

## **Migration and Employment – headline numbers are not the only story**

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As someone who studies the economic and labour market impacts of migration, the NIACE 'Making Migration Work' report is extremely welcome, as it helps move the debate on from a preoccupation with the number of immigrants coming to the UK towards a more positive discussion of how the impacts need to be addressed within the context of our post-industrial employment structure. My view is that the UK has suffered from an over-reliance on 'bad' jobs since the decline on manufacturing in the 1970s and 80s. The 'knowledge workers' who have flourished since then are less likely to be concerned with migration - it is the lower skilled workers, often in areas left untouched by the growth of high-value services, who feel most negatively affected – even though the proliferation of poor quality jobs with limited opportunities for training and personal development preceded the sudden increase in EU migration in 2004.

Over the last decade, a large proportion of the UK media, alongside those politicians who have adopted an anti-immigration stance, have responded to every new estimate of migration in the same way. Any increase is presented as a disaster, with increasingly catastrophic language as we approach the General Election on May the 7<sup>th</sup>. The headlines accompanying the Office for National Statistics' latest Quarterly Migration Statistics were predictable, even though the numbers were unsurprising in light of the long-term trend and the strengthening recovery in the UK economy and labour market. If the UK has become, as David Cameron stated, the 'jobs engine of Europe', it is hardly surprising that it is drawing in people from recession mired European countries keen to meet that demand.

In careful, technocratic language, the ONS noted a statistically significant increase (i.e. highly unlikely to be due to chance) in the net balance between the number of immigrants and emigrants to and from the UK, from 210,000 to 298,000 (for the years ending September 2013 and September 2014 respectively). Although this remains lower than the 320,000 peak in 2005, following the enlargement of the EU in 2004, it is true that this is several times greater than the scale of migration in the 1990s. In the press, the pledge to limit migration to "10s not 100s of thousands" lay in "tatters".

A few weeks later, the Government's Office for Budgetary Responsibility (OBR) demonstrated that their forecasts for growth and employment – key to adding independent credibility to the Chancellor's Budget narrative of a strengthening and sustainable recovery - depended heavily on maintaining recent levels of net migration. Current and expected future levels of migration add 0.6 percentage points per annum to the OBR's growth forecast (bringing their forecast for GDP growth in 2015 to 2.5%), due to both the increase in the labour supply and the higher employment rates associated with the migrant population. The respected think tank the Institute of Fiscal Studies (IFS) have supported the view for some time that a reduction in net migration would lead to reduced economic growth. On the fiscal side, work published by the University College London's centre for research on migration demonstrated that recent EU migrants contribute far more to the Exchequer in taxes than they draw out in benefits or services, compared to both UK natives and established non-EU migrants – both of whom draw out slightly more in benefits and services than they contribute in taxes, being older and more likely to be economically inactive.

So if migrants - and especially EU migrants - make an important contribution to both economic growth and UK public finances (and on which there is a high level of consensus amongst specialists in various fields) why is the belief that migration is 'bad' for the UK economy so widely accepted? With no evidence of the existence of significant 'benefit tourism', the issue comes down to education, skills and quality of employment – for both migrants and non-migrants. And this is another area where the headline numbers drive the debate, distracting us from the stories behind those numbers.

Both the total number of individuals employed and the rate of employment are now at record levels. Comparing Labour Force Survey estimates for October to December 2014 to the same period a year earlier, the number employed who were born in the UK increased by 345,000; the number born in EU countries increased by 181,000; and the number born in non-EU countries increased by 79,000. So with employment increasing for all groups, there is little to suggest that any recent rise in migration has resulted in a loss of jobs for UK nationals. Numerous studies have found no significant relationship between areas that experienced increased migration and changes in unemployment. However, the data does suggest that migrants have become increasingly polarised between either very highly skilled jobs, and very low skilled work – and the latter may be to the detriment of pay levels at the lower skill end of the occupational scale.

But the truth is, employment in the UK full-stop, for both migrants and non-migrants, has become increasingly polarised as the economy has recovered. Jobs in the middle of the skill hierarchy – especially the Skilled Trades, already in long-term decline – have shrunk faster, whilst occupations at either end have increased. The headline employment numbers also disguise the fact that UK employment has become increasingly part-time and casualised – again for both migrants and non-migrants. Although the latest data shows that total employment in the UK has increased by 2% on the last year, the number of self-employed people working part-time has increased by 6% and the number of people on temporary contracts has increased by 5%. The TUC have described the growing phenomenon of casualised and vulnerable self-employment as the 'the rise of the odd jobbers' – not just 'Polish builders', but UK-born IT technicians forced to become self-employed consultants, older males having lost jobs in manufacturing or construction becoming taxi drivers or window cleaners: avoiding unemployment but trading down on their skills.

During the recession and the initial period of uncertain recovery, policy makers stopped worrying about the long entrenched problem of the 'quality' of employment in the UK. Although many commentators in the media continue to obsess over the numbers of migrants each year, the increase in the total number of people employed across the UK has further distracted attention away from the quality of many of these jobs. Yet experiences of the quality of work and people's negative perceptions of migrants are intimately connected. It is no surprise that some of the local areas where migration is a particularly contentious issue, including Nigel Farage's target constituency of Thanet, are areas that have experienced significantly below average levels of migration. Less than 9% of the resident population of Thanet were born outside the UK according to the 2011 Census, compared to a national average of 14%. Quality of employment is a significant challenge for such areas, and migrants are an easy scapegoat, whether they are present in any great numbers or not.

The UK continues to be over-reliant on low pay, low skill jobs - thus it is inevitable that many migrants will come to the UK to meet this demand. An ambitious economic development and

industrial strategy - that addresses skills, business support, enforces employment regulation and incentivises fair wages will help to finally improve the quality of many jobs whilst simultaneously allowing us to be less concerned about the quantity of year-on-year migration.