

*The Governance foundation*



**New Employment, Place of Birth and Nationality  
in the UK (2008-2014)**

Alan Middleton

Birmingham

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## 1. Introduction

Many people who are concerned about the tone of the anti-immigration debate in the UK believe there needs to be more open discussion of the positive aspects of immigration. In order to confront racism and xenophobia, wherever it is found, more information has to be placed in the public domain. The public believes that immigrants are a far bigger proportion of the population than is actually the case. A poll by Ipsos MORI<sup>1</sup> found that British people think that 24% of the population are immigrants, which is nearly double the actual figure of 13%. In the absence of clear facts, anxiety about immigration has become a major political issue.

These anxieties, which have been used to fuel anti-immigration sentiment, revolve around EU migrants taking British jobs, the concept of 'benefit tourism' where migrants come to the UK in order to get generous state benefits, and the additional pressures that immigrants put on services such as the NHS, education and housing. More research such as that of University College London, which demonstrated that migrants contribute more to the British economy than they take out, will dispel some of the myths that have been created around benefit tourism and the other sources of anti-immigrant fear. Over ten years to 2011, the net contribution of EU migrants to the UK economy was £20 billion and the balance sheet for migrants from all regions of the world, including Eastern Europe, is positive<sup>2</sup>.

Other research shows that while anxiety levels are high, most people have a fairly nuanced understanding of migration. Their fears about the impact on jobs and public services are balanced by an understanding that skilled migration also brings benefits to the UK economy<sup>3</sup>. As the political debate has spiralled downwards into simplistic sound bites that are for or against immigration, 61% of the population recognise that there are both costs and benefits - and the majority don't trust any political leaders

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<sup>1</sup> <https://www.ipsos-mori.com/researchpublications/researcharchive/3466/Perceptions-are-not-reality-Things-the-world-gets-wrong.aspx>

<sup>2</sup> Dustmann, C. and Frattini, T. (2014) The fiscal effects of immigration to the UK, *Economic Journal*, Royal Economic Society, pp. 1-51.

<sup>3</sup> Katwala, S., Ballinger, S. and Rhodes, M. (2014) *How to Talk about Immigration*, London, British Future,

when they speak about the subject, including Nigel Farage of the United Kingdom Independence Party (UKIP).

Many believe that if we tell the truth about immigration, all will be well. There are, however, some inconvenient truths. People's fears about migrants taking jobs, for example, are not unfounded. The additional pressure on services is real. Logically, if British workers were employed in the work that is done by migrant labour, the UK workers would pay the same taxes and, with the exception of childcare, there would be far fewer additional pressures on services such as the NHS, education and housing.

People's anxieties are based on their daily experience, what they know about the hiring practices of some firms and the fact that many people, particularly the young, do not have the skills and experience that would allow them to be employed immediately in many of the jobs that become available. These concerns are grounded in their personal knowledge of the UK labour market, as they and their families experience it on a daily basis. Their anxieties are also confirmed by the Government's own official statistics, but for some reason the data remain hidden. This paper identifies some of the evidence for popular concerns, by looking at the Government's own labour market information.

The answers to their anxieties are not to be found in a blame game about migrants but in a reformation of the complexities of the labour market. A starting point would be to acknowledge that the free movement of EU workers is a founding principle of the European Union that is not going to change. A second would be to accept that the only way to stop the right of EU workers to come to the UK is to leave the European Union. A third would be to recognise that, rather than focus on the supply side of EU migration, a more sensible approach would be to look at the elements of demand, from employers and their agents, that might be susceptible to change. If Britain were to leave the EU, the implications of this for the UK economy, particularly for employment, are likely to be far more serious than the jobs lost to migrant workers. Nevertheless, the Government's data do suggest that the extent of job loss as a result of immigrant competition for work is a reality that needs a policy solution for British workers that takes into account the EU regulations on the free movement of workers.

If on balance it is thought that it is better to stay in the EU, the conflicts in the jobs market cannot be found in border controls. The solution to problems in the labour market is not to be found in exclusionary policies that try to tackle migrants at the border. As with other labour market problems, any solution has to be concerned with changing local employment practices, ensuring that the laws applying to contracts and rates of pay are adequate and enforced, increasing training for new skills, and supporting both workers and employers to ensure that career paths are sustained by continuous skills upgrading. Action in these fields can be supported by social policies that target rogue landlords and modify the benefits system, but both of these issues are outside the scope of this paper.

The problem and its solution are far more complex than an exclusionary approach would pretend. When investigating and devising policies for the changing structure of the labour force and the contribution of migrant labour to the economy, it is important to distinguish between *where people were born* and their *nationality*. It is equally important to ensure that data on the composition of the labour force as measured by these characteristics are not used as a proxy for migration into the UK. Migration is normally defined as the movement of someone from their country of birth to another country. However, it is crucial to recognise and understand that not all migrants in the labour force are economic migrants who have come to the UK for work; not all migrants are in the labour force; and not all people born overseas are migrants.

The changing structure of the labour force, therefore, is only part of the story about migration but whether migrants are taking 'British jobs' or not is a powerful aspect of the rhetoric of the political right. It is also an issue that politicians on the left, many of whose traditional voters worry about the impact of immigration on their own employment prospects, wish would go away. Migration is an issue that is at the heart of a highly charged political debate in the United Kingdom and across Europe. In the UK it is also the central issue for the future of our relationship with Europe, being the core concept in the discussions that will take place before any referendum on British membership of the EU.

Immigration is also closely associated with racism. This was explicit in the course of past migrations to the UK from the Caribbean, Africa and South Asia, when it found clear expression in the political rhetoric in the National Front, the British National

Party and the right wing of the Conservative Party, before and after Enoch Powell's "Rivers of Blood" speech in 1968. Now, UKIP stands behind the proclamation that 'to be concerned about immigration is not racist', but this disguises the fact that the core of its membership *is* profoundly racist. The fact that most of the new migrants are white and from Eastern Europe also helps put a gloss on a deeper emotional undercurrent.

It is not the purpose of this paper to discuss the positive contribution of migrant labour in a capitalist society or to point to the balance between emigration and immigration as two million British citizens seek work or retirement across Europe. Nor is it concerned to assess the contribution of migrant labour to UK public services or the demands that immigrants make on housing, health, education and other services. These are ongoing and important debates that are beyond the scope of this paper. The paper is more narrowly focused on key labour market data from the UK Office for National Statistics (ONS) on the changing relationship between UK employment growth since the financial crash of 2008 and workers' place of birth and nationality.

Since the time of Adam Smith, the principles of the free movement of capital and labour have been at the heart of classical economics and the promotion of the free market. These principles, which were adopted wholeheartedly by the European Union and promoted in particular by the Conservative Government under Margaret Thatcher in the 1980s, are deeply engrained in the treaties and policies of the EU. The free movement of labour is an integral part of the neo-liberal agenda for Europe and this is not likely to change soon.

The impact of migrant labour on the UK job market will not disappear as an issue and it is too important a matter to be left to competing political ideologies. Evidence, however uncomfortable, needs to be at the heart of the debate. This paper seeks to make a contribution to our understanding of developments in the UK labour force following the financial crisis and it is a small part of a wider project in this field of study. The paper looks at the changing relationship between employment creation and workers' place of birth and nationality.

It examines job creation after the financial crash of 2008 and explores who has been getting the new jobs that have been created as growth in the economy recovers. The

paper does not make comfortable reading for politicians who are champions of the free market or people on the left who might want a broader debate about the costs and benefits of migration. It points out that **since 2008 more overseas-born workers have found work in the UK than the number of jobs created.**

Furthermore, by the end of the second quarter of 2014, the number of UK-born workers in employment had declined, remaining below the pre-crisis level.

The findings confirm the widely-held view that most of the new workers in the UK labour force were born in Europe, but it is also the case that the number of workers born outside the EU has continued to increase. The Government has been eager to point to employment growth as one of its successes. However, **since the General Election of 2010, almost 60% of the 1.5 million jobs created have gone to people born outside the UK.**

Many people born outside the UK have always been, or have become, British nationals. People with UK nationality who were *born* outside the UK have filled almost 40% of the new jobs created since the financial crash in 2008, while *non-UK nationals* have taken over 60%. There are now one million Eastern European nationals working in the UK, out of almost 3 million overseas nationals.

Because of the social, economic and political sensitivity of the paper's main issues and key findings, the analysis needs to be placed in a wider social context before looking at the employment data more closely. The information that is discussed is taken from the responses to two simple questions in the ONS' Labour Force Survey: 'What is your nationality?' and 'In which country were you born?'. The responses are presented in a single table in the ONS Labour Market Statistics series<sup>4</sup>, but behind the replies to these apparently simple questions lies a complex set of social relationships. It is therefore important to consider some of this complexity before turning to the analysis of the data.

## 2. Migration and Employment by Birth and Nationality

Some of the workers who were born outside the UK are *foreign nationals* and some are not. Those who are *British nationals* who were born overseas have the same rights and responsibilities as British nationals born in the UK. Some of those not born

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<sup>4</sup> ONS (2014) Table EMP06: Employment levels and rates by country of birth and nationality, Labour Market Statistics – October 2014.

in the UK will take their nationality from their parents - who may have been British from birth or who may have adopted British nationality since coming to the UK. Many British nationals in the current workforce were born outside the UK, some to parents who were British and some to parents who were not. People in the labour force who were born outside the UK could be, for example: children of British parents who were living abroad at the time of birth; children of foreign nationals, brought to the UK with their parents, perhaps up to 80 years ago, who have lived almost their entire lives in the UK; spouses who came to the UK with British partners; adults who entered the UK the previous week in search of work, legally or illegally; and so on. There is a wide variety of circumstances concerning the nationality of people in the labour force that the raw employment data in this paper cannot distinguish and explore.

If the responses of the people who are asked in the Labour Force Survey (LFS) about their place of birth and about their nationality were probed further to investigate the relationship between the two, the answers to these two apparently simple questions would be expressed in complex patterns of family relationships and identity. Neither question tells us the whole story about immigrant workers in the labour force and, taken together, they raise a series of further questions about the relationship between the two that we cannot answer with the information that is available in the LFS. Introducing these questions into employment statistics cannot tell us the whole story about migrants in employment, far less what is happening with immigration as a whole. The LFS is the largest household survey in the UK, but it is not a survey about migration as such.

It is with considerable caution, therefore, that we should note that the Office for National Statistics estimated that in June 2014 there were almost 4.8 million people working in the UK who were born outside the country and 2.9 million non-UK nationals employed in the private, public and voluntary sectors<sup>5</sup>. This means that there were almost 1.9 million people in work who were born outside the UK but hold British nationality.

In 2008, before the financial crash, employment levels were at an historic high. After falling in 2009 and 2010, they started to rise again in 2011 – reaching a new all-time

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<sup>5</sup> ONS, Labour Market Statistics (October 2014) Table EMP06, Employment levels and rates by country of birth and nationality, ONS.

high in June 2014. There were 971,000 net additional jobs created in the UK economy between June 2008 and June 2014 (Table 1). The questions addressed in this paper are: how many of these jobs went to people born outside the UK and how many to foreign nationals; what are the employment trends for overseas-born workers and overseas nationals since the beginning of the financial crisis; and what is the labour market situation of EU workers in the UK compared to those from the rest of the world.

**Table 1: Employment levels by place of birth (April-June 2008 – April-June 2014) <sup>(1)</sup>**

	Total in Employment		UK-born		Non UK-born		EU-born (EU27)		Non-EU-born	
	No.	%	No.	%	No.	%	No.	%	No.	%
Apr-Jun 2008	29,637	100.0	25,879	87.3	3,756	12.7	1,296	4.4	2,460	8.3
Apr-Jun 2009	29,003	100.0	25,215	86.9	3,784	13.0	1,297	4.5	2,487	8.6
Apr-Jun 2010	29,110	100.0	25,202	86.6	3,901	13.4	1,371	4.7	2,531	8.7
Apr-Jun 2011	29,367	100.0	25,156	85.7	4,203	14.3	1,521	5.2	2,682	9.1
Apr-Jun 2012	29,587	100.0	25,319	85.6	4,260	14.4	1,582	5.3	2,678	9.1
Apr-Jun 2013	29,862	100.0	25,396	85.0	4,454	14.9	1,661	5.6	2,793	9.4
Apr-Jun 2014	30,608	100.0	25,818	84.4	4,788	15.6	1,847	6.0	2,941	9.6
Change 2008-14	971		-61		1,032		550		481	
<i>% Change</i>	3.3		-0.2		27.5		42.5		19.6	
Change 2010-14	1498		616		886		476		410	
<i>% Change</i>	5.1		2.4		22.7		34.7		16.2	
Change 2012-14	1021		499		528		265		263	
<i>% Change</i>	3.4		2.0		12.4		16.7		9.8	

Source: ONS (2014) Labour Market Statistics, Table EMP06, Employment levels and rates by country of birth & nationality, Oct.

1. The total series includes people who do not state their country of birth or nationality.



### 3. Employment by Place of Birth

Over the period April-June 2008 to April-June 2014, there have been different employment trajectories for people who were born in the UK and those born overseas. Employment for people born outside the UK did not follow the overall national trend for total employment. The national trend shows a decline in total employment after 2008 before starting a steady recovery after the first quarter of 2011<sup>6</sup>. In contrast, in every year throughout the financial crisis and recovery period, the number of overseas-born workers continued to rise (Table 1).

Since June 2008, an additional 1 million people who were born outside the UK have been added to the number of people in work (Table 1). Over this period, however, since only 971,000 net new jobs were created, this means that **the number of additional non-UK-born workers is greater than the total number of new jobs created**. As a corollary, during the period when almost a million additional jobs were created, the number of UK-born workers in the labour force *fell* by 61,000.

By mid-2014, therefore, the number of UK-born workers was still less than when the financial crisis began. In June 2014, there were 0.2% fewer British-born workers with jobs than in 2008, compared to a 28% increase in workers who were born outside the UK over the same period.

It is well-understood that the main reason for the increase in overseas-born workers was the expansion of the European Union to include the eight Eastern European accession countries<sup>7</sup>. Most of the new workers between 2008 and 2014 were born in the EU<sup>8</sup> (550,000) and the rest (481,000) were born in other countries around the world outside the EU. Historically, non-European-born workers in the UK have outnumbered those born in Europe and this continues to be the case. In the second quarter of 2014, there were 2.9 million non-EU overseas-born workers in the UK, compared to 1.8 million EU-born workers. However as a proportion of the labour force, the importance of EU workers is growing, as is the significance of Eastern Europeans in the labour force (Table 2).

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<sup>6</sup> ONS, Labour Market Statistics (October 2014) Table EMP06, *op. cit.*

<sup>7</sup> Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia.

<sup>8</sup> When the paper refers to the EU or Europe, it excludes the UK.

The 550,000 workers who were born in the EU and have been absorbed into the British workforce since 2008 represent an increase of 43%. Workers from Eastern Europe account for 460,000 (84%) of these EU-born workers, with workers born in the accession countries (referred to as EUA8 in Table 2) increasing by 68% and those from Romania and Bulgaria growing by 220%. By 2014, workers born in Eastern Europe accounted for 56% of all EU-born workers in the UK.

The number of workers in the UK who were born outside Europe has also grown, by 20% since 2008. Despite the recession, the numbers have grown every year except one throughout the period<sup>9</sup>. The trends vary according to the countries and regions the workers come from. The number of workers born in Africa, for example, have fluctuated over these years, ending with a higher total. However, they have declined as a proportion of non-EU workers from the rest of the world. Logically, given the increasing importance of EU-born workers, the African workers have also declined as a proportion of all workers born outside the UK. Workers born in India, Pakistan and Bangladesh have increased by around one third.

The Government has consistently drawn attention to the growth in jobs since the General Election in 2010. Critics have tended to point to the quality of these jobs, arguing that they are low-paid, part-time and insecure jobs. Nevertheless, over this time 1.5 million new jobs have been created in Britain. Table 1, however, indicates that 886,000 (59%) of these new jobs since the General Election have gone to people born outside the UK. Of these overseas-born workers, the majority are from Europe. Around 476,000 jobs (32% of all new jobs) have been taken by people born in the EU and most of these workers (accounting for 306,000 jobs or 20% of all new jobs) were born in the eight Eastern European accession countries. A further 78,000 have gone to workers from Romania and Bulgaria, which means that a total of 26% of new jobs created since the General Election of 2010 have gone to workers born in Eastern Europe. A further 410,000 new jobs have gone to people born in the rest of the world but it is notable that only 83,000 have gone to people born in Pakistan or Bangladesh and a further 37,000 to people born in India. This means that only 8% of new jobs have gone to workers born in South Asia and many of these are likely to be young British nationals.

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<sup>9</sup> There was a slight dip of around 4,000 (out of 2.68 million) between 2011 and 2012.

Since 2012, this trend has continued, with workers born in Europe and around the world taking more than half of the one million new jobs created. Despite policy intentions to cut non-EU immigration, the proportion of the UK workforce that is non-EU by birth continues to rise, but the rate of increase of EU-born workers in the labour force is considerably greater.

#### **4. Employment by Nationality**

It is important to stress again that place of birth is not an indication of nationality. If we analyse the employment figures by nationality the picture that is created is different, but it confirms the trend of the growing importance of overseas workers in the labour force. Partly as a result of the children of first generation migrants entering the labour market as British nationals, along with migrants who have adopted UK nationality, the number of foreign nationals in the labour force is considerably smaller than the number born overseas.

As pointed out above, there are 1.9 million people in employment who were not born in the UK but whose nationality is British. However, non-UK nationals are also increasing as a proportion of the workforce.

Since 2008, the proportion of British nationals in the workforce has fallen at the same time as the proportion of overseas nationals has increased (Table 3). However, while the number of British-born workers fell between 2008 and 2014, the number of British nationals in work increased by 380,000. This suggests that British nationals born outside the UK have taken up a substantial proportion (39%) of the new jobs created over this period. As Table 3 shows, it also means that non-UK nationals have taken 61% of the additional jobs created since 2008<sup>10</sup>.

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<sup>10</sup> The number of non-UK nationals in work has increased by 25% since the beginning of the economic crisis, similar to the increase in overseas-born workers.

**Table 2: UK Employment by country of birth  
(April-June 2008 – April-June 2014) (1)**

UK (thousands, aged 16 and over) not seasonally adjusted

	European Union (EU)						Countries not in the EU (non-EU)															
	Total EU (EU27) <sup>2</sup>		EU14 <sup>3</sup>		EUA8 <sup>4</sup>		Romania and Bulgaria		Total non-EU		Africa		Australia and New Zealand		India		Pakistan and Bangladesh		USA		Rest of the world	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Apr-Jun 2008	1,296		700	54.0	515	39.7	49	3.8	2,460	743	30.2	135	5.5	332	13.5	249	10.1	98	4.0	903	36.7	
Apr-Jun 2009	1,297		675	52.1	528	40.7	65	5.0	2,487	709	28.5	131	5.3	343	13.8	274	11.0	91	3.6	939	37.7	
Apr-Jun 2010	1,371		692	50.5	561	40.9	80	5.8	2,531	717	28.3	133	5.3	408	16.1	241	9.5	104	4.1	928	36.7	
Apr-Jun 2011	1,521		724	47.6	673	44.2	99	6.5	2,682	790	29.4	111	4.2	408	15.2	297	11.1	87	3.3	988	36.8	
Apr-Jun 2012	1,582		741	46.8	701	44.3	109	6.9	2,678	746	27.9	116	4.3	429	16.0	285	10.6	116	4.3	986	36.8	
Apr-Jun 2013	1,661		799	48.1	688	41.4	145	8.7	2,793	800	28.6	117	4.2	434	15.6	299	10.7	113	4.1	1,029	36.9	
Apr-Jun 2014	1,847		787	42.6	866	46.9	158	8.6	2,941	791	26.9	148	5.0	445	15.1	324	11.0	102	3.5	1,132	38.5	
Change 2008-14	550		88		351		109		481	48		13		113		75		4		229		
% Change	42.5		12.5		68.2		220.2		19.6	7.0		9.7		34.1		30.0		4.1		25.3		
Change 2010-14	476		96		306		78		410	74		15		37		83		-3		204		
% Change	34.7		13.8		54.5		97.4		16.2	13.3		11.0		9.1		34.3		-2.4		22.0		
Change 2012-14	265		46		165		49		263	45		32		16		39		-14		146		
% Change	16.7		6.3		23.6		45.3		9.8	14.3		27.2		3.6		13.6		-12.0		14.9		

Source: ONS (2014) Labour Market Statistics, Table EMP06, Employment levels and rates by country of birth & nationality, Oct.

1. The total series includes people who do not state their country of birth or nationality. The total does not equal the sum of the "UK" and "Non-UK".
2. This series consists of all 27 EU member states excluding the UK. It does not equal the sum of the EU14, EUA8, and "Romania & Bulgaria".
3. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden.
4. Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia.

There are now 1.7 million EU nationals working in the UK, an increase of 634,000 since 2008. The evidence suggests that this increase of almost 60% is mostly due to Eastern Europeans joining the workforce (460,000). Eastern European nationals now account for 58% of all EU workers in the UK<sup>11</sup>. The number of workers stating in the LFS that they are nationals of one of the accession countries has grown by 70% since 2008 and those from Romania and Bulgaria by 240%.

**Table 3: UK Employment by Nationality (April-June 2008 - April-June 2014) (1)**

	Total in Employment		UK Nationals		Non UK Nationals		Total EU (EU27)		Total non-EU	
	No.	%	No.	%	No.	%	No.	%	No.	%
Apr-Jun 2008	29,637	100.0	27,301	92.1	2,332	7.9	1,098	3.7	1,234	4.2
Apr-Jun 2009	29,003	100.0	26,660	91.9	2,340	8.1	1,119	3.9	1,221	4.2
Apr-Jun 2010	29,110	100.0	26,668	91.6	2,440	8.4	1,196	4.1	1,244	4.3
Apr-Jun 2011	29,367	100.0	26,746	91.1	2,614	8.9	1,357	4.6	1,258	4.3
Apr-Jun 2012	29,587	100.0	26,968	91.1	2,617	8.8	1,419	4.8	1,198	4.0
Apr-Jun 2013	29,862	100.0	27,157	90.9	2,701	9.0	1,485	5.0	1,217	4.1
Apr-Jun 2014	30,608	100.0	27,681	90.4	2,925	9.6	1,732	5.7	1,193	3.9
Change 2008-14	971		380		593		634		-42	
% Change	3.3		1.4		25.4		57.8		-3.4	
Change 2010-14	1498		1013		485		536		-51	
% Change	5.1		3.8		19.9		44.8		-4.1	
Change 2012-14	1021		713		308		313		-5	
% Change	3.4		2.6		11.8		22.1		-0.4	

Source: ONS (2014) Labour Market Statistics, Table EMP06, Employment levels and rates by country of birth & nationality, Oct.

1. The total series includes people who do not state their country of birth or nationality.

Within the group of non-UK nationals in the UK workforce, those from outside and inside the EU have fared differently. Since 2008, the number of non-EU overseas nationals has decreased by 42,000. At the same time, the total number from all EU countries has increased by 634,000. This increase in EU nationals since 2008 is 1.7

<sup>11</sup> Compared to 56% of all EU-born workers.

times the number of additional British nationals in the workforce over the same period.

While the number of workers *born* in African nations has increased, the number of African *nationals* in the workforce has fallen by 74,000 - compared to a fall of 42,000 in all non-EU nationals (Table 4). The decline of those with an African nationality has been partially offset by a rise in South Asian nationals in the workforce, but these are small numbers compared to the increase in Eastern European nationalities.

Since 2010, the balance is different. Of the 1.5 million new jobs created since the General Election, almost half a million (32%) have gone to non-British nationals. However, there has been an increase of 536,000 European nationals working in the UK (taking 36% of new jobs) and a decline of 51,000 non-European nationals - mainly because of a reduction in the number of African workers.

Historically, and through to the first quarter of 2014, the total number of migrants in the UK from the original 14 European countries has been greater than those from the EU Eastern European accession countries. However, the rate of increase of Eastern European nationals since 2008 (92% growth) has been such that there are now more Eastern European nationals in the UK workforce than nationals from the Western European countries that make up the EU14 group<sup>12</sup>. Around 308,000 of the 1.5 million new jobs have gone to citizens of Eastern European accession states and a further 65,000 to Romanians and Bulgarians, most of whom arrived after 2012<sup>13</sup>.

These findings have implications for the strategic future of UK economic, fiscal and foreign policies. They are relevant for discussions of the employment and income prospects of British citizens, the social well-being of the population, the Government's tax take and its expenditure on services, and the place of the UK in Europe. Of immediate concern, because of the political, social and economic consequences of the above, is the UK's relationship with Europe.

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<sup>12</sup> Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden.

<sup>13</sup> ONS, LFS, Table EMP06, Employment levels and rates by country of birth and nationality, ONS, October 2014.

**Table 4: UK Employment by Nationality, 2008-14 (1)**

UK (thousands, aged 16 and over) not seasonally adjusted

	European Union (EU)								Countries not in the EU (non-EU)											
	Total EU (EU27) <sup>2</sup>	EU14 <sup>3</sup>		EUA8 <sup>4</sup>		Romania and Bulgaria		Total non-EU	Africa		Australia and New Zealand		India		Pakistan and Bangladesh		USA		Rest of the world	
		No.	%	No.	%	No.	%		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Apr-Jun 2008	1,098	544	49.6	506	46.1	40	3.7	1,234	300	24.3	103	8.4	176	14.2	90	7.3	73	5.9	493	39.9
Apr-Jun 2009	1,119	543	48.6	509	45.5	58	5.2	1,221	294	24.1	98	8.0	155	12.7	104	8.5	64	5.3	506	41.5
Apr-Jun 2010	1,196	560	46.9	551	46.1	72	6.0	1,244	287	23.0	99	8.0	205	16.5	85	6.9	74	5.9	493	39.7
Apr-Jun 2011	1,357	601	44.3	663	48.8	89	6.6	1,258	286	22.7	69	5.5	194	15.4	109	8.7	64	5.1	535	42.6
Apr-Jun 2012	1,419	629	44.3	684	48.2	96	6.8	1,198	258	21.5	77	6.4	207	17.2	99	8.2	83	6.9	475	39.7
Apr-Jun 2013	1,485	680	45.8	667	44.9	131	8.8	1,217	262	21.5	74	6.1	204	16.7	97	7.9	84	6.9	496	40.8
Apr-Jun 2014	1,732	722	41.7	859	49.6	137	7.9	1,193	227	19.0	99	8.3	202	16.9	107	9.0	86	7.2	472	39.5
Change 2008-14	634	177		353		97		-42	-74		-4		27		17		13		-21	
% Change	57.8	32.6		69.6		240.6		-3.4	-24.5		-3.9		15.1		19.1		18.1		-4.3	
Change 2010-14	536	161		308		65		-51	-60		0		-3		21		12		-22	
% Change	44.8	28.8		55.8		90.3		-4.1	-20.8		0.0		-1.4		25.0		16.2		-4.4	
Change 2012-14	313	93		175		41		-5	-31		23		-4		8		3		-4	
% Change	22.1	14.8		25.6		43.1		-0.4	-11.9		29.3		-2.1		8.2		3.7		-0.8	

Source: ONS (2014) Labour Market Statistics, Table EMP06, Employment levels and rates by country of birth & nationality, Oct.

1. The total series includes people who do not state their country of birth or nationality.
2. This series consists of all 27 EU member states excluding the UK. It does not equal the sum of the EU14, EUA8, and "Romania & Bulgaria" series.
3. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden.
4. Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia.

## 5. The EU and the free movement of people

The free movement for workers throughout Europe has been a founding principle of the European Community since the Treaty of Rome in 1957<sup>14</sup>. Article 48 of the Treaty abolished any discrimination based on nationality between workers of Member States, granting them the right to accept offers of employment, to move freely within the EEC for the purpose of gaining employment, to have the same rights as citizens of the state they were working in, and to remain in the member state after having been employed there.

The UK signed up to the principle when the Conservative Government took Britain into the EEC in 1973 and the citizens of the country agreed, consciously or not, in the referendum of 1975. In the 1980s, Margaret Thatcher's government pursued a neo-liberal agenda in Europe and the Single European Act of 1987 stated clearly that 'the internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured'<sup>15</sup>.

In 1992, the Maastricht Treaty confirmed that 'every citizen of the Union shall have the right to move and reside freely within the territories of the Members States'<sup>16</sup> and by the time of the Lisbon Treaty in 2004, the principle of free movement of workers was not only accepted by the UK Government but it was also encouraged as an essential aspect of the free market<sup>17</sup>:

Any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other conditions of work and employment shall be prohibited.

The freedom of movement of workers does not only apply to waged or salary earning employees. It also applies to the self-employed and the setting up of other types of enterprises, which may or may not employ overseas workers. The Lisbon Treaty made it clear that there should be no restrictions on setting up agencies, branches or subsidiaries in another Member State. It states that<sup>18</sup>:

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<sup>14</sup> EEC (1957) *Treaty Establishing the European Economic Community*, Title III, Free movement of persons, services and capital, Chapter 1, Workers, Article 48, Rome

<sup>15</sup> EEC, (1987) *The Single European Act*, Section II, Subsection 1 – Internal market, Official Journal of the European Communities, No. L169, 29 June 1987.

<sup>16</sup> Maastricht also gave migrants the right to vote or stand as a candidate for local and European elections in any member state in which s/he resides.

<sup>17</sup> EC (2005) *op.cit.*, p.65.

<sup>18</sup> Lisbon Treaty, p.67.



Nationals of a Member State shall have the right, in the territory of another Member State, to take up and pursue activities as self-employed persons and to set up and manage undertakings, in particular companies or firms.

All administrative procedures and practices that would inhibit self-employed people setting up in business, or would present obstacles to the establishment of firms, would be progressively abolished. The movement of companies in Europe is treated in the same way as the movement of natural persons who are nationals of Member States.

The free movement of workers in Europe is a founding principle of the EU, it has been agreed to by successive Conservative and Labour governments and by the British people in the 1975 referendum, and it is non-negotiable for almost all other Member States. There is some scope for negotiation through the Council of Europe on the payment of benefits, if the UK Government can convince the Council that current circumstances are affecting fundamental aspect of our social security system, but not the free movement of EU citizens.

## **6. Summary and Conclusions**

The Europeanization of the UK workforce since 2008 has been highly influential in a surge of anti-European sentiment across the country. European immigration will be a major issue in the 2015 General Election and it is behind the rise of UKIP as an anti-European and anti-immigration party. The arguments in favour of immigrant labour are that migrants help fill gaps in the labour market, they bring skills to parts of the economy where there are shortages, the costs of their education have been paid for elsewhere, they are net contributors to the social welfare system, and they are willing to do unskilled jobs that the natives reject. Without migrant labour, some parts of the UK's welfare system, such as the NHS, would collapse. For many people, these arguments cut no ice. From the perspective of some who have seen no benefit from the economic recovery, the dis-benefits by far outweigh the benefits: they live with the consequences of the scale of the jobs that have gone to immigrant workers, the downward pressure that is applied on wages, and the increased pressure on services such as education, housing and health.

One of the main arguments put forward by UKIP is that as long as the UK is a member of the EU, nothing can be done to stop or reduce EU immigration. What is

true is that the free movement of workers across the EU is a fundamental principle of the union. Reducing migration, however, is another matter. It is not merely an issue of border controls. The volume of migration is also dependent on a number of other social and economic policies that influence the demand for labour. Locally targeted skills training and national enforcement of employment and other laws, for example, would help.

The evidence shows that, since 2008, most of the new workers in the UK labour force were born in Europe, although the number of UK workers born outside the EU has also increased. Following the financial crash, more overseas-born workers have found work in the UK than the number of jobs created. Despite the large increase in jobs between 2008 and 2014, the number of UK-born workers in employment actually declined. In every year throughout the financial crisis and recovery period, the number of overseas-born workers continued to rise, even in those years where the total number of jobs in the economy fell.

The main reason for the increase in overseas-born workers was the expansion of the European Union to include the eight Eastern European accession countries. Workers from Eastern Europe account for 84% of the increase in EU-born workers, with workers born in the accession countries increasing by 68% and those from Romania and Bulgaria growing by 220%. This growth is likely to ease, but by 2014, workers born in Eastern Europe accounted for more than half of all EU-born workers in the UK. Targeted employment policies would encourage the rates to fall further in the future.

The relationship between employment trends and migration policies is a clearly defined political issue. Since the General Election in 2010, almost 60% of the new jobs created have gone to people born outside the UK and the majority of these overseas-born workers are from Europe. Around 476,000 jobs have been taken by people born in the EU and 306,000 of these jobs have gone to workers born in the eight Eastern European accession countries. Since 2012, this trend has continued, with workers born in Europe and around the world taking more than half of the one million new jobs created. Recognising this as a political issue, however, is not the same as doing something about it.

If the UK is to remain in Europe, the Government cannot act on the supply side of migration by changing the basic rules governing the free movement of workers. It can, however, act on the demand side by changing the tax, employment and other laws that make the hiring of overseas workers attractive. The British Government cannot discriminate against other EU nationals in the UK labour force. It can, however, in dealing with some of the issues around the quality of work, the activities of employment agencies, tax avoidance amongst the fictitious self-employed, and the abuse of housing and planning regulations, have an impact on both the quality of life of UK citizens and the levels of EU migrants coming to the UK.

There is an important distinction between where people are born and their nationality. It is worth remembering that European laws on freedom of movement apply to EU nationals and others who have been given the right to stay in any EU country. They do not apply on the basis of a person's place of birth. There are fewer overseas nationals in the expanding labour force than workers who were born overseas. It is nevertheless not surprising that non-UK nationals are also increasing as a proportion of the workforce. British nationals born outside the UK have taken up a substantial proportion of the new jobs created over this period but non-UK nationals have taken 61% of the additional jobs created since 2008. There are now 1.7 million EU nationals working in the UK, mostly due to Eastern Europeans joining the workforce, and the increase is almost twice that of the additional British nationals in the workforce over the same period. Since the General Election of 2010, more than half a million of the 1.5 million new jobs created have gone to European nationals.

One of the issues that has not been investigated in this paper is the quality of the jobs that are being filled by workers who are born overseas or are of non-UK nationality. One of the benefits of migration is that it brings much-needed high quality skills into the UK but critics of recent job growth have tended to point to the poor quality of the new jobs, arguing that they are low-paid, part-time and insecure. The UK labour market has not only seen an increase in EU migration since 2008, it has also experienced the growth of temporary employment, part-time employment, self-employment, part-time self-employment, unregistered part-time self-employment, zero hours contracts, agencies who only recruit from overseas, as well as a lack of enforcement of the minimum wage. The growth of precarious employment and the

increase in migrant labour have gone hand in hand. However, the decline in job security and an increase in precarious employment are not the fault of migrants, who are easy targets if these issues are not tackled. Better regulation of the labour market (focusing on changing the hiring practices of both rogue employers and the agencies bringing overseas workers) and tightening minimum wage legislation, could have an impact on both precarious employment and migration levels.

We do not know precisely how the new migrant workforce is distributed through the occupational hierarchy, the extent to which they are part-time or full-time, employees or self-employed, temporary or permanent workers, or on zero-hours contracts. These are issues for further investigation. More important for policymakers, however, is that this needs to be done quickly so that a convincing case can be made for policies that will deal with the iniquities of the UK labour market and support getting British workers, particularly young people, into well-paid work. Preparing a plan of action to deal with immigration should not be distinct from a plan for employment and the economy. Skills training, enforcement of employment law and clamping down on rogue employers would help. However, recognising and accepting the harsh reality of migration for some, as well as the benefits that migration brings to the economy and society, is a necessary ingredient in future strategic economic and employment planning.