



COMMENTARY

Pulling power: Why are EU citizens migrating to the UK?

PUBLISHED: 13/4/2016



www.migrationobservatory.ox.ac.uk

Migration from Europe has increased sharply over the past 15 years. The number of EU-born people living in the UK has more than doubled since 2004, reaching over 3 million by 2015.

As the debate over EU membership has intensified, a recurring question has been why the UK has been such an attractive destination. This commentary looks at factors that are often cited as “pull factors” for EU migrants coming to the UK in media and policy debates.

Welfare benefits?

EU migrants’ access to the UK’s welfare state has dominated debates about the EU membership. The government has argued that the UK benefits system creates an ‘unnatural draw’ for EU migrants and some analysts have argued that the financial incentive to migrate could be decreased if these benefits were restricted.

Other analysts, however, have argued that welfare is not the major factor driving EU migration. This is because while there is no direct measure of the role of welfare in individual decision-making, most migrants are not receiving welfare benefits and even in the absence of benefits, significant pull factors would remain.

EU migrants are less likely to claim out-of-work benefits, such as Jobseekers’ Allowance and incapacity benefit, compared to their UK counterparts. In February 2015, people who were EU nationals when they registered for a National Insurance Number made up 2.2% of the total DWP working-age benefits caseload, but were about 6% of the working-age population.

By contrast, EU migrants are more likely to be claiming in-work benefits such as tax credits, which supplement the incomes of low-wage families, particularly those with children. Families that included at least one EU national made up 6.8% of those receiving tax credits in March 2013.

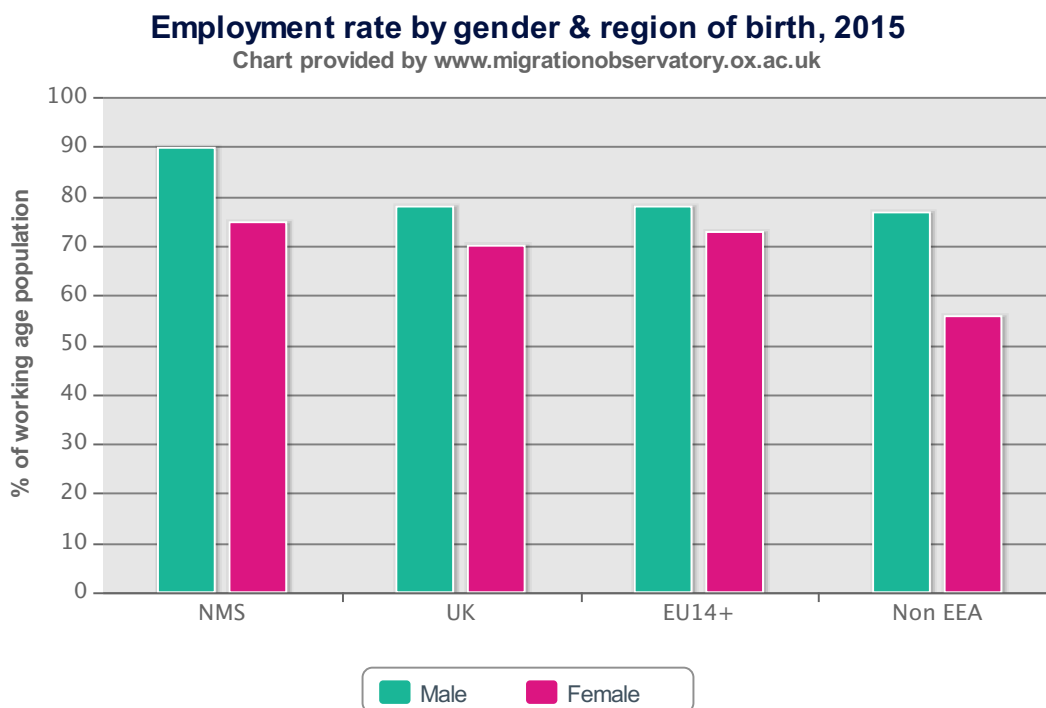
Most newly arriving EU migrants are either single or part of a childless couple while in-work benefits entitlements are strongly targeted at people with children. In 2015, 12% of EU-born adults reported receiving tax credits, the main in-work benefit in the UK, compared to 10% of the UK born, according to the Labour Force Survey (LFS). The LFS is based on self-reported data and is thought to undercount tax credit claims, but these figures indicate that—even if the undercount is very significant—a relatively small fraction of EU migrants are likely to be receiving them.

Employment opportunities?

In the year ending September 2015, a majority (71%) of EU citizens coming to the UK for at least one year reported that they were coming for work and a majority (58%) of those people already had a job lined up.

People from EU countries tend to have high rates of employment in the UK—a trend driven primarily by people from new EU Member States (Figure 1). In 2015, men born in countries that joined the EU in 2004 or later had a 90% employment rate, compared to 78% among UK-born men, while women from new Member States had a 75% employment rate, compared to 70% among UK-born women.

Figure 1



Source : MigObs analysis of LFS data 2015, quarterly weighted averages, working age (16–64)

Economic conditions in some EU origin countries are also likely to have contributed to the relative attractiveness of the UK.

Table 2 shows the EU countries of birth for which the number of people living in the UK increased most between 2011 and 2015: Poland, Romania, Spain, Italy, Hungary and Portugal. These countries made up only 40% of the total EU-born population in 2011, but were responsible for almost 80% of the growth in numbers over the subsequent 4 years. We refer to these countries throughout the rest of this briefing as the ‘recent EU countries of origin.’

Table 1 – Top 6 recent countries of origin for EU migrants, 2011–2015

	2011	2015	Change
Poland	615,000	818,000	203,000
Romania	87,000	223,000	136,000
Spain	63,000	137,000	74,000
Italy	126,000	176,000	50,000
Hungary	50,000	96,000	46,000
Portugal	96,000	140,000	44,000
All EEA	2,580,000	3,277,000	696,000
Top 6 recent EEA sending countries	1,037,000	1,590,000	553,000
% of top 6 recent EEA in all EEA	40%	49%	79%

Source: Migration Observatory analysis of LFS data, quarterly averages, all ages.

Two of the countries—Italy and Spain—are long-standing EU members with relatively high wages (though still somewhat lower than the UK – see Figure 3 below).

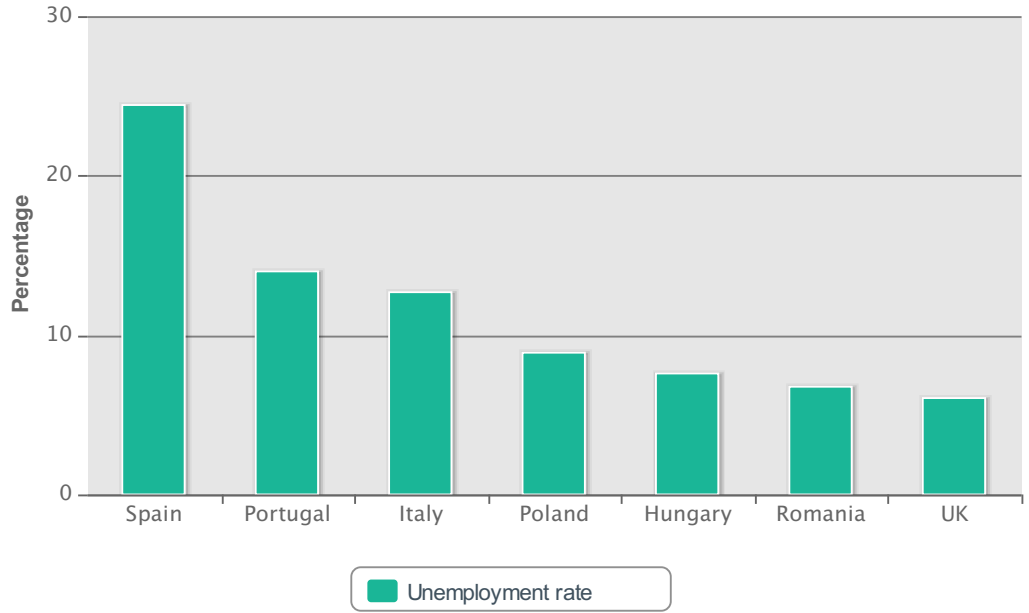
Record high employment rates and low unemployment in the UK contrast with continued weak labour market conditions in some Eurozone countries, such as Spain, where unemployment in 2014 was still well above 20% (Figure 2). Total employment (the number of people with jobs) has also increased considerably in the UK—by just over 1,000,000 between 2012 and 2014—while in the same period employment fell in Italy (-425,000), Spain (-375,000) and Portugal (-68,000).

The UK’s flexible labour market is also thought to have contributed to the relative ease with which migrant workers have been able to find jobs in the UK, particularly when compared with countries with stricter labour market regulation.

Figure 2

Unemployment rate, UK & top 6 recent EU countries of origin, 2014

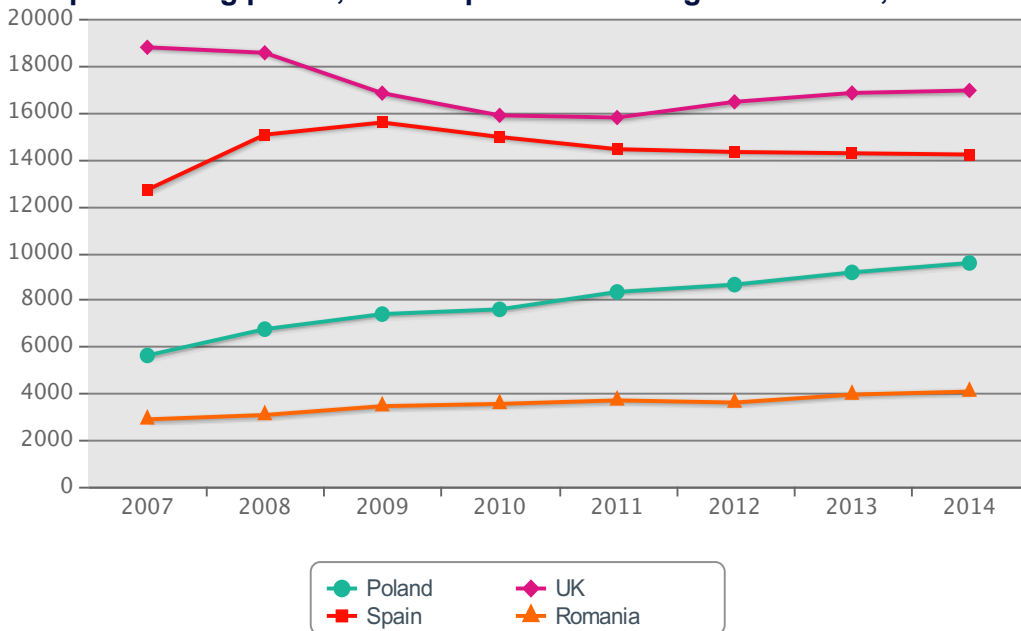
Chart provided by www.migrationobservatory.ox.ac.uk



Source : Eurostat, [une_rt_a]

Figure 3

Median disposable household income adjusted for purchasing power, UK & top recent EU origin countries, 2014



Source : Eurostat: Tables [[ilc_di03]

Wages?

Empirical research has consistently found that wage gaps between countries are an important factor driving migration.

Incomes in the UK are considerably higher than in many other EU countries, particularly those in Eastern Europe such as Poland and Romania. Figure 3 shows Eurostat estimates of the median household’s disposable income, adjusted for differences in taxation and the cost of living across countries.

Note: The total disposable income of a household is calculated by Eurostat by adding together the personal income received by all of household members plus income received at household level. It includes benefits received in cash, such as old-age pensions. The purchasing power standard, abbreviated as PPS, is an artificial currency unit, in which one PPS can buy the same amount of goods and services in each country.

Disposable income by this harmonised measure is 1.8 times higher in the UK than in Poland, and 4.2 times higher than in Romania, although in both cases incomes have been converging. In the case of Poland, the gap in estimated equivalent disposable income has almost halved since the mid-2000s, with Poland moving from 30% of the UK's level in 2007 to 56% in 2014.

By 2020, the minimum wage that employers must pay to workers age 25 and above is expected to rise from £6.70 in 2015-16 to around £9 as a result of the introduction of the 'National Living Wage' (NLW). Because a higher share of people born in EEA countries are in low-wage jobs, more of them are likely to be affected by the policy change. Table 1 shows approximate estimates of the numbers of people earning up to vs. more than £9 per hour in 2015, from the Labour Force Survey.

Table 2 – Age and estimated hourly earnings by region of birth, 2015

	18-24	25-64	Total	Share of 25-64 year olds earning £9/hour or less
EEA				
Up to £9	158,000	698,000	856,000	46%
More than £9	38,000	828,000	866,000	
Total	196,000	1,526,000	1,722,000	
Non-EEA				
Up to £9	96,000	774,000	870,000	37%
More than £9	42,000	1,326,000	1,368,000	
Total	138,000	2,100,000	2,238,000	
UK born				
Up to £9	2,191,000	5,350,000	7,540,000	29%
More than £9	803,000	12,996,000	13,799,000	
Total	2,994,000	18,346,000	21,340,000	

Source: Migration Observatory analysis of Labour Force Survey, quarterly weighted averages, 2015. Note: includes wage earners only (excludes non-working and self-employed). The LFS does not include a direct estimate of hourly pay for most workers; hourly pay is calculated from reported weekly earnings and usual hours, and this will lead to some measurement error.

The effect of the National Living Wage on the attractiveness of the UK labour market for prospective EU migrants is difficult to predict, however. If higher wages encourage employers to restructure their workforce and reduce their reliance on low-wage workers—for example by mechanising production or hiring people with higher qualifications or skills—this could potentially make it harder for EU citizens to find low-wage jobs.

Indeed, the Migration Advisory Committee in 2014 pointed to the UK's flexible labour market with low costs to employers as a key factor that is likely to have encouraged demand for migrant labour. It also pointed out that enforcement of minimum wages has been weak, and that based on the number of HMRC inspection visits conducted, a UK firm could, on average, expect a visit from inspectors every 250 years.

The interplay of all these factors makes the effect of the National Living Wage on incentives for EU citizens to migrate to the UK uncertain.

Other factors?

Other factors apart from the state of the economy are also thought to affect the attractiveness of the UK as a destination.

For example, the ubiquity of English as a global language of communication mean that many prospective migrants already speak some English (which is commonly part of compulsory education in EU countries), while others value the opportunity to learn it.

The UK's 8 million foreign born residents—3 million of whom are from EU countries—mean that there are already established communities that can facilitate further migration, by providing access to information about employment opportunities and advice about living in the UK.

There is tentative evidence to suggest that policies towards non-EU citizens might have affected UK employers' demand for EU citizens by encouraging substitution from non-EU to EU recruitment. Measuring the extent of any such substitution and the reasons for it is difficult, as many different factors shape hiring patterns.

Finally, demographics in origin countries may play a role. The size of the youth population—the age group that is most likely to migrate—is shrinking in the top recent countries of origin for EU migration to the UK. Between 2006 and 2015, for example, Eurostat figures suggest that the 20–34 year old population in Poland, Romania, Spain, Italy, Hungary and Portugal has declined by 6.3 million, or about 15%.

In the case of Romania and Bulgaria, it is also possible that 'pent up' demand for migration following the opening of the UK labour market for the first time may be driving a level of migration that will not persist in the long term. Immigration from the 'A8' countries that joined the EU in 2004, which the ONS estimated at 60,000 people entering for at least 12 months in the year ending September 2015, is now well below the initial peak seen immediately after nationals of these countries gained access to the UK labour market, for example.

Conclusion: what happens next?

There is no one single "pull" factor that attracts migrants from the EU to the UK, but a combination of economic and social factors does appear to have made the UK an attractive destination.

How long will these factors remain in place? The short answer is that it is hard to know. Job growth in the UK and the strength of the economic recovery in southern European countries in the short to medium term—as well as gradual demographic shifts and the pace of income growth in Eastern European countries in the longer term—are all likely to influence the pressure for EU citizens to migrate to the UK. How these factors will change and interact over time remains uncertain.

Thanks to Alan Manning for comments on an earlier draft.

Related material

- Migration Observatory briefing - EU Migration to and from the UK - <http://www.migrationobservatory.ox.ac.uk/briefings/migration-flows-a8-and-other-eu-migrants-and-uk>
- PM statement following European Council meeting: 19 February 2016 <https://www.gov.uk/government/speeches/pms-statement-following-european-council-meeting-19-february-2016>
- Open Europe - EU free movement: make it fair to keep it free http://archive.openeurope.org.uk/Content/Documents/Open_Europe_Free_Movement_141124.pdf
- Treasury Committee - Comprehensive Spending Review and Autumn Statement 2015 <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/treasury-committee/comprehensive-spending-review-and-autumn-statement-2015/oral/25716.html>
- Migration Watch briefing - The impact of in-work benefit restrictions on EU migrants to the UK <http://www.migrationwatchuk.org/briefing-paper/375>
- Nationality at point of NINo registration of DWP working age benefit recipients: data to Feb 2015 <https://www.gov.uk/government/statistics/nationality-at-point-of-nino-registration-of-dwp-working-age-benefit-recipients-data-to-feb-2015>
- House of Commons Library - Statistics on migrants and benefits <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06955>
- Migration Watch - In-work benefit restrictions and EU migrants to the UK - <http://www.migrationwatchuk.org/briefing-paper/373>
- Benefits collection: Tax credits entitlement tables <https://www.gov.uk/government/collections/tax-credits-entitlement-tables>
- Migration Statistics Quarterly Report Statistical bulletins - <http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/previousReleases>
- Eurostat - Employment growth and activity branches - annual averages - http://appsso.eurostat.ec.europa.eu/nui/show.do?wai=true&dataset=lfsi_grt_a
- Migration Advisory Committee Migrants in low-skilled work - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/333083/MAC-Migrants_in_low-skilled_work_Full_report_2014.pdf#page=187
- Migration Observatory briefing - Determinants of Migration to the UK - <http://www.migrationobservatory.ox.ac.uk/briefings/determinants-migration-uk>
- IZA Discussion paper - Does Foreign Language Proficiency Foster Migration of Young Individuals within the European Union? <http://ftp.iza.org/dp8250.pdf>
- IZA Journal of European Labor Studies - Targeting migration with limited control: the case of the UK and the EU <http://izajoels.springeropen.com/articles/10.1186/s40174-015-0039-9>
- Eurostat Figures - http://ec.europa.eu/eurostat/data/database?p_p_id=NavTreeportletprod_WAR_NavTreeportletprod_INSTANCE_nPqeVbPXRmWQ&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-2&p_p_col_count=1

**This commentary has been funded by the
Economic and Social Research Council's
The UK in a Changing Europe Initiative
<http://ukandeu.ac.uk/>**





The Migration Observatory

Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues. The Observatory's analysis involves experts from a wide range of disciplines and departments at the University of Oxford.



COMPAS

The Migration Observatory is based at the ESRC Centre on Migration, Policy and Society (COMPAS) at the University of Oxford. The mission of COMPAS is to conduct high quality research in order to develop theory and knowledge, inform policy-making and public debate, and engage users of research within the field of migration.

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