and its decision making powers in Europe more significant (Bulmer 2007, 791).

Despite obvious gains of the EU membership, the Eurosceptic sentiments have never died out in Britain or its mainstream parties and institutions. This is due, among other things, to the EU basic principles which guarantee the so called “four freedoms,”—i.e., the free movement of people, goods, capital, services and labor within the EU's member states. The fundamental aim of the EU's single market principle is to increase competition and specialization as well as improve the efficiency of allocating funds and labor. The EFTA countries (European Free Trade Association)—Norway, Iceland, Switzerland and Lichtenstein, also enjoy almost unlimited access to the EU's internal market through European Economic Agreement (EEA) agreement, although they do not have powers to vote on EU's rules and provisions.¹

2 The present contentious matters and the prospect of Brexit

The British dissatisfaction with Brussels's policies has always been highlighted especially during partisan economic or political debates. The latest complaints include, among others, too heavily regulated economy, which results in unnecessary regulatory costs. The authors of the Open Europe report estimate, for instance, that the most important EU regulations, the so called “top 100,” cost the UK economy GBP 27,4 billion² a year, sometimes outweighing benefits (Murray and Broomfield 2014, 13). The same concerns other areas in the UK, although businesses and institutions have adapted to bear the costs. Britain's contribution to the EU budget remains an equally disputed case. The country is one of the largest overall payer and the present reports estimate Britain's contribution in 2014 as the fourth largest in the Union (European Union Finances 2014: Statement on the 2014 EU Budget and Measures to Counter Fraud and Financial Mismanagement. Presented to Parliament by the Financial Secretary to the Treasury by Command of Her Majesty 2014, 12–15). The net figures provided by the National Statistics, which already include rebate, show that since 2008 the UK's payments have quadrupled (Whittard 2012).

The second major British concern is that the laws governing the decision-making bodies are increasingly taken over by the “clique” in Brussels. In August 2013 Cameron lost battle over the appointment of Jean-Claude Juncker, the former prime minister of Luxemburg, elected president of the European Commission. The objection of this contested nomination was that Juncker had been nominated not by the European Council of heads of governments but by the European parliament. For Cameron and many other leaders, it represented a shift in the balance of power among powerful executive branches of European Institutions (Flamini 2014, 11).

The most controversial and thorny concern though in recent discussions on Europe's future has been the influx of EU migrants, especially from Central and Eastern Europe due to the EU's enlargement process in 2004 and then in 2007, which the UK Independence Party has made the prime political issue. Many Britons feel that one of the four European freedoms has been excessively overused. The free movement is no longer perceived as an advantage that works for mutual benefit of both Britons and other member states (Parker 2014; Springford, Tilford, and Whyte 2014, 67). What is interesting however is that even an independent anti-Union report does not share this opinion. It sees several opportunities of British withdrawal from the Union but does not

1. See: EEA Agreement. [@:] <http://www.efta.int/eea/eea-agreement>.

2. [In the journal European practice of number notation is followed—for example, 36 333,33 (European style) = 36 333.33 (Canadian style) = 36,333.33 (US and British style).—Ed.]

point to immigration and air transport. Restrictions in these sectors would significantly increase the costs of Britain's prospective growth in the future (Murray and Broomfield 2014, 62–63).

The above mentioned developments in the UK led to a situation where David Cameron already in 2013 committed the Conservative party to holding a referendum on Britain's withdrawal from the EU or negotiating its relationship with the Union on condition the party won the parliamentary elections in 2015. This second chance in which Britons could express their opinions on EU membership is expected to be held around 2017. The decision was sparked by most recent survey findings showing that a majority of Britons would like to leave the EU (Springford and Tilford 2014, 1). These sentiments were shown in the support for the right-wing UKIP and its leader Nigel Farage, who beside the UK's exit advocates limitation of intra-EU immigration. In the last European elections (in May 2014), Farage's party gained 27,49% of the public support, netting 24 British seats out of 73 and beating both mainstream parties—Conservatives and Labour (“European Voters...” 2014).

3 The immigration issue

Britain's attractive destination on migrants' routes is due to many factors: its colonial past and ties with the Commonwealth, membership in numerous economic organizations or traditional alliance with the United States to mention just a few. Presently, to accommodate incomers, the United Kingdom uses a revised visa system that operates on points-based 5 tiers, phased in the years 2008–2010. It replaced previously issued work permits and entry schemes and has become the main immigration route for migrants from outside the European Economic Area (EEA).

In the former Britain's referendum (in 1975) on the country's membership in the then European Economic Community (EEC), free migration regulations barely featured. Anti-immigrant sentiment had been prevalent at that time in Britain, but it centered primarily on non-European migrants from its former colonies. Their influx was regulated already in the 1960s, when the first Immigration Acts were introduced to rationalize entry both for aliens and Commonwealth subjects. Other migrants were not expected to come in search for jobs or settlement as most other European member states were wealthier (Moran 2005, 47–48; Springford, Tilford, and Whyte 2014, 68).

Free movement has become especially controversial since 2004, when the so called A8 (accession countries, including Poland), and then A2 (Romania and Bulgaria) enlarged the EU structures in 2007. New member states were primarily to increase the innovative potential of the EU and give it more economic and political dynamism. Their members were to play an active role in the community and derive all benefits of their EU membership, including open migration (Kok 2003, 14). The enlargement was also supposed to be “cheap” as the financial costs of admitting new member states were calculated as low. The alarm in some member states concerning an invasion of manpower was not confirmed in expert reports. The first estimates expected the influx of migrants to be modest (Kok 2003, 38–41). Before the 2004 enlargement, Britain along with Ireland and Sweden did not even impose any transitional restrictions on the migrants' flows from A8 states (Currie 2008, 68).

It turned out however that migration was larger than expected. The year 2005 with its 320,000 estimates marked the peak in net long-term migration statistics (“Migration Statistics...” 2015). In 2013, there were around 1,1 million people from the A8 countries in the UK, some 660 000 of whom in work. Altogether, the number of people in England and Wales who were born elsewhere in Europe stood at around 2,7 million at that time. Of these 1.6 million came from the old UE-15, and the European Economic Area—i.e., EFTA countries, whose citizens are all free to work in the UK (Springford, Tilford, and Whyte 2014, 69). The year 2014 saw another increase in net migration to the UK. It reached 318 000 thousand, the highest in any calendar year since records began (see fig. 1) (“Migration Statistics Quarterly...” 2015).

Statistics prepared by the Office for National Statistics, indicates a significant jump from the 2013 data that estimated the net-influx of the EU citizens at 201 000. Although the figures are still regarded as provisional, it seems that an increase in this category (up 67 000 to 268 000) reveals a new record. However, when specific groups of EU countries are analyzed, it turns out that the sum of arrivals from both the EU8 and EU2 remains lower than the EU15's one in the total number of

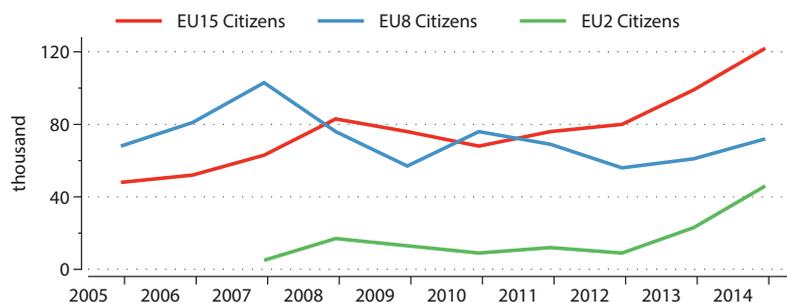


Fig. 1. EU Immigration to the UK, 2005 to 2014 (year ending December 2014)

Source: "Migration Statistics Quarterly..." 2015

EU migrants (i.e., 30% and 19% respectively). It is the immigration from the EU15 (excluding British) that drives the figures up (up 29 000 from 104 000 in 2013) ("Migration Statistics Quarterly..." 2015). Thus, it may be said that the outcry about excessive estimates from new member states is unjustified.

3.1 Western migrants

Western Europeans' stay in the kingdom, despite high figures, has never been a contentious issue (see fig. 2). They tend to work in more highly skilled jobs and many direct their own businesses in such sectors as science, technology, engineering or public services employing professionals (doctors, teachers, nurses). They provide technical expertise in skills which are in short supply in the domestic market (Springford, Tilford, and Whyte 2014, 70). Their numbers are also barely noticed as their annual flow used to be steady. Between 1993 and 2013, their annual influx rate stood at around 23 000. It is only last year that the figures in this category recorded the highest estimates, about 33 000 increase ("Migration Statistics Quarterly..." 2015). Besides, westerners contribute to higher productivity and raise outputs, which is seen as complementary to and not a substitute for British workers' input (Springford, Tilford, and Whyte 2014, 73).

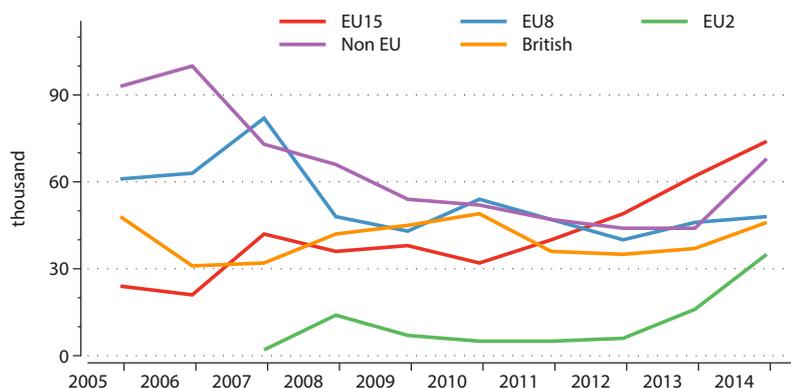


Fig. 2. Immigration to the UK for work-related reasons by citizenship, 2005 to 2014 (year ending December 2014)

Source: "Migration Statistics Quarterly..." 2015

3.2 A8 and A2 migrants

A8 emigrants, predominantly Polish, are younger than westerners and the average working Britons and fairly well-educated. Due to language problems though, many find jobs in low-paid work. A high proportion of A8 nationals (and now A2 migrants) work in skilled trades mainly construction and in low-skilled such as manufacturing and service jobs. With prolonging periods of stay many face deskilling, discrimination or exploitation (Johns 2013, 36–39). Similarly, as in the case of westerners, there is little evidence that they have reduced Britons' average wages or deprived them of employment as their labor position is again supplementary. Between 2004 and 2011, they added merely 2% to the labor market (Springford, Tilford, and Whyte 2014, 70–71). These findings

are in line with other studies that have explored the impact of EU immigrants, including A8 workers on Britain's employment prospects (72). The only noticeable negative aspects of large Central and Eastern European influx seem to have been a slight increase in wage inequality and higher rental cost of flats (73). It is the pay disparities that make the kingdom an attractive destination. However, in contrast to popular beliefs, migrant workers contribute more to the economic revenues than receive in benefits (Dustmann and Frattini 2014, 593). The fact that some European migrants take advantage of the EU's regulation and enjoy access to state benefits and services has been highlighted by the British media and by Eurosceptic politicians more than the benefit of their work. Consequently, many Britons assume that migrants from the EU take their jobs, reduce their pay and unfairly receive financial benefits which are funded by the British taxpayer (Johns 2013, 39–41).

Further, contrary to what is generally assumed to be true about the numbers of migrants from Central and Eastern Europe, the influx of these citizens has remained stable and much lower than the 2007 record figures. The 2014 numbers point to a 11 000 increase in the EU8 group, 67% of whom came for work-related reasons. The immigration from the EU2 states (i.e., Bulgaria and Romania), has however noted a significant increase estimated at 23 000, which could be explained by lifting off transitional work restrictions. As in the former group, most of these citizens; that is 76%, arrived for work-related purposes. Still, as the figure 2 indicates, the EU8 and EU2 increases remain much lower than the ones in the EU15 and non-EU categories, where the numbers of net-long migrants grew by 67 000 and 42 000 respectively. Altogether, the latter groups account for 111 000 newcomers, which contrasts considerably with the 33000 from Central and Eastern Europe ("Migration Statistics Quarterly..." 2015).

3.3 Supplementary rather than competitive

Migratory flows let European and British economies expand, as workers are more productively employed if they are free to migrate. Furthermore, it seems that labor influxes have little discernible impact on the incomes of the indigenous British population. Thus, the present day presence of high numbers of incomers, poses dilemmas for the government. On the one hand, it is interested in boosting economic output and helping businesses, but it is also aware of the likely prospects of worsening the nationals' working conditions, if migration is not properly controlled or curbed. For the British labor market, both in case of western and eastern migrants, immigration seems largely complementary, not competitive (Springford, Tilford, and Whyte 2014, 69). This allows Britons to specialize and not take low-skilled jobs.

Furthermore, the present day structure of labor market clearly shows that the claims about disputed presence of foreign nationals should not overused. The British labor market has undergone radical changes recently, which additionally are likely to intensify the present tendencies in the nearest future. Technological advance has eliminated many semi-skilled jobs, and global trends have undermined many manufacturing branches. Additionally, demand for high skills, represented mainly by westerners in such sectors as management, finances or public service, as well as low-skills, supplied by A8 or A2 nationals in construction, basic services and manufacturing, has been on an increase (Springford, Tilford, and Whyte 2014, 74). This trend, as the UK Commission of Employment and Skills (in 2012) predicts, is going to be even more visible in by the by end of the decade. The retiring rate will rise significantly and the market will create around a million and a half jobs in high and low-skilled areas. Thus, demand for migrant workers, both westerners and easterners, in professional, managerial or intermediate sectors as well as non-routine service will remain strong. It is routine administration and manual sectors that will generate greatest losses (Holmes and Mayhew 2012, 6; Wilson and Homenidou 2012, 63).

Making immigration one of the central issues in current governmental policies and the incoming parliamentary campaign does not seem economically sound. It is one of those current discussion topics which is "driven by partisan debate, sometimes based on very selective or no real evidence." It is convenient as it can rely on simplistic, easily manipulated facts satisfying peoples' grudges and finally deflecting public attention from real politicians' motifs. Instead of giving solid background and perspective to the European debate, such arguments tend to be "obsessive without being illuminating" (Lord Simon of Highbury et al. 2013, 5). Furthermore, it should be remembered that

a vast majority of non-native population comes predominantly from non-EU countries. Poland and the Republic of Ireland are the only exceptions. Besides, as emphasized above, in term of nominal GDP, immigrants' contribution is a net positive, between GBP 7,3 and 16,3 billion annually (Sirkeci 2013, 24–25). Thus, it may be inferred that the immigration issue from new member states is used instrumentally.

4 Brexit and the likely consequences

If the British vote for their country's withdrawal from the EU in 2017, they may do so through Article 50 of the Lisbon Treaty procedures or a Parliamentary Act that repeals the 1972 European Communities Act (Oliver 2013, 12–13). According to one of independent reports, the move is likely to free the market from the EU controls and regulations and boost revenues in several areas, for example, fisheries, trade, energy or transport and exceed the cost of withdrawal. The increased economic opportunities will however again demand free movement of labor (Murray and Broomfield 2014, 32). The numerous work places presently taken by the EU as well as non-EU nationals would have to be filled. Another issue would be whether the kingdom should remain within the European Economic Area, either as a member of EFTA or with some special status as is the case with Norway or Switzerland. If it does, it requires adherence to the EU's principle of free movement of labor. This would mean that one of the British prime areas of the present discontent regarding its membership in the EU would remain unsolved (33).

Other reports on British exit are less optimistic. Britain's withdrawal would have very significant implications for the rest of Europe although more profound for the kingdom itself. It could open a Pandora's box with other countries and regions wishing to follow and damage the European Union economic and political stability effecting the moods in the region (Oliver 2013, 27). Besides, as Gifford (Gifford 2007, 473–474) emphasizes, in the last decades the UK economy has already developed its European "model," which is also globally contextualized. Going back to the nineteenth century free trade arrangement with the kingdom's present chronic trade deficits and reduced manufacturing levels might bring more challenges than expected. For Springford and Tilford (Springford and Tilford 2014, 12), the assumption that Britain would benefit for exiting the EU is based on misconceptions. Free capital would not follow the destination that restricts its labor market but wishes to attract investment and penetrate emerging markets.

It appears that there might be some other costs of Britain's exiting the UE or EEA, which are largely difficult to assess. These could include social disruption, losses and closures in businesses or decreased revenues (Kendall 2013, 127–128). There might also appear problems with replacing British retirees and filling the expected expending sectors for high and low-skilled areas of the labor market. To meet the demands, the Home Office's UK Border Agency would probably still have to rely on its Tier system or devise new immigration tariffs. Whichever decision will be taken, British withdrawal from the EU or EEA does not seem a proper way of solving its present domestic problems (Murray and Broomfield 2014, 34).

Conclusions

On the basis of the presented data and research done by British institutions, it might be concluded that the free movement of persons within the EU can be generally assessed as beneficial for the British economy. The present-day discontent over the migration flows seems to cloak several challenges related to the principle of free access to labor markets such as driving down wages or growing claims for benefits. Further, it appears that the issue of excessive migration to the isles from the newly admitted states has just become a convenient political debate point. This is confirmed by recent findings. The figures concerning migration for the year 2014 presented by Office for National Statistics show that net migrants' influx to Britain from the EU8 and EU2 countries is lower than from either the EU15 or non-EU group. It may thus be said that calling for a radical U-turn in the existing arrangements, including Britain's membership in the EU, is just part of political game basing more on popular feelings than sound calculations.

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