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The Demographic Impact of the EU Referendum

EU Migrants in the UK

Key messages:

- EU-born migrants are more likely to be young, in employment, skilled with qualifications and in good health than UK citizens. Many of them are in partnerships with UK-born partners and a significant share of these couples have children.
- Withdrawing entitlements to social support from EU migrants, and thereby individualising their social risks, makes it much harder for work-focused migrants to use their skills and capabilities to the fullest extent – with significantly negative consequences for the UK economy.
- A Brexit may push certain EU migrants to apply for citizenship who would otherwise not contemplate applying. This, contrary to the expectation that a Brexit would limit the number of EU migrants in Britain, is likely to increase the number of British citizens possessing a broader set of political and social rights.

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The referendum and EU migration

In the debate around the upcoming referendum on the UK's membership of the EU, the topic of migration from other EU countries and free movement has been high on the agenda. Fears of an overstretched welfare system and alleged benefit tourism dominate the public discussion. But who actually are these EU migrants living in the UK, who will be arguably among those most immediately and directly affected by the British government's renegotiation of EU membership? How have policy changes in the light of the referendum already changed EU migrants' entitlements? How might this affect their economic contribution to the British economy and what would happen in case of a Brexit? What coping strategies do EU migrants themselves envisage if the UK would leave the EU? To fill the evidence gap by shedding light on these questions, this policy brief is based on current research being undertaken by the Centre for Population Change on migration and the EU referendum. The aim of the project is to provide an independent source of information and insight about UK-EU relations ahead of the EU referendum.

Who are EU migrants?

Secondary data analysis of a 5% sample of the 2011 Census of England and Wales shows that around 4% of individuals living in England and Wales were born in another EU country, constituting 2.5 million people in 2011 (Falkingham et al. 2016). Amongst those, around a quarter were born in Poland and 22% were born in other accession countries which joined the EU between 2001 to 2011 ('new EU') (Figure 1). Furthermore 16% were born in Ireland, 11% in Germany and 27% were born in countries who were EU members before 2001 ('old EU').

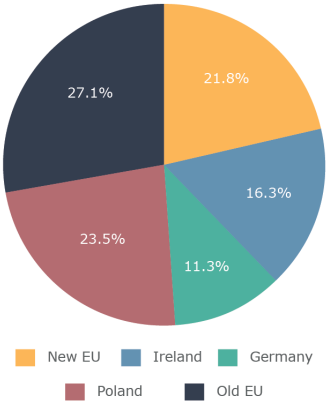

Figure 1: Percentage of EU-born individuals in England and Wales by country of birth (2011, N = 125,592)
Source: 2011 Census of England and Wales

On average, EU migrants are younger than the UK born population (Falkingham et al. 2016): Around two-thirds (69%) were aged between 20 and 60, which compares with just over half (51%) of those born in the UK. Only 13% of the EU-born population were aged under 20 and 18% were over 60, compared with 26% and 23% respectively of those born in the UK. This younger age structure is also partly reflected in the socio-economic status of EU migrants (Figure 2): Nearly two-thirds (64%) of EU-born adults were employed compared with 58% of those born in the UK and 54% of those born in the rest of the world. A further 6% were students and only 16% were retired, compared to 3% and 24% respectively amongst the UK-born population. In terms of educational qualifications, 31% of EU migrants have a degree of higher academic or professional qualifications and only 18% have no qualification; this compares with 27% and 25% respectively amongst UK-born adults (Figure 3).

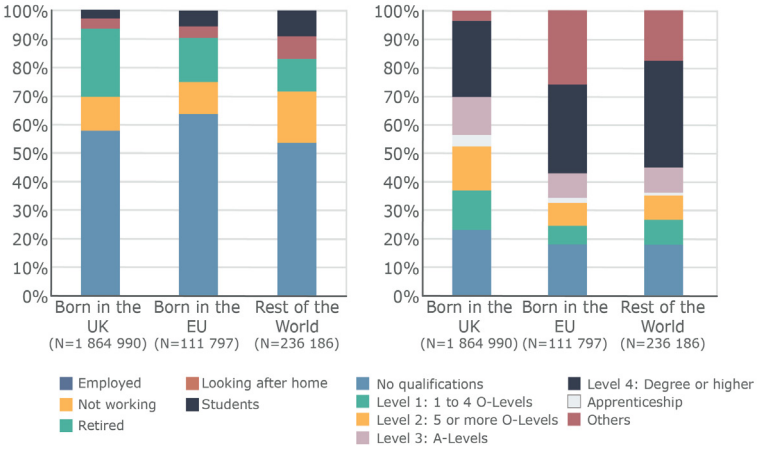

Figure 2 (left): Economically active by country of birth
Figure 3 (right): Highest qualifications by country of birth
Source: 2011 Census of England and Wales

EU-born adults are more likely to report having good health (85%) than UK-born do (76%) and around 40% of EU migrants are married or partnered (Falkingham et al. 2016). One-third are partnered with a head of household born in the UK, whilst just over a half are partnered with another person born in the EU. Approximately one-third of EU-UK partnerships have at least one dependent child; as do 44% of EU-EU partnerships. Those families with European bi-national couples, may be particularly affected by a Brexit in at least three ways: Firstly, non-UK partners in bi-national couples might be affected in terms of their eligibility to stay in the UK, directly impacting the ability of the partners to stay together in the UK. Secondly, non-UK partners might also be affected in terms of their ability to maintain economic activity in the UK, thereby impacting the socio-economic position of the family. Finally, the nationality and citizenship status of the children of bi-national couples might become uncertain, affecting such children both in terms of their identity and from the perspective of their socio-economic status in the UK.

› Entitlements – expense or investment?

Even though the large majority of EU migrants in the UK are well educated and productive, they are often framed as a 'burden' on the welfare state because they are assumed to be claiming benefits and taking advantage of already stretched health, education and housing systems. To address this concern, British policy-makers have reduced the social rights of EU migrants since 2014. Research has shown, however, that social policies which protect the individual against the standard risks of market societies are not only a cost for the collective. Indeed, good schools, health care, training and other welfare benefits can also function as 'social investment': They give citizens the skills, the support and thus the confidence to engage in the market, knowing that if their efforts fail, if they need to retrain or recuperate, they will be supported, while their children will be educated or looked after (e.g. Van Kersbergen/ Hemerijck 2013; Estevez-Abe et al. 2001). Without this confidence, people are more vulnerable and less able to contribute without interruption to the economic prosperity of a country. Good welfare supports entrepreneurialism and skill acquisition (e.g. Bianchi/Bobba 2012), and this can lead to a return on expenses in the medium term. If the UK withdraws such support from EU migrants, individualising their social risks, it would be much harder for work-focused migrants to use their skills and capabilities to the fullest extent – with significantly negative consequences for the UK economy.

Before 2014, EU migrants had the same access to social rights as British nationals. Since 2014 the rules governing benefits were tightened, including the recent renegotiation of the UK's place within the EU. In the case of a Brexit it can be assumed that citizens from EU countries coming to the UK would be treated according to the rules of the tier system currently in place for migrants who are not from the European Economic Area. Thus, EU nationals might still be accepted as workers in the UK, but would no longer have a right to benefits.

How these restrictions to benefits for EU migrants may impact their productivity can be illustrated by hypothetical evidence-based biographies (Bridgen et al. 2016). A typical example could be a 30-year-old self-employed care-worker from Romania who arrived in the UK in January 2013 as a single mom with one child and who earns average wages. After working for eighteen months, she decides to train to become a nurse and studies part time. Before 2014, she would had been entitled to working tax credits, child tax credit, housing benefit and child benefit. In this scenario her total income from work and benefits would had been more than enough to keep her out of relative poverty. After 2014, because of the 'emergency break' on benefits for new EU migrants, her entitlement to in-work benefits has fallen to zero and only returns to its previous level after four years. After a Brexit, she would have no recourse to public funds. In both cases, her income would be well below the poverty line. This lack of support and security would become a barrier to her attempts to move from the periphery to the core of the labour market, notwithstanding that her income would slowly rise if the UK did not leave the EU.

› EU migrants' coping strategies

What are EU migrants in the UK planning to do in order to cope if the UK leaves the EU? Data from an online survey of EU migrants currently living in the EU shows what 'coping strategies' three of the largest EU nationality groups (Portuguese, Polish and Romania) in the UK might adopt in response to possible changes in their legal and social status as a consequence of a Brexit (Moreh et al. 2016). These three groups represent three different enlargement waves, with Portugal having joined the EU in 1986, Poland in 2004 and Romania in 2007. The findings presented here are based on a sample of 737 respondents.

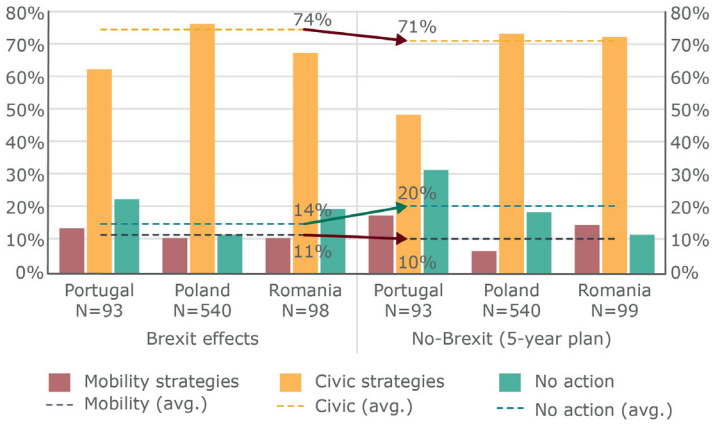

Figure 4: Coping strategies with/without the effect of a Brexit

Broadly speaking, EU citizens living in the UK have two possible strategies in the event of a change in their legal status as a consequence of a Brexit: Staying or going. Here we refer to going as a 'mobility' strategy. Staying can be broken down into staying but taking 'no action' or staying and making 'civic integration' strategies, that is either obtaining permanent resident status in the UK and/or British citizenship. In order to check for 'Brexit effects' on their future plans, the respondents were asked what their 'most likely' action would be in two different contexts: one in the case of a Brexit, and one over the next 5 years if 'No Brexit' occurs. On average, a Brexit was found to have an activating influence on the three groups, with only 14% answering that they would not take any action if the UK chose to leave the EU, lower than the 20% who wouldn't take any action if

the UK stayed in the EU (Figure 4). In the event of a Brexit only a minority would consider leaving the country (11%), while almost three quarters would adopt a 'civic integration' strategy (74%).

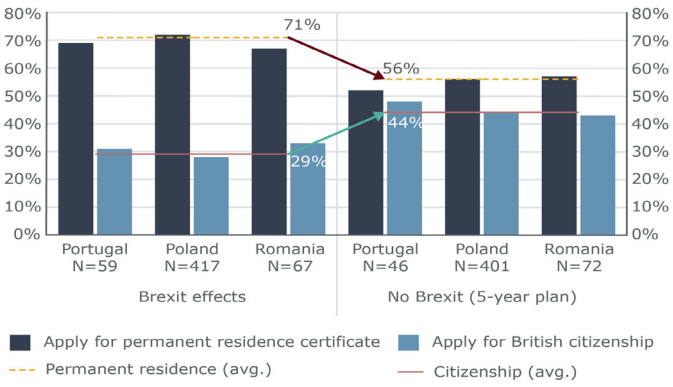

Figure 5: Types of civic integration strategies and plans (by nationality)

Of those employing a 'civic integration' strategy 71% said they would seek permanent residence in the case of a Brexit and 29% would apply for citizenship (Figure 5). If no Brexit occurs only 56% of those employing a 'civic integration' strategy would seek permanent residence and a higher share of 44% would apply for citizenship. The numbers in Figure 4 and Figure 5 reveal, however, that the attitudes towards a possible Brexit and related coping strategies differ significantly in relation to nationality.

› Policy Recommendations

If the outcome of the forthcoming UK referendum was to leave the EU, this could lead to the departure of skilled workers, since the analysis of the 2011 Census showed that compared to those born in the UK, EU-born migrants are more likely to be young, in employment and skilled with qualification. Moreover, the decision could also affect significant numbers of UK citizens as partners and children of bi-national partnerships.

The debate about the UK's membership in the EU itself already had a significant impact on the situation of EU migrants in the UK since welfare support has worsened significantly since 2014. By tightening the social policies the UK government intended to discourage benefit tourism. However, the evidence suggests that intra-EU migrants are work-focused and we lack evidence for the claim that benefit tourism is widespread. The reforms thus address a problem whose existence has yet to be proven. At the same time it undermines the welfare state's support for migrants who want to enhance their productive potential and thus their contribution to the British economy. As long as public debate focuses only on social policy as a 'burden', ignoring its social investment role, this policy direction seems likely to continue. Instead, the stabilising role social policies play for individuals wanting to make a contribution to the British economy should receive more attention.

Furthermore, a Brexit may actually push certain resident EU citizens to apply for citizenship who would otherwise not contemplate applying. This, contrary to the expectation that a Brexit would limit the number of EU migrants in Britain, would in fact increase the number of British citizens possessing a broader set of political and social rights, while not necessarily having a high level of attachment to the UK.

Although the survey sample presented in this paper is not representative of the EU migrant population in the UK as a whole, our findings show that a large proportion of EU migrants are intending to stay in the UK, and this indicates a need for the British welfare state to take the needs of this increasingly diverse part of the population into account – whatever the outcome of the referendum will be.

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