

A stylized map of Europe composed of a grid of dots. The dots are mostly grey, but several are red, highlighting the United Kingdom, Ireland, and Sweden. The map is centered on the continent of Europe.

# Free Movement in the EU

## The Case of Great Britain

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- In May 2004, the United Kingdom, Ireland and Sweden opened their labour markets to workers from the new member states. Seven years later, it is time to take stock. This study analyses the public debate in Great Britain, the impact on labour markets as well as the implications for welfare and overall economic and societal effects. Particular emphasis is given to the role of trade unions and their responses to the new members and workers.
- The number of arrivals from new member states hugely exceeded all estimates. It continued to rise until the number in the labour force stood at 516 000 in September 2008 amounting to 1.7 per cent of the workforce. Overall migration has contributed to the growth of the UK economy through increasing the working population. Additional benefits to society include increasing diversity in mono-cultural parts of the UK and entrepreneurialism and the growth of small firms.
- The scale of inward migration, low union density and lacking coverage by collective agreements in the private sector have proved a challenge for trade unions. Collectively through the TUC and individual unions the UK trade union movement has had positive, inclusive and often pro-active attitudes to migrant workers. Trade unions have used a range of innovative strategies to recruit, organise and integrate migrant workers.





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## 1. Introduction

On 1 May 2004, the European Union was enlarged to include eight post-communist countries (known as A8s): the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia and Slovakia. In January 2006 Romania and Bulgaria (known as A2s) were admitted to European Union membership. In 2004 the United Kingdom, Ireland and Sweden were the only countries to fully open their labour markets to workers from New Member States (NMS). Other countries adopted transitional arrangements. The scale of migration from A8 countries to the UK, particularly from Poland, was much greater than expected. In relation to the UK the purpose of this report is firstly to examine the public debate regarding this migration. The following sections examine the impact on labour markets, implications for welfare and overall economic and societal effects. We discuss the response of trade unions and migration from the perspective of the sender countries. The impact of the crisis and recession is also examined. Finally we draw some key conclusions.

## 2. Public debate and context

### 2.1 Government position on Enlargement

The New Labour government elected in 1997 was a consistent supporter of EU enlargement in the years leading up to 2004. It published a »Regulatory Impact Assessment« on the Bill giving effect to EU enlargement in April 2003, which set out its view of the probable positive consequences of Enlargement. These included:

- A more secure and stable Europe;
- Additional opportunities for trade in goods and services – UK trade with candidate countries was growing faster than that with existing members;
- Enhanced EU economic growth (of which 14 per cent would accrue to the UK);
- Potential for UK companies to increase investment in candidate countries;
- Reduced risk to consumers (and businesses) owing to compliance by candidate states with EU standards and regulations, including environmental ones;

- A potential increase in the pool of labour available to business which would help to fill labour shortages (especially in skilled occupations).

The paper saw no additional regulatory burdens on UK business, apart from on their subsidiaries based in candidate states, which would need to comply with EU regulations (House of Commons Library 2003).

However, in response to the disquiet expressed in the media (see below), the government, after some discussion, decided that while workers from the new states (the »A8«) would be able to enter the UK and work, they would need to register with the government when they got a job. This was known as the Workers Registration Scheme (WRS) and would apply to workers for the first 12 months of employment in the UK. Employers who employed A8 workers who did not register would be guilty of an offence. Workers had to pay a fee of £70 (this has steadily risen and currently stands at £90) to register.

The WRS was linked to the benefits regime when the government introduced a last minute additional restriction on their right to benefits in legislation announced on 1 May 2004. Once registered and working, A8 workers would be entitled to »in-work« benefits, such as tax credits for low earners and child benefit. However, they would not be entitled to other benefits such as unemployment benefit (Jobseekers Allowance) or public housing until they had worked and been registered for 12 months.

By 2007, after operating the WRS for the A8 countries for three years, the government decided not to offer the same access to the labour market to citizens of Bulgaria and Romania (the »A2«). Instead, it stipulated that A2 workers would be able to apply for a very small number of temporary jobs (3 500 per year) in food manufacturing under the Sector Based Scheme, or in the agricultural sector (21 500) under the Seasonal Agricultural Workers Scheme. Both are targeted specifically at young workers (under 35 years old). Outside these specific schemes, A2 citizens face the same restrictions on employment as non-EU citizens, although they are allowed to establish themselves in business – that is, to work on a self-employed basis.

## 2.2 New Labour Government and Europe

Prime Minister Tony Blair had given a keynote speech in Bruges in February 2000, which was clearly intended to differentiate his approach to Europe from that of the previous Conservative administrations. He argued that »Britain's destiny is to be a leading partner in Europe«, and this characterised at least the rhetoric of the government in the years following, although the UK continued to be resistant to adopting new EU social regulation. Building strong diplomatic relationships with Central and Eastern European countries proved to be a UK government priority which was pursued with vigour. The prospective states were seen as being more receptive than some of the existing member states to the free trade, neo-liberal economic policies New Labour was championing in Europe. This clearly had a bearing on the government's approach to free movement – having supported enlargement so wholeheartedly, it would have been damaging to have restricted free movement of citizens from the new EU members. Political considerations were reinforced by economic ones. The British economy was experiencing low levels of unemployment, particularly in southeast England.

## 2.3 Conservative Party opposition stance

While the opposition Conservative (»Tory«) party were also in favour of enlargement, they generally adopted a more Eurosceptic position, in rhetoric at least. Michael Howard, the then party leader, argued that workers from the new states should only be able to take jobs in the UK if they had work permits for at least the first two years they had worked in the UK. This implied a work permit-based system whereby it had to be demonstrated that they were »needed« in the workforce. He also argued against benefit entitlement for new arrivals (*Daily Mail*, 19 February 2004). David Willetts (then opposition spokesman on work and pensions) also highlighted the issue of benefits claiming that A8 migrants would be entitled to get tax credits, when »millions of UK families« could not (*Express*, 29 April 2004).

## 2.4 The media

As enlargement approached, the opposition to immigration historically expressed in some parts of the UK's press

spilled over into the debate regarding the free movement of citizens in the expanded EU. A publication produced by the Trade Union Congress (TUC) on migrant workers in the UK pointed to the general hostility to immigration and asylum being exhibited by some sections of the British press, and how the (then New Labour) government appeared to be responding to this by using harsher language and introducing tougher measures against immigrants (Clark 2003). The report said that: »This blurring by media and governments of the distinction between refused asylum seekers, illegal working, illegal entry and criminal activity such as trafficking« was contributing to a general suspicion of all migrants. It is difficult to be certain whether the way in which the media portrayed the issues determined public attitudes, or whether some editorial lines were determined by a perceived growth of public concern over immigration. What is more certain, however, is that between 1996 and 2006 there was an increase of 62 per cent in the media's focus on stories regarding refugees, asylum seekers, immigrants and migrants (Baker 2007). Few of these stories presented the new arrivals in a positive light, and they were frequently identified by the press as posing a »problem«, particularly around the time of elections.

In producing this paper, we examined national newspaper stories covering the themes of migration and enlargement between June 2003 and November 2004. There was a division between those publications generally supportive of free movement for workers (within the EU, at least), and those which were hostile to both immigration and the EU in general. However, one theme was consistently covered by newspapers of all political perspectives in the run-up to enlargement: the possibility that citizens of the new member states could come to Britain and claim social security benefits.

For those publications more hostile to free movement (particularly the right-leaning *Daily Mail* and *Express*), this was specifically linked to the idea that »gypsies« or Roma would come in numbers, not to work, but for the benefits. Our examination of the press coverage found that the possible effect on wages or job prospects of workers already resident was not mentioned very frequently, nor was it a key theme when it was mentioned. This may have been because enlargement was taking place at a time when unemployment was at very low levels, and there was still some growth in real wages.

However, another common theme, closely related to the intensifying debate over asylum, immigration and benefits, was that of growing discord within the government in the run-up to enlargement. This focused in particular on the supposed prospect of mass »benefit tourism«, repeatedly predicted by some newspapers. Arguments were reported between Prime Minister Blair, who was committed to free movement, and other New Labour ministers worried that public concerns over immigration were growing and would damage Labour at the next election. As a political correspondent in the broadsheet *The Independent on Sunday* argued, »Mr Blair's role as the friend of Eastern Europe has stirred up an ominous coalition of Conservatives, bigots, tabloid newspapers, and anxious intellectuals at home, forcing him to choose which matters more, his strategy for Europe or popularity at home« (McSmith 2004).

As it happens, the European Parliamentary (and London mayoral) elections, which followed shortly after enlargement, would put to the test the political consequences of the government's policy on labour market access. Neither Labour nor the Conservative main opposition party (who had favoured more restrictive movement) did well, both seeing their share of the vote reduced (by 5.4 and 9.0 percentage points, respectively). The big winner was the Euro-sceptic UK Independence Party, which won over 16 per cent of the vote and 12 seats. The more extreme right BNP failed to get past the five per cent threshold to win any seats. For the UK, turnout was high for a Euro election at 38.5 per cent, but this compares badly with the 45.5 per cent European average.<sup>1</sup> So enlargement may have had an effect, but not a decisive one.

However, the media's attitude towards migrants continued to be hostile, particularly after figures were published in November 2004 which showed that the numbers coming to work from the A8 had been massively underestimated by the government (and it must be said even by those who were critical of opening up the labour market). The Home Office (interior ministry) published a report called »The Impact of EU Enlargement on Migration Flows« – which estimated net migration at 13 000 per year. This was a substantial underestimation as the actual figure was probably closer to 100 000 (see following sections).

1. BBC election results at [www.bbc.co.uk](http://www.bbc.co.uk) and turnout at [http://www.europarl.europa.eu/parliament/archive/elections2009/en/turnout\\_en.html](http://www.europarl.europa.eu/parliament/archive/elections2009/en/turnout_en.html)

## 2.5 Public attitudes

Opinion polls are notoriously blunt instruments for measuring complex opinions, but politicians pay close attention to them, and of course attempt to influence them.

The polling organisation IPSOS/MORI included a question on whether respondents thought there were »too many immigrants« in polls conducted in various years between 1989 and 2008. The total respondents agreeing with this statement varied between 54 per cent at its lowest in 2001 and 68 per cent at its highest in 2007 (House of Lords 2010). However, questions regarding the relative importance of immigration (compared to other issues) give a more mixed picture. In May 1997, almost none of those polled saw race relations/immigration as the key issue, while in late 2006 it was seen as key by more respondents than those citing any other issue. However, within 18 months all topics were overshadowed by concern over the economy, which remains the most cited concern (Ipsos Mori 2010). Nevertheless, in a poll conducted after the General Election in 2010, 52 per cent saw immigration as a major factor in Labour's defeat.

While Europe was a hot topic in the late 1990s, by the end of 2008 it was being mentioned by a lower proportion of respondents than at any time since 1988. This suggests that the issues of migration and Europe are separated, at least in the minds of those responding to opinion polls. This is confirmed by the fact that the infamous industrial dispute over posted workers at the Lindsey construction site (discussed later), which took place in early 2009, does not appear to have influenced the Ipsos MORI indexes for either immigration or Europe.

When specifically asked about immigration and the economy, respondents tended to be sceptical of the benefits. On-line pollsters YouGov found in 2006 that 52 per cent disagreed with the statement that, »We need immigrants to do jobs that the British won't do«. The state-organised British Social Attitude Survey found 16 per cent agreeing that immigrants are good for the economy in 1995, rising to 21 per cent in 2003, but the percentage of those who disagreed also went up, from 36 to 39.7 (House of Lords 2010). More recently, a survey conducted across several EU states found that in the UK, 54 per cent of those asked opposed citizens of other EU countries getting jobs in the UK (*Financial Times* 2009).

The media coverage described in 2.4 above is likely to have had an effect. The description of A8 citizens by some employers and commentators as »hard-working« by contrast with UK-born workers or benefit claimants may also have provoked some resentment.

## 2.6 Trade unions

The British trade union federation, the Trade Union Congress (TUC) was firmly in support of both EU enlargement and free movement, taking the view that barriers to free movement would both foster xenophobia and leave many thousands of A8 workers in irregular work, and therefore vulnerable to super-exploitation and precarious employment. In general, this was the position adopted by most major TUC-affiliated unions, although there was some disquiet expressed by unions in the engineering construction industry regarding the posting of workers.

This disquiet had been expressed in 2004 following unofficial work stoppages in protest over the alleged undercutting by Belgian contractors (employing Portuguese workers) of UK-based contractors observing the National Agreement for the Engineering Construction Industry (NAECI) (National Engineering Construction Committee, February 2004). The unions considered that national agreements in the industry were threatened by the use of non-UK contractors. However, this related as much to the UK government's minimalist approach to the Posted Workers Directive (PWD) as to the likelihood of more posting. In the UK, relatively few national industrial collective agreements remain, with the construction industry standing out in still retaining several (including the NAECI). However, they are not legally binding, and the Labour government showed no sign of declaring any collective agreements to be »generally applicable« so that the PWD would apply. No specific legislation was applied in the UK to give effect to the PWD. It was suggested that the terms of the National Minimum Wage and Working Time regulations, applicable to all those working in the UK, would be sufficient.

The UK unions in the engineering construction industry campaigned to have the government determine the national agreement as applicable for the purposes of the PWD. They based their argument on the particular nature of the industry and on an agreement reached between the Labour Party and unions affiliated to it (the Warwick

Agreement) prior to the 2005 election, which included the rather vague assurance »that Posting of Workers Directive will not lead to undercutting«. No government action was taken, however.

There was a further outbreak of »wildcat« strike action in the sector after enlargement, but this was in response to contractors' employing Portuguese and Italian workers at, it was thought, conditions inferior to those set down in the NAECI.

Seafaring unions also expressed some concerns regarding the possible consequences for the ferry industry, with the officer's union NUMAST submitting a motion to the TUC's 2001 Congress calling for (amongst other things) measures »to ensure that employers do not use cheaper crews from candidate countries or elsewhere to displace existing European seafarers«. This related to problems with jurisdiction and employment rights for seafarers – who are often excluded from UK employment legislation. In the event, the motion was not debated, as Congress was cut short after the attack on the twin towers in New York.

## 2.7 Employers

Employers organisations, while being generally in favour of the free movement of labour, had some differing emphases. The British Chambers of Commerce, which tend to represent smaller employers, said that they wanted workers, not work permits in response to demands for restrictions on access to employment. The Confederation of British Industry (CBI) meanwhile, entered into the debate over benefits, arguing for a longer period before A8 citizens could claim benefits. The organisation of temporary labour agencies in the food industry (the Association of Labour Providers) argued strongly against the WRS, on the basis that it served no labour market function and was widely ignored by workers for whom the registration fee was a financial barrier to registering.

However, some employers also argued in favour of free movement, claiming that this would help to fill vacancies that they were not able to fill from the local labour force. For example, bus operator First Group advertised in Poland for bus drivers and took part in a jobs fair organised by the UK government when enlargement took place. It was still running a three-week integration course for po-



tential recruits outside Warsaw in 2007 (*The Guardian*, 6 October 2007). More controversially, some employers were quoted as saying that workers from the A8 countries had a better »work ethic« than UK-born workers, which in some cases was related to their willingness to work long hours.

### 3. Profile of migrants from A8 countries

#### 3.1 Numbers of A8 migrants

Establishing precisely how many A8 citizens entered the UK and found work following enlargement is all but impossible. There is a variety of sources of data, but each has its shortcomings. Much attention focused on WRS registrations, because the data was very specific, updated regularly and provided some quite detailed demographic and labour market information.

This data, however, does not include the self-employed and of course excludes the many workers who choose not to register. Furthermore, the figures do not show how many leave the country or how many workers stay on beyond the first twelve months. The quarterly Labour Force Survey, based on a survey of households, can provide information on trends in employment based on both country of birth and nationality. However, it is a relatively small sample, so cannot provide a lot of detail, tends to exclude those working temporarily in the country (as well as those in irregular work) and undercounts those in temporary or multiple-occupancy accommodation. Data derived from the International Passenger Survey does give some idea about departures, but is small-scale and relies on interviewees' stated intentions to identify longer-term migrants. National Insurance Number (NINO) registrations can provide useful indicators of new arrivals and will include the self-employed and non-employed residents who might be claiming benefits. However, they cannot reflect movement into and out of the country, length of stay or information about the type of job held.

In July-September 2003, the Labour Force Survey showed 47 000 workers working in the UK who were born in A8 countries, which represented less than 0.2 per cent of the UK workforce. For the reasons above, this is likely to have been an underestimate – it will in particular have missed those working without permission. By the following year, the number had risen to 97 000, but this was still only

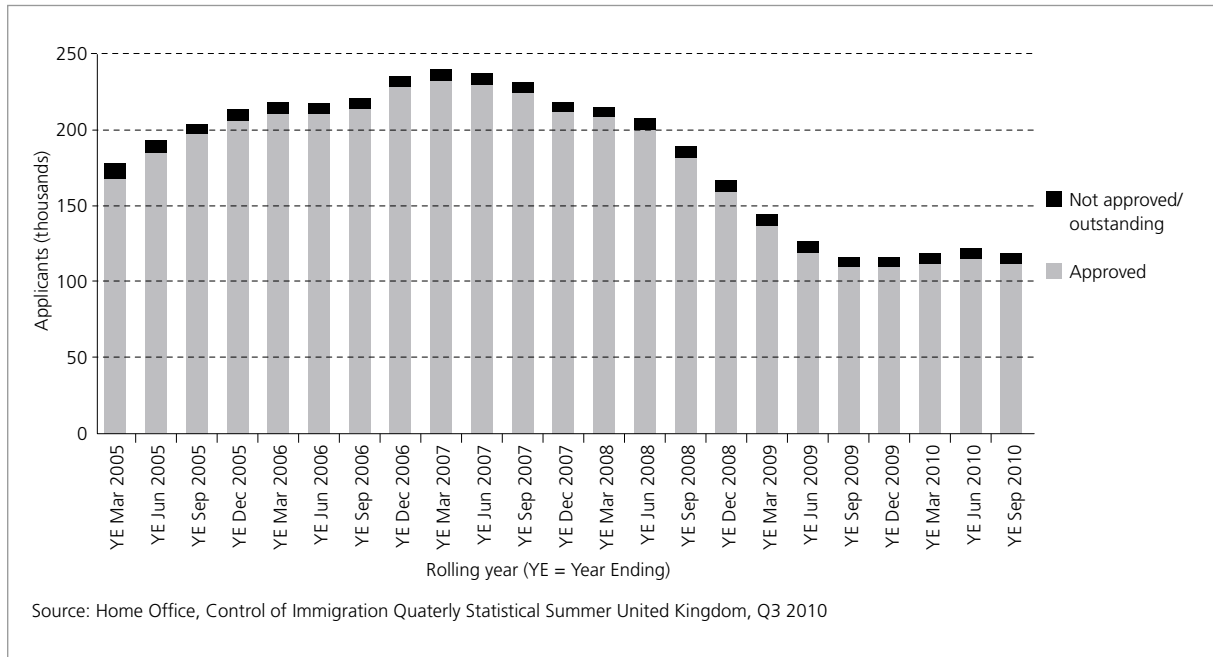
0.3 per cent of all workers. Numbers continued to rise rapidly until July-September 2008, when they stood at 516 000 (1.7 per cent of the workforce). Numbers hovered around 500 000 until April-June 2010, when they started to rise again, and the latest figure shows 593 000 workers born in A8 countries as working in the UK in July-September 2010 (2.0 per cent of all workers). For comparative purposes, the number of all non-UK workers rose from 2.59 million in 2003, or 9.1 per cent of all workers, to 3.89 million in 2010 (13.3 per cent) (Office for National Statistics 2010).

So while we can see that numbers of migrants from the A8 countries have risen dramatically, they by no means account for all (or even most) of the change in the migrant component in the UK labour force. In fact they account for less than half of it.

WRS registration data showed that in the first two months following enlargement, 24 000 A8 citizens registered as working in the UK. About 60 per cent of these were workers who had already been present in the UK before May 2004 (Clark 2004). The number of applications (the vast majority of which were accepted) rose rapidly thereafter, peaking during 2007, by which time there had been 845 000 applications, 812 000 of which had been accepted (McKay 2009). By the end of September 2008, 895 000 applications had been approved. Very few applications were actually refused. For example, in 2007, of almost 218 000 applications, only 1 025 were refused, while 5 610 were withdrawn (presumably because the worker had left the job and possibly the country). A breakdown of reasons for refusals was not given, but would have largely related to absence of evidence of A8 citizenship or doubt about whether the applicant was actually working.



Figure 1: Applications and approvals of applications to register



As can be seen from the graph, applications fell rapidly after that, as the recession began in 2008, and the exchange rate between the pound sterling and A8 currencies (particularly the Zloty) fell. More recently (in the year to September 2010), there has been a small increase of two per cent, to 111 000 successful applications. While numbers from Poland are falling, those from Latvia and Lithuania are increasing (see section 9 for a longer discussion on the impact of the crisis and recession).

### 3.2 Profile of A8 migrants

#### Country of origin

The vast majority of those registering under the WRS came from Poland. Between May 2004 and September 2008, 66 per cent of applicants were Polish, 11 per cent Slovakian and nine per cent Lithuanian. There were very few applications from Slovenia – by the end of September 2008, only 855 had been approved. Table 1 gives some explanation as to the large number of Polish migrant workers. Poland has by far the largest population of the A8 countries. The high level of unemployment in 2004 was a significant push factor. However, it is important to note that some workers who were employed

left to seek higher wages. There is no direct correlation between unemployment levels and migration. Even after rising unemployment, Hungarians have not shown a predisposition to migrating.

Table 1  
Unemployment and population A10 countries

	Percentage unemployed 2004	Percentage unemployed 2010	Population (millions)
Bulgaria	12.1	10.1	7.5
Czech Republic	8.3	7.7	10.49
Estonia	9.7	16.0	1.3
Hungary	6.1	11.7	10.02
Latvia	10.4	18.3	2.22
Lithuania	11.4	18.3	3.34
Poland	19.0	10.0	38.0
Romania	8.1	6.9	21.48
Slovakia	18.2	14.5	5.43

Source: Eurostat

### Age and gender

This wave of migration has been younger than previous migrant groups. According to the WRS, 81 per cent of workers registering between 2004 and 2008 were aged 18–34. Figures from the Labour Force survey, while not precisely comparable, showed that 75 per cent of working age migrants between 2000 to 2003 were aged 16–35 (Clark and Drinkwater 2008). Overall, the male:female ratio was 57:43, but the proportion of women registering rose in later periods, and in the third quarter of 2008, the ratio stood at 50:50. This appears to match other recent trends in migration. A small majority of the total non-UK-born labour force is female.

A low proportion of new arrivals had dependants aged under 17 (7 per cent), and relatively few claimed child benefit (20 per cent), even though this was an entitlement for those registered and paying National Insurance (McKay 2009).

### Skills

A8 workers are well qualified, but get least reward for their level of education – even compared to other groups of migrants – they tended to be in work requiring much lower levels of qualification (Currie 2008). Dustmann et al (2007) found that A8 immigrants are highly educated with 35 per cent leaving full-time education after 21, compared with 17 per cent of natives. However, poor English-language skills have been identified as hindering some workers from finding better jobs – 31.5 per cent of A8 migrants reported language difficulties in finding or keeping a job – compared with 25 per cent of all migrants (Clark and Drinkwater 2008). Dustmann et al also used wage and other data to estimate the labour-market rewards for various groups of migrants, compared to UK-born workers. All showed positive returns to education, but the A8 group showed the lowest, at about half that of those born in the UK, EU15 (of which Ireland is the largest component) and Australasia, but also lower than those from Asia and Africa. They suggest that this may be partly due to unfamiliarity of local employers with the educational systems of the home countries.

### Migration intentions

A8 migrants tend to exhibit temporary and/or circular migration (involving several trips and sometimes on a seasonal basis) and are often uncertain about their duration of stay. WRS data shows that a large proportion only intend to stay in the UK for a few months at the time they register – 62 per cent say they will stay for up to three months (Sumption and Somerville 2010). We have no way of knowing how many of them stay for long periods of time, but the gap between the LFS figure, which shows the number present at a given time, and the total number of WRS registrations suggests that about half leave. The reasons for circular migration can be largely attributed to the participation of some workers in the labour force on a flexible basis as well as to improved transport linkages between the UK and CEE, and Poland in particular. Where workers are employed by agencies, this gives them the flexibility to return home for varying periods of time. Geographical distance has been significantly reduced by the falling cost of air travel and more extensive transport linkages, including budget airline direct flights to a significant number of Polish and other CEE cities, as well as frequent coach services from many small towns.

### Employment status

53 per cent of those registering in the first twelve months after enlargement said that they were in temporary work. This was particularly significant among those working in agriculture (76 per cent temporary) and those in administration, business and management (79 per cent).

According to Clark and Drinkwater (2008), A8 migrants exhibited a significantly reduced propensity to be self-employed after enlargement. This was as a result of restrictions prior to enlargement forcing A8 workers into self-employment in order to enter the UK labour market. This may not always have been genuine self-employment. There is a general problem with false self-employment in construction (it was estimated in 2009 that there were between three and four hundred thousand false self-employed in the sector) (Harvey 2009), but it is not specifically related to migration. Some temporary agencies also require workers to sign contracts declaring themselves to be self-employed.

### 3.3 Sectors of employment

Table 2: Top sectors by proportion of registered workers (2008)

Industry	Percentage
Administration, business and management	39
Hospitality and catering	19
Agriculture	10
Manufacturing	7
Food, meat and fish processing	5

Source: WRS, cited by Mc Kay 2009

Table 3: Top occupations by proportion of registered workers (2008)

Occupation	Percentage
Process operatives	27
Warehouse operatives	8
Packers	6

Source: WRS, cited by Mc Kay 2009

The allocation of many temporary agency workers to the category of »Business services« disguises the predominance of temporary, low-skilled, manual work in food processing and manufacturing and distribution. What is clear from these figures is that UK employers, far from filling skill shortages (as predicted in the government's original analysis), were increasing the size of their low-paid, flexible work force.

### 3.4 Pay and hours

Applicants to the WRS are asked about their hourly rate of pay before deductions. Between October 2007 and September 2008, 68 per cent reported rates between £4.50 and £5.99 per hour. The National Minimum Wage at the time was £4.50 per hour for 18–21 year olds, and £5.52 for those aged 22 and over. 24 per cent reported an hourly rate of £6.00–£7.99.

Very few of those registering with the WRS reported working part-time: 96 per cent reported working more than 16 hours, and 86 per cent more than 35 hours per week.

### 3.5 Regional distribution

The new A8 arrivals have been much more widely distributed geographically than previous waves of migrants. Areas having little previous experience of migration were showing up as destinations, and this was especially notable in rural areas (Clark 2004). They were also less concentrated in the main urban areas: while 38 per cent of non-A8 immigrants lived in London in 2008, only 26 per cent of A8 migrants and nine per cent of UK-born workers did so (Sumption and Somerville 2010). Between 2004 and 2006, 23 per cent of WRS registrations were for A8 workers in rural areas. While this is slightly lower than the proportion of the whole population living in these areas (about 25 per cent), it is substantially higher than for the migrant population as a whole (Commission for Rural Communities 2007).

## 4. Labour market effects

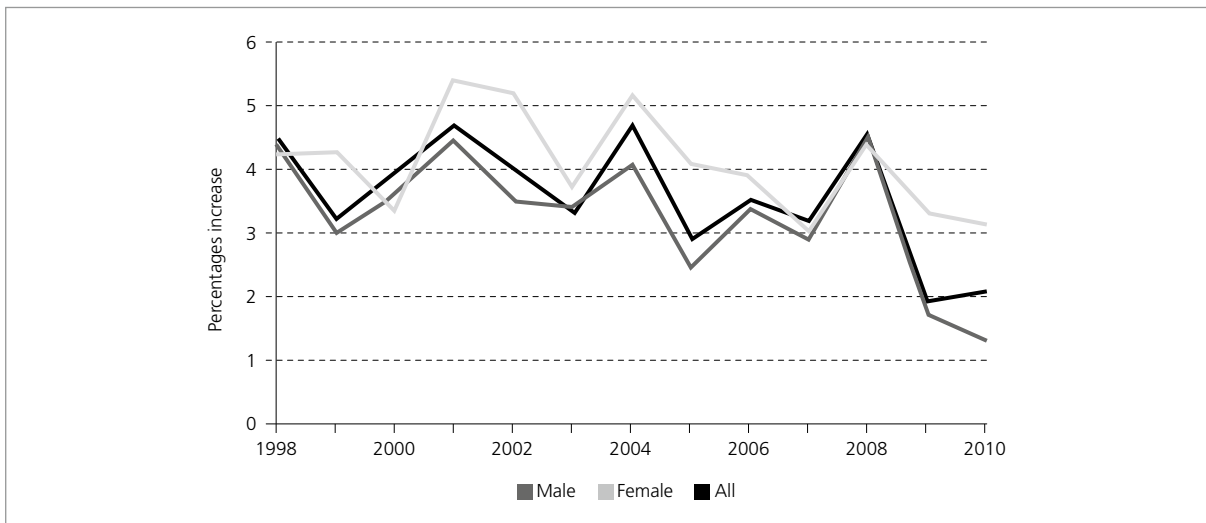
### 4.1 Wages

In general most research in economics finds that the effects of immigration on the wages and employment of native workers are either modest or absent. With regard to the United Kingdom there are weaknesses in the available data and conceptual problems, but recent work is consistent with this view.

Figure 2 shows that between 2005 and 2008, the period of time that coincides with the largest arrival of A8 workers, the gross weekly earnings of full-time employees was increasing. The falling rate of increase in weekly earnings after 2008 is attributable to the economic crisis and its aftermath. After 2008 some A8 workers left and the number of new workers arriving slowed down considerably.

Table 4 gives a broad overview of immigrants in different occupational categories and shows that recent immigrants (who include most A8 workers) are disproportionately concentrated in occupations with lower wages. This is also confirmed by Table 5, which showed that in 2004–2005 Eastern Europeans constituted more than 24 per cent of recent immigrants, but constituted more than 41 per cent of low-wage recent immigrants.

Figure 2: Growth in median gross weekly earnings of full-time employees by sex, United Kingdom



Source: UK Office for National Statistics

Table 4: Percentage of Migrant Workers in Occupational Groups and Average Earnings 2004 and 2005

	Natives	Foreign Born		Average wages
		Recent Immigrants	Earlier Immigrants	
Professionals	5.7	9.9	7.9	17.3
Employers & Managers	15.3	15.2	8.9	16.5
Non-manual workers	42.1	39.7	34.8	10.7
Foreman and supervisors	8.1	6.8	4.6	8.4
Skilled and semi-skilled manual	15.9	14.8	23.7	7.6
Unskilled manual workers	4.0	3.6	8.3	6.4
Personal service workers	1.6	1.8	7.4	5.4
Own account workers	7.2	7.9	4.3	–

Source: Dustmann et al 2007: 73.

Table 5: Immigrants' origins and earnings in 2004-2005

Origins of migrant workers	Percentage of all Immigrant worker		Percentage of total Immigrants in bottom 10 per cent	
	Earlier	Recent	Earlier	Recent
Western Europe	23.0	15.4	24.5	9.4
Eastern Europe	6.6	23.9	6.6	41.4
Indian sub-continent	20.3	13.7	20.2	13.0
Other	50.1	47.0	48.7	36.0

Source: Dustmann et al 2007: 77.

Ruhs and Anderson (2010) argue that the jobs done by migrant workers have to be understood in the wider context of the job market in the UK, which has had an expansion of the service sector and an increase in de-skilling, resulting in the expansion of low-wage, low-skilled occupations. Goos and Manning (2007) have referred to job polarisation between »lousy« and »lovely« jobs and a decline in »middling occupations«.

The econometric evidence on wage impacts is conflicting. Dustmann et al (2007) argue that immigration had a slightly positive wage effect, particularly around the middle distribution. Some researchers have found a small negative relationship, primarily in the semi-skilled and unskilled service sector (Blanchflower et al 2008), where recently arrived A8 workers compete with native workers further down occupational distribution. However, the impact that immigration had on wages at the lower end is modest. On average, real hourly wages increased every year by 4.25 per cent or 18 pence. Immigration held back this growth by 0.7 pence (Dustmann et al 2007). Further, they suggest that this may change over time as A8 migrants improve their position in the labour market. However, other work focusing on recent immigration found a broadly positive impact of new immigration, and no evidence of a negative effect on wage growth (Gilpin et al 2006; Portes and French 2005). We should be cautious about generalising about the effects of migration across countries, and even across time for the same country.

As we suggest in section 4.3, the minimum wage has played an important role in insulating the wages of low-paid workers. However, we suggest in section 4.4 that the widespread employment of migrant workers by employment agencies coupled with the use of flexible contracts means that employers have other strategies for reducing wage costs.

## 4.2 Employment

There is no credible statistical evidence that the arrival of workers from the EU10 has had any impact on unemployment (Gilpin et al 2006; Lemos and Portes 2008). Blanchflower (2010) argues that »fear«, rather than the reality of unemployment as a result of increasing numbers of A8, may exert downward pressure on wages in the non-unionised sector. Further, rather than displacing native workers, a report for the Bank of England suggests

that migrant workers have complementary skills (Blanchflower 2007).

## 4.3 The role of the minimum wage

A study for the Low Pay Commission noted that the National Minimum Wage has played an important role in insulating the wages of low-paid workers from a larger impact (Dustmann et al 2007). There are sectors where the minimum wage is often not paid or is difficult to enforce (for example, hospitality) and these coincide with sectors where there is a concentration of migrant workers. However, this is to do with the conditions in the sector rather than the presence of migrant workers. It is important to note that although there is little evidence to suggest that employers are more likely to have paid less than the minimum wage to migrant than to other workers, employers have scope for reducing their wage bill in a number of other ways. In particular they are able to take advantage of the flexibility of A8 migrant workers. For example, take the case of Piotr the Polish bus driver.

### The Case of Piotr the bus driver

A bus company, Coachco (a pseudonym), came to Warsaw and organised an event in a hotel to recruit workers in 2005. Many bus drivers attended and were told that if they came to the UK they would be paid the (then) minimum wage of £5.40. This was at least three times more per hour than they were earning in Poland. The following week 20 bus drivers and one mechanic gave up their jobs in Poland and came to the UK to work for Coachco. The written contract was very short and stipulated »...there are no set hours of work per week, drivers will be expected to work as and when required«. The problem was not that there was too much work but often that there was less than 40 hours a week and therefore the weekly pay packet was much less than the drivers were expecting. When the drivers complained they were suddenly required to do an English test, and the five that »failed« the test were dismissed.

However, it is important to note that this has not been the experience of all Polish and A8 bus drivers in the UK. Many who are employed alongside native workers, in

particular those in unionised workplaces, have received an agreed monthly or weekly salary.

#### 4.4 Temporary labour agencies and flexibility

It is increasingly common for employers to control the period of workers' employment to facilitate flexibility and short-term employment by using agency workers. Statistics regarding the extent of temporary agency work in Britain are very contradictory, with official Labour Force Survey statistics giving a low figure, while other industry sources give consistently higher ones. The International Temporary Agency Employers Association shows the UK in 2009 as having the highest »penetration« rate in Europe, with temps accounting for 3.6 per cent of the workforce (compared with 1.6 per cent in Germany) (CIETT 2011). Despite the differences in estimates of the scale of use, it is generally agreed that agriculture, manufacturing (particularly food processing), wholesale distribution/logistics, transport and the public sector (often in contractors) are the most significant users of agency labour. In 2008 one in four agency workers were in the same job for a year. This suggests that employment agencies were used not to deal with fluctuations in the demand for workers but as a business model which kept workers on insecure contracts.

However, migrant workers have been disproportionately employed by temporary labour agencies. The WRS statistics indicated that employment by agencies is the single largest category for A8 migrant workers. In 2006, 16.7 per cent of native workers were employed by agencies and 48 per cent of migrant workers (Cam 2007). Anderson et al, in their 2007 survey of Polish and Lithuanian workers, found that those working for temporary agencies were more likely to report problems with pay, pay slips and holidays than those with permanent jobs.

##### Temporary labour agencies in the meat and poultry industry

The meat and poultry industry in the UK, for example, employs 88 000 workers, mainly in the East of England and the East Midlands. An estimated one third of employees are migrant workers (Portuguese and more recently A8). A major feature of the industry was the employment of agency workers. Half the firms quoted

in a survey by the Equality and Human Rights Commission recruited over 70 per cent of their workers through agencies (EHRC 2010). Many workers were employed in the same factory through an employment agency rather than directly by the firm for several years.

Agency workers are not covered by collective agreements. The union Unite is trying to negotiate minimum standards for them, and has successfully done so with one major national employer.

#### 4.5 Working conditions

Even where migrant workers are employed directly by a firm, on a guaranteed weekly wage, there is evidence that in some sectors where A8 migrant workers are concentrated, working conditions are poor. The Equality and Human Rights Commission report on workers in meat and poultry processing found that the work in general contravened legal requirements such as Health and Safety, Employment Rights and Equality. Further, ethical trading and human rights were breached, and treatment was described as »an affront to human dignity«. The report documented a litany of problems such as abuse and poor treatment of pregnant workers. In the case of migrant workers these were exacerbated by segregation and positive discrimination in favour of certain nationalities considered to be good workers. There were reports of coercion and intrusion of privacy, especially when accommodation was tied to employment and at worst they were vulnerable to criminal exploitation. Poor inclusion, tensions between nationalities and physical fights were cited features of these workplaces (EHRC 2010).

#### 4.6 The effect of trade unions

There is widespread evidence that migrant workers working in non-unionised sectors or firms found it hard to understand and access their full entitlements, for example regarding overtime payments and proper pay slips. Where unions existed workers were much better protected. Firms with union recognition agreements positively addressed issues such as the choice of agency (ones with better practices); the translation of key documents highlighting and addressing discrimination and harass-

ment; and the use of the complaints procedure (EHRC 2010).

#### 4.7 Trade unions and industrial relations in the UK

In order to appreciate the challenges and opportunities presented by the arrival of workers from the new member states, it is necessary to understand the way in which unions act in the UK labour market.

Trade union membership density in the UK in 2005 was just below 30 per cent, but there was a sharp difference between the public sector (60 per cent density) and the private (20 per cent). This is not a full picture of union influence, however, with two other measures showing the complexity of the picture: 48 per cent of all workplaces had trade-union presence, and 35 per cent of employees had their pay and conditions affected by a collective agreement.

The three industries showing the lowest trade-union influence on these three measures were agriculture, hotels and restaurants, and business services (Department of Trade & Industry 2006). It is significant that these are the three top industries for A8 migrants (as shown by WRS registrations). By contrast, predominantly public sector industries with high levels of union penetration (public administration, education and health) were insignificant as destinations for A8 workers. Manufacturing (which includes food processing) and construction are in the mid-range for union penetration (see appendix).

The system of industrial relations in the UK is characterised by voluntary relations between the social partners, with a minimal level of interference from the state. Since 1979 there has been a shift to increased legal restrictions on trade unions combined with legally established employment rights, mainly as a result of EU directives. Therefore the UK industrial relations system is a mix of non-legally binding collective agreements, little statutory involvement of the social partners in bipartite or tripartite bodies and legally established minimum employment rights.

The Trades Union Congress (TUC) is made up of 58 individual trade unions representing 6.5 million workers; however, the TUC cannot conclude collective agreements at any level.

Sectoral collective bargaining agreements are rare, except in public services, and inter-sectoral agreements are non-existent. In the private sector the dominant level for the setting of pay and working time is the company and plant level. National collective bargaining is still the norm in public services. Collective agreements are voluntary, non-legally binding instruments. However, the terms of collective agreements are usually incorporated into individual employment contracts that are legally enforceable.

### 5. Trade union challenges, responses and strategies

The scale of the post-2004 migration, the geographical and occupational spread and diversity have been a significant challenge for British trade unions. Trade unions have been driven by concerns about social dumping as A8 workers have been used to intensify labour market flexibility and casualisation in the EU and the UK. The possibility that migrant labour might prove divisive with respect to worse pay and conditions and the resulting threat to social cohesion was brought into sharp relief by unofficial stoppages in the construction industry under the banner of »British Jobs for British Workers« in January 2009, which clearly reflect sensitivities in this direction. The stoppages were a response to the use of contractors employing EU15 workers at what were thought to be conditions inferior to the main collective agreement in the industry. However, while this attracted much publicity, the overarching attitude of British trade unions to migrant workers from A8 countries has been positive, pro-active and inclusive, as we show below. On the positive side A8 workers have provided the opportunity for the trade union movement not only to increase its membership and diversity, but also to renew itself and to recruit in sectors with hitherto poor union densities.

#### 5.1 Broad response to A8 migration

The response of the TUC to waves of migration in the 1960s was one of benign indifference. Despite anti-discrimination rhetoric, there were no practical policies to address the issue. By the 1970s the TUC exhibited much stronger opposition to racism, accompanied by a more positive commitment towards equality and migrant workers.



The response of trade unions in the UK to the arrival of A8 workers has broadly been one of inclusion. This has been conditioned in part by expediency in the context of falling trade union membership, the need to organise irregular and precarious workers and the scale of the influx of A8 workers to the labour market. However, it is important not to underestimate the effect of strong and consistent anti-discrimination and overtly anti-racism policies at the national level of trade unions in the face of mixed and competing discourses on immigration. In most unions these policies have been mainstreamed through all policies. Concretely prior to 2004, the TUC persuaded the Home Office to include leaflets (in eight languages) on employment rights and trade-union membership in information received by A8 workers registering under the Workers Registration Scheme (WRS). This built on a successful campaign by trade unions resulting in the Gangmasters (Licensing) Act 2004, which regulates the provision of temporary (often migrant) labour to the food processing and agriculture sectors.

## 5.2 Challenges for trade unions

There have been a number of challenges for trade unions in recruiting and organising migrant workers. The geographical dispersion of A8 migrants, the context of flexible labour markets and the central role played by employment agencies coupled with a low density of membership in the private sector, where migrant workers are concentrated, put considerable pressure on the resources and finances of trade unions (Fitzgerald and Hardy 2010).

## 5.3 Strategies of trade unions

The challenges of locating, recruiting and organising migrant workers have demanded imaginative thinking and innovative strategies. One of the factors taken into consideration by trade unions was that adopting a hostile attitude to A8 workers' presence in the labour market would probably have a negative effect on union recruitment and organising among the new arrivals.

### Working with external non-trade union actors

Trade unions have worked with local councils, NGOs (for example, Citizens Advice Bureaux – charities partly

funded by local authorities which provide free advice and sometimes advocacy on a range of social matters including employment and housing rights) and members of the established Polish community and churches to provide support and information for newly arrived workers. In one example the Polish community approached the GMB trade union to assist with problems at work being experienced by migrant workers. The support that was needed included information regarding rights and entitlements and work, and specifically about deductions from wages. Further, migrant workers sought information regarding wider issues such as opening a bank account, housing issues and access to language assistance. This led to the establishment of an all Polish Southampton branch of the GMB. This grew from 50 members in 2006 to 500 by 2008.

### The Union Learning Agenda (ULA)

One of the most successful initiatives for recruiting and involving workers has been the Union Learning Agenda (Fitzgerald and Hardy 2010). The Union Learning Fund was established in 1998 to promote activity by trade unions in support of »creating a learning society« and made money available for bidding for projects. Many trade unions both nationally and locally have accessed this funding to undertake projects, including teaching English, with A8 migrant workers (<http://www.union-learningfund.org.uk/prospectus/aims.cfm>).

#### From Union Learning to organising: the case of a bakery

The UK has a minimum wage of £5.70, but no collective agreement that covers the food processing sector. The strategy for the unions which cover this sector, Unite and the GMB, was one of an organising model, with highly uneven results and outcomes. A number of success stories were cited, for example in one industrial bakery there was no union recognition and the first step was to sign a learning Partnership Agreement to recognise skills (NVQs: National Vocational Qualifications) and teaching English as a foreign language. The Union Learning Agenda was the conduit for recruiting workers, which led to the election of stewards on the day and night shifts and then formal negotiating structures.

### Employment of A8 union organisers

At least four trade unions have employed A8 trade union organisers or project workers on a permanent or temporary basis. Unite and the GMB, which have tended to organise in sectors where most migrant workers are concentrated, have employed between five and ten project workers or organisers from CEE countries. The largest number are Polish, but there are also organisers from Lithuania, Latvia and Slovakia. UNISON, which represents public sector workers, has a Polish organiser. There have been various events organised by the TUC which have facilitated the sharing of information between UK and CEE trade union organisers and community organisations working with migrant workers. There is a network of Polish organisers. This has enabled language barriers to be overcome and much more direct links with A8 migrant workers to be established.

### Embedding migrant workers strategies in vulnerable workers strategies

Most unions have adopted strategies and policies of inclusion regarding migrant workers which are set in the wider context of an organising culture and broadening the concept of trade unionism. Embedding workers in a wider vulnerable workers strategy allowed a focus on organising against policies driving towards more flexible labour markets and more precarious work. The Vulnerable Workers Project was organised by the TUC and funded by the government (Department of Business, Enterprise and Regulatory Reform) to increase awareness of employment rights of workers in »hard to reach sectors« (<http://www.vulnerableworkersproject.org.uk>).

### International linkages and solidarity

International linkages have been cultivated with A8 labour organisations, and the Polish Solidarity trade union in particular, and more recently OPZZ (Ogólnopolskie Porozumienie Związków Zawodowych: All Poland Alliance of Trade Unions). This had led to the exchange of information at meetings and workshops and the dissemination of information regarding the availability of help to migrants and potential migrants. However, links between Polish and UK trade unions at a sub-national level in new migrant destinations are tenuous, and collaboration has

taken place mainly on the basis of historical linkages and geographical proximity rather than reflecting current economic circumstances (Hardy and Fitzgerald 2010).

In practice unions have combined some mix of the above strategies

#### UNISON's multiple strategies

UNISON's strategy for engaging with migrant workers had three strands. First, an organising approach, which provides a detailed strategy for regional and local branches in engaging with and including migrant workers. Nationally there is a *Migrant Organising Knowledge Bank* to collect and disseminate good practice and successes in organising. Second, there is a servicing strand, which provides specific information for migrant workers on welfare and tax. Third, there is an element of mainstreaming the issue of migrant workers through campaigning on issues relevant to indigenous and migrant workers such as the *Living Wage* campaign and also issues related to immigration. Further, there is a section which specifically combats the myths of migration and immigration to give all activists the tools for countering xenophobic or racist arguments (Unite, 2009). In addition, a young Polish trade unionist from OPZZ has been seconded to engage with Polish communities as a way of raising the profile of trade unions and trying to recruit to UNISON.

### 5.4 Attitudes of A8 workers to trade unions

While it is true that some sectors are dominated by migrant workers (agriculture and food processing), it is the case that they are employed alongside British workers in transport, construction and distribution where there is a trade union presence. Anderson et al (2007) found that among Polish and Lithuanian workers, even though only a handful (three per cent) had joined UK unions, 54 per cent were interested in doing so. A sizeable minority of those interested in membership gave reasons for their interest associated with solidarity and wanting to improve matters at work. The authors concluded: »This suggests that there is a force to be harnessed by unions wanting to improve conditions in industries in which they currently have low levels of membership and therefore influence.«

## 5.5 Conclusion

The UK's low trade union density and lack of formal collective agreements in the private sector have demanded creative thinking and new forms of engagement by the UK labour movement (Fitzgerald and Hardy 2010). Very low trade union density (private sector) or falling membership (public sector), coupled with geographical dispersion and constrained resources have posed a serious challenge for trade unions. However, most trade unions that represent sectors in which migrant workers are employed have strategies specifically focused on migrant workers in general, and often A8 workers in particular, within Vulnerable Worker Projects. The most successful tactics have included the employment of A8 project workers and the use of Union Learning initiatives. The lack of resources and geographical spread have proved challenging in being able to support members and generate self activity. The outcomes have been mixed and their success has been largely dependent on the agency of individual branches, organisers and activists.

## 6. Impact on welfare and public services

Immigration causes debates in receiver countries about the potentially negative consequences that an influx of immigrants might have on the welfare of incumbent residents. The belief that immigrants take out more than they contribute has been featured in some sections of the popular press in the UK.

»[Eastern European] Economic migrants need schools for their children. They need housing. They need medical care. They can even lose their jobs« (*Daily Mirror*, 24 July 2006) or »Jobs dry up but Poles stay to reap the benefits« (*Daily Mail*, 9 January 2009).

However, it is the case that A8 immigrants are far less likely to receive benefits or live in social housing than natives (Dustmann et al 2007); furthermore they contribute significantly more to the tax and benefits system than they receive. This may be because A8 migrants are younger, better educated and have fewer children than natives. Even if individuals were identical to British-natives in all these characteristics, welfare and housing receipts of the new A8 migrants would still be lower (ibid).

## 6.1 Fiscal costs and benefits

A8 immigrants who arrived after EU enlargement and who have at least one year of residence – and are therefore legally eligible to claim benefits – are 60 per cent less likely to receive state benefits or tax credits and 58 per cent less likely to live in social housing. Even if A8 immigrants had the same demographic characteristics as natives, they would be 13 per cent less likely to receive benefits and 28 per cent less likely to live in social housing (ibid). A comparison of the fiscal contribution of A8 immigrants with that of individuals born in the UK showed that immigrants made a positive contribution to public finance despite the UK's budget deficit. The reason for this is that they have a higher labour force participation rate, pay proportionately more in indirect taxes, and make much less use of benefits and public services. For all fiscal years A8 immigrants' contribution to total government revenues was similar to their share in the overall population. In 2008/09 they totalled 0.91 per cent of the population and accounted for 0.96 per cent of total government revenues. This is because, despite receiving lower wages than natives and hence paying on average lower income taxes, A8 immigrants have very high employment rates. In 2008/09, A8s contributed 0.85 per cent of total income tax revenues and 1.3 per cent of total VAT revenues, despite constituting 0.9 per cent of the population.

Dustmann et al's (2007) research is the first comprehensive analysis of the net fiscal contribution of A8 immigrants. In conclusion they argue that: »All this paints a very positive picture of A8 immigration to the UK, one of highly educated young people entering the UK predominantly to work with subsequent positive contributions to the tax system.« Above all the study shows that A8 receipt of government expenditures, in terms of benefits and other transfers, is substantially lower than their share of the population, so that on balance A8 immigrants have made a substantial contribution to the UK fiscal system.

## 6.2 Housing

A common perception is that migrant workers are prioritised for social housing over and above British-born households. In practice the system of entitlements is extremely complex, and the number of migrant workers

allocated social housing is negligible. However, a consequence of underestimating the numbers of A8 workers who would arrive was a lack of planning for housing and welfare needs. As migrant workers have followed labour market vacancies, they have moved to areas of the UK with no history of migration, and therefore without the necessary expertise in the provision of welfare or issues relating to integration. Local councils argued that they were expected to provide public services such as education, but received no appropriate funding.

The charity Shelter argues that housing pressures already existed in the UK before EU expansion in 2004 but that the arrival of A8 and A2 workers put further strains on the system. Overall a crisis in affordable housing combined with under-investment in social housing over decades has resulted in a shortage of social rented homes in many parts of the UK.

The evidence is that migrant workers from A8 countries have scarcely gained access to social housing. In 2006/07 less than one per cent of all housing association lettings were to A8 nationals. During 2007 only seven per cent of homeless acceptances by local authorities, who would then have an obligation to provide housing, were from A8 and A2 nationals. It is rare for new migrant workers to obtain secure, general needs housing from a council or housing association. Instead, they are much more likely to move in to the private rented sector. In 2008 it was found that 90 per cent of all those who arrived in the UK in the previous two years lived in the private rented sector, often accepting poor and overcrowded conditions.

Migrant workers usually arrive in large numbers in a neighbourhood owing to the actions of one employment agency, employer or large landlord. There is intense competition for scarce resources, and migrant workers compete with other low-waged workers for properties at the bottom of the private rented sector. Migrant workers routinely live in sub-standard accommodation. There are many reports from councils expressing concern at the poor conditions, which were particularly prevalent in rural areas. Conditions were often severely overcrowded with migrants sleeping in corridors and kitchens.

There has been a revival of »tied accommodation«. One survey found that 31 per cent of interviewees were living in accommodation found or provided for them by their employers. This group were particularly vulnerable

as rent was deducted from wages and they could become homeless with little notice.

### 6.3 Education

There has been some debate about the effect of new arrivals on schools. The popular daily *The Sun*, for example, ran a story (18 March 2009) claiming that the number of migrant children (who do not have English as a first language) had »soared« by 25 per cent. The then opposition spokesman on immigration claimed: »This shows how difficult life is for many teachers because of the Government's long-term failure to control immigration.« However, the figures were not put into any context – many of these children would be bi-lingual (regarded as a benefit by business). However, this needs to be measured against the total school rolls: a study in Scotland showed that while Polish had moved from number five in home languages in 2006 to number two (behind English) in 2009, there were only 5 460 Polish-speaking children in Scottish schools compared with 647 292 English-speakers (Moskal 2010).

### 6.4 Crime

It has been suggested by the popular press that the welfare of native workers will be decreased by an increase in crime by migrant workers. For example, one examination of coverage in a local newspaper in East Anglia showed a continuing tendency to portray migrants (largely from Eastern Europe) in a negative light, years after enlargement had taken place (Rasinger 2010). However, the relationship between crime and immigration was investigated by Bell et al (2010), who found no evidence to suggest that these were linked.

## 7. Sending country perspectives

There has been little written from sender country perspectives with the exception of Poland.

### 7.1 A8 countries

The majority of migrant workers from A8 countries are under 34, and a significant proportion of them have uni-

versity degrees. There is disquiet in some quarters that there is a »brain drain«, whereby workers are being trained in their home countries and subsidised by government spending, but their skills and talents are not being used in the domestic economy. This is often related to specific skills or sectors. In Hungary, for example, between 1 May 2004 and 31 December 2005, 2.2 per cent of all doctors applied for the diploma nostrification and this proportion was even bigger (seven to eight per cent) among anaesthetists, pulmonologists and plastic surgeons (Polish Ministry of the Economy 2007).

However, although a number of highly qualified professionals have left A8 countries, the majority of migrants are concentrated in lower status and low paid jobs. For example, in the UK in 2007 within the health profession 700 migrants registered as hospital doctors while 19 000 registered as care workers. Research shows that there is a concentration of workers in the lower rungs of employment and that a significant proportion of highly qualified migrants are not in work that is commensurate with their skills (Anderson et al 2007). Currie (2008) points to the main barriers as being: securing recognised qualifications, the role of professional organisations as gatekeepers, and language skills.

## 7.2 The case of Poland

As Polish outward migration has been the most significant and has provoked the most domestic discussion in comparison with other sender countries, it therefore merits separate discussion.

The scale of remittances is limited by the fact that many migrants are employed in low paid sectors, and those who earn more do not necessarily transfer their wages. In 2005, remittances constituted one per cent of GDP and three per cent of total exports. However, Polish workers sent around £4 billion to Poland in 2008 and this figure fell by around 20 per cent in 2009. The opening up of the labour market in the UK and Ireland and then the crisis and recession of 2008 are reflected in changing patterns of remittances.

Table 6: Percentage of contribution to total Polish remittances

	2004	2007	2009
United Kingdom	21	34	16
Germany	35	13	24
Ireland	13	34	19
US	13	4	6
Rest of the world	18	15	35

Source: Iglicka and Ziolk-Skrzpczak (2010), p. 9, based on National Bank of Poland, Department of Statistics.

Data from the National Bank of Poland shows that the source of remittances has fluctuated. Between 2004 and 2007 remittances from Germany decreased as a proportion, with a rise from the UK and Ireland, which between them increased to 68 per cent in 2007. The fall in remittances from these latter two countries by 2009 is likely to be accounted for by the crisis and recession in these two economies.

Polish unemployment fell from nearly 20 per cent on the eve of joining the EU to below 10 per cent by 2008 (Eurostat). It has been suggested that migration constituted an »export of unemployment«. However, there were other reasons for improvements in the Polish labour market, most notably relatively high levels of growth. This fall in unemployment was accompanied by sectorally and regionally specific labour shortages and an increase in wages. For example, there was a shortage of construction and building workers and welders and this was felt particularly acutely in regions and large cities with relatively low levels of unemployment.

Uneven economic development in Europe, its periphery and the wider global economy has resulted in a chain of migration relationships. Because of labour shortages, in August 2006, Poland gave workers from Ukraine, Belarus and Russia the right to work in Poland without work permits for three months in a given six-month period. Initially this was limited to agriculture, but the programme was subsequently expanded to all other sectors. Shortages have been regionally and sectorally specific. For example, Indian and North Korean workers were recruited to work in the Gdansk shipyard. Iglicka and Ziolk-Skrzpczak (2010) note that Poland lags behind other EU countries in implementing comprehensive integration policies.

There has been an extension of transport linkages. This includes an increase in the number of destinations for budget airlines, including more peripheral airports (Bydgoszcz, Rzeszów, Łódź, Szczecin). Further, a Polish private minivan and coach transport between Poland and Germany has opened a new shuttle service to Schönefeld Airport in Berlin as Polish immigrants from Western Poland (mainly Szczecin, Poznań or Wrocław regions) tend to take a two-stage route to the UK.

Concerns have been expressed about the social exclusion of »pendulum migrants« who commute between countries and who are not integrated into either the host or home country. Further, the Polish popular press has pointed to »Euro-orphans«. This refers to the approximately one hundred thousand children left with grandparents, close family or other relatives by parents who leave the country in the search for a better paid job.

The biggest Polish national daily newspaper *Gazeta Wyborcza* established a special internet edition for Polish workers in London (approximately two hundred thousand Poles are based in London). The site provides not only current information, but also advice on the job search in the UK and legal issues. Polish state television (TVP) has produced two series of a soap opera »Londyńczycy« (The Londoners) shown on Polish television in 2008–2009.

As a result of skills shortages and an aging population a priority for the Polish government has been to attract Polish migrants back with a one million euro campaign. In November 2008, Prime Minister Donald Tusk started a government campaign entitled »Have you got a plan to return?« that aims to facilitate return and showcase employment opportunities. Although »very informative, interactive and constantly updated« the campaign was not deemed a success (Iglicka and Ziolk-Skrzypczak 2010).

## 8. Overall economic and societal effects

### 8.1 Increase in working population and growth

Migration has affected growth principally by increasing the working age population. Research done by the National Institute of Economic and Social Research suggests that around 17 per cent of economic growth in the UK in 2004 and 2005 was attributable to immigration (Riley and Weale 2006). This is supported by the OECD in its

assessment of the UK in its Economic Outlook in November 2006:

»Record high inward migration has been adding to potential growth while fuelling domestic demand. . . . Since strong labour force growth also leads to a higher path for potential output, stronger growth achieved through this channel would not necessarily result in an acceleration of inflation. On the contrary, international as well as UK evidence suggests that immigration can serve to make the labour market as a whole more fluid and wages less sensitive to demand fluctuations.«

However, this research has not been repeated since the onset of the recession. Therefore immigration, along with greater labour force participation among older people, has been a key additional source of labour. This has been particularly relevant in areas such as Scotland with aging populations.

### 8.2 Skills and labour shortages

Ad hoc survey evidence for business expresses the view that migrant workers make a significant positive contribution to the economy through the alleviation of skills shortages and positive work attributes. However, detailed examination of employers' claims of skills shortages rarely shows particular qualifications to be in short supply. A recent publication by migration experts Ruhs and Anderson (2010) highlights the problem in defining skills – some employers mean »experience«, while others mean »soft« skills, such as problem-solving and social skills. They also point to employers' belief in the higher work ethic of some migrants (which they explain as »willingness to do the job on the employer's terms«). The tendency of recent migrant workers in general to accept work with skills requirements lower than their qualifications was described by the authors as »high-quality workers for low-waged jobs« – which may be an ideal combination for some employers, but is likely to be seen as a temporary arrangement by the workers themselves.

### 8.3 Positive labour market attributes

The majority of employers cited the positive work attributes of A8 migrant workers as being reliability, willingness to work longer hours, motivation and a lower

staff turnover. This was reflected in surveys conducted by the Institute of Directors (2007) and the British Chamber of Commerce (2006).

A8 migrants have contributed to the growth of small firms (SMEs). This is not only related to economic activity associated with the arrival of a large number of migrants, such as specialist food shops and transport to the airport, but also to SMEs in general, particularly in sectors such as construction. There are no available statistics on this, but some local studies exist (Vershina et al 2011).

#### 8.4 Cultural diversity

The arrival of Polish migrants after 2004 has revitalised some Catholic churches. It has contributed to cultural diversity through access to new types of food (*pierogi*) and drink (for example, the Polish beer stocked by the main British supermarkets). Pubs and clubs have put on Polish nights.

### 9. The impact of the crisis and recession

#### 9.1 Poland

When the financial crisis started in 2008, the Polish and British media were flooded with reports that migrant workers were coming back to Poland from the United Kingdom and Ireland. However, this was speculation rather than based on facts. Professor Iglicka from the Centre for International Relations in Warsaw claims that Poles were not leaving the UK on the scale that was suggested. On the basis of interviews Iglicka estimates that of 700 000 Poles in the UK, only 40 000 have come back. Gruszka from the Strategic Consulting Centre argues that three-quarters of Poles living in the UK claim that working and living abroad gave them a better sense of financial security because of the differential between wages in Poland and the UK. Further, the Strategic Consulting Centre's analyses confirm that 75 per cent of people who returned to Poland planned to leave the country again – mainly for England and Scandinavia (Norway and Sweden). Poland Street's (a Polish association in Britain) survey indicates that 60 per cent of respondents are not planning to return to Poland in the next two years, only 15 per cent said they were planning on doing so in the next year (*Gazeta Wyborcza*, 5 May 2010). There-

fore promotional campaigns launched by city councils in Wrocław and Gdynia to encourage young people to return have failed and the shiny billboards depicting »prosperous towns« simply have not convinced Poles to come back to Poland.

In January 2011, according to Eurostat, the rate of unemployment in the UK (7.8 per cent) is still lower than that of Poland (10 per cent). Young Poles face disproportionately higher unemployment (23 per cent: GUS, 2010). Unemployment in Poland is also geographically unevenly distributed, with much worse employment prospects in small towns and Poland B (the East of the country). Therefore, despite Poland's relatively good rate of growth and soft landing in the crisis, the labour market for young people is difficult. It is hard for younger, more educated people to find jobs that are commensurate with their qualifications, and the wage differential between the UK and Poland remains significant, even taking into account the depreciation of the pound sterling (*Gazeta Wyborcza*, 23 February 2010; *Rzeczpospolita*, 12 May 2010).

#### 9.2 The Baltic States

Estonia, Lithuania and Latvia experienced the economic crisis extremely harshly with deep falls in GDP, high unemployment and severe cuts in public spending. In Lithuania this has been an important push factor and led to a second wave of outward migration (Woolfson 2010).

#### 9.3 Future prognosis for Polish emigration

Iglicka argues that the accessibility of the German labour market may mean a reorientation of some Polish workers from the UK to Germany. Undoubtedly the strong German economy will encourage many Poles, especially those living along the western border, to migrate to the neighbouring country. However, it is worth emphasising that for Poles living in the middle or east of the country, transport linkages and falling costs have reduced geographical distance in terms of travelling to the UK.

## 10. Summary and conclusions

- In May 2004 the UK, Sweden and Ireland were the only EU countries to fully open their labour markets to migrant workers from A8 countries. The same access to labour markets was not offered by the UK to workers from Romania and Bulgaria in January 2006. In principle, both the main political parties (Labour and Conservative), employers and trade unions were in favour of opening labour markets. The number of A8 arrivals after May 2004 hugely exceeded all estimates. However, establishing the precise number of A8 citizens entering the UK has been difficult. Numbers of migrants from the A8 countries continued to rise until the number in the labour force stood at 516 000 in September 2008 amounting to 1.7 per cent of the workforce. The majority of A8 migrants come from Poland. They are generally young, with a high proportion of women. Many migrants work in jobs that are significantly below their qualifications. The main industries are hospitality and catering and manufacturing and food processing and many are employed by temporary labour agencies.

- The popular press was generally hostile to A8 migrant workers. This was part of an overall hostility to immigration, and specifically entailed a focus on the prospect of »benefit tourism«. However, fears about social dumping and pushing down wages or taking advantage of social security benefits have no foundation. Various studies have struggled to find any impact on the wage levels or employment prospects of native workers. In the period of time that coincides with the largest arrival of A8 workers, the gross weekly earnings of full-time employees increased. The falling rate of increase in weekly earnings after 2008 is attributable to the economic crisis and its aftermath. After 2008, some A8 workers left, and the number of new workers arriving slowed down considerably.

- The minimum wage has played a role in providing a floor beneath which hourly wages should not fall. However, the widespread employment of migrant workers by temporary labour agencies means precarious or insecure work for many. Migrant workers are often employed in poor working conditions where they find it difficult to access or enforce legal employment entitlements. The jobs done by migrant workers have to be understood in the wider context of the job market in the UK, which has seen an expansion of the service sector and an increase in


de-skilling resulting in the expansion of low-wage, low-skilled occupations. Where trade unions were present, workers were better protected.

- The scale of inward migration, low union density and lacking coverage by collective agreements in the private sector have proved a challenge for trade unions. Collectively through the TUC and individual unions the UK trade union movement has had positive, inclusive and often pro-active attitudes to A8 migrant workers. Trade unions have used a range of innovative strategies to recruit, organise and integrate migrant workers. These interventions were underpinned by a positive attitude to these new market entrants and support for their presence in the labour market. Initiatives include using Union Learning, alliances with NGOs and other non-trade union actors, joint initiatives with Polish unions and embedding migrant worker strategies in broader vulnerable worker strategies. The employment of A8 organisers and project workers has been especially successful.

- Further, contrary to the claims of »benefit tourism« A8 workers are far less likely to receive benefits or live in social housing than native workers. They contribute significantly more to the tax and benefit system than they receive. Therefore they have made a substantial contribution to the UK fiscal system. The concentration of A8 workers in some localities has put an additional burden on affordable housing and increased demand in some schools for language support.

- From a sender country perspective, the scale of outward migration from A8 countries and Poland in particular has raised concerns about the loss of human capital and labour shortages, which has led to »return to Poland« campaigns nationally and by some regional governments. Poland has experienced the new phenomenon of being a receiver country of migrant labour from adjacent countries such as Ukraine and Belarus as well as, to a more limited extent, from India and North Korea. The number of Poles who have returned home, or at least returned home permanently because of the recession, has generally been overstated. The poor conditions on the Polish labour market, especially for young people, suggest the continuation of circulatory migration. The deep economic problems in the Baltic States have brought about a second wave of migrants from Lithuania and Latvia, who now make up an increasing proportion of A8 migrants. People from other A8 countries, and most





notably Hungary, have shown a much lower propensity to migrate despite rising unemployment caused by the recession.

- Overall migration has contributed to the growth of the UK economy through increasing the working population. There have been claims that this has been particularly important in parts of the UK with aging populations, such as Scotland, in alleviating labour and skills shortages. However, as we have discussed, there has been ambiguity regarding the exact nature of labour and skills shortages. Additional benefits to society include increasing diversity in mono-cultural parts of the UK and entrepreneurialism and the growth of small firms.
- There has been no systematic research undertaken on how many migrants have made a long-term home in the UK. However, it is clear that some young migrants are settling in the UK and starting families. For some this suggests the transition from »migrant worker« to resident and contributes to the diversity of the UK labour force and society more generally.



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## Appendix

UK trade union density, presence and coverage by agreement, Autumn 2005

<b>Industry</b>	<b>Proportion TU members (per cent)</b>	<b>TU present in workplace (per cent)</b>	<b>Pay affected by collective agreement (per cent)</b>
Agriculture, forestry, fishing	8.5	12.1	12.3
Mining, quarrying	21.2	40.2	24.5
Manufacturing	24.8	45.3	28.4
Electricity, gas, water	47.0	74.8	64.8
Construction	15.7	29.3	20.4
Wholesale, retail	11.0	26.9	16.8
Hotels, restaurants	4.2	10.9	6.8
Transport, communication	42.2	59.8	48.0
Financial intermediation	24.4	49.7	35.5
Real estate, business services	10.1	21.7	12.5
Public administration	57.1	86.9	75.0
Education	56.0	83.9	63.0
Health	44.2	65.4	48.4
Other services	19.3	34.7	25.5
All private sector	17.2	34.8	20.9
All public sector	58.6	86.8	71.0
All employees	29.0	48.1	35.3



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