



The Economics of Migration

Proposal from the CRC to address the impact and potential consequences of migration on rural economies.

Background

In January 2007 the Commission for Rural Communities (CRC) published a briefing paper¹ examining the migration of workers from the 'accession eight' (A8) countries into rural areas of England. It presented an evidence base on the current numbers of A8 migrant workers in rural areas and the impact it was having on rural economies and communities.

The paper briefly set out the rural context and highlighted some general trends, set within a national picture of the impacts they are having. It explored the evidence about migrant workers in rural areas, identified some of the key differences between migrant workers in urban and rural areas, and pointed to some of the future challenges and opportunities.

In summary, the paper drew some conclusions from the initial analysis:

- The scale of arriving migrant workers is similar in rural areas to that in urban areas and, as in urban areas, numbers of arrivals are continuing to rise.
- The arrival pattern of migrant workers in rural areas is more seasonal than in urban areas.
- Rural migrant workers are geographically concentrated in specific areas – such as Lincolnshire, the Wash, Yorkshire and Herefordshire.
- This geographical concentration is related to the greater concentration of new arrivals in specific sectors – manufacturing, distribution and agriculture.
- In these rural areas migrant workers can also be a significant proportion of the overall workforce.

Other characteristics included:

- European migrants are more likely to work and settle in rural areas than previous waves of immigrants from for example the Indian sub continent.
- September is the peak registration month in each year to date. This strong seasonal pattern is less pronounced in the equivalent registration data for urban areas.
- Over the period for which we have data there is a clear year on year increase in the number of people registering on the WRS in rural areas, although the rate of increase is slowing. A similar rate of increase has been seen in urban areas.
- The data on National Insurance registrations suggests that, if anything, the rate of increase is greater in rural areas than in urban.

¹ *A8 migrant workers in rural areas* (Jan 2007) Commission for Rural Communities available at: www.ruralcommunities.gov.uk

Using WRS data the paper identified the key economic sectors within which the rural A8 migrant workers were employed. In terms of absolute numbers recorded for the period May 2004 – September 2006 there were 3 key sectors:

- Manufacturing (33% of all rural registrations)
- Agriculture and fishing (25% of all rural registrations)
- Distribution, hotel and retail (20% of all rural registrations)

These 3 sectors take on over three quarters of registrations in rural areas. In comparison the same three sectors account for 36% of overall rural employment. Hence it concluded that migrant workers were clearly more concentrated in specific industries than is the case for rural employees as a whole.

This more concentrated pattern of employment for A8 workers was also seen in urban areas although there were some differences in the specific sectors.

Economic Risk

The paper helped to draw attention to the possibility that some rural economies could become vulnerable to 'a big hit' should there be a sudden slow down or reversal in the influx of migrant workers from the A8 countries. It used existing evidence to emphasise the potential for immediate and possibly damaging consequences to businesses suddenly faced with shortages of labour and associated higher costs, not least in the manufacturing, distribution and agriculture sectors.

The Commission for Rural Communities conclude that further research is required to analyse the economic risk to local (rural) economies from any sudden disruptions to the supply of migrant labour. Such study should seek to inform future planning including the identification of contingencies and possible mitigations that Regional Development Agencies (RDAs), local authorities and other economic agencies might prepare to deal with the potential impacts.

Desired Outcomes

The main outcomes of some further research should be an improved understanding of the likely future economic impacts of migration on local (rural) economies and, as a consequence, well-informed planning that identifies the measures needed to respond to such future impacts.

The research should seek to address some key questions as part of a larger 'Economics of Migration' study by working in partnership with the Institute for Public Policy Research (ippr). This assimilation of interests would have the added benefits of achieving economies of scale and place the Commission's specifically 'rural' considerations within 'the bigger picture'.

² HM Treasury 'Sub-national Review of Economic Development & Regeneration' 2007 outlined significant new roles for Regional Development Agencies and principal local authorities in assessing future regional and local economic needs. http://www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm

Impact Assessment

1. What impact does the migration of workers (from outside the UK) have on local and regional rural labour markets?
 - o Do migrants undercut the wages of local workers and therefore cause unemployment, or are they instead filling vacancies that local workers do not wish to fill?
 - o To what extent are recent migrants substituting for or complementing local workers, including previous waves of migrants?
 - o Do migrants significantly expand/add to the overall size of the local and regional labour force?
 - o Do they occupy the same space as existing workers or create new space? (e.g. perhaps new enterprises may be emerging that were not previously seen in some rural areas?).
 - o What are the main impacts in terms of productivity?
2. What are the distributional and spatial impacts of recent migration?
 - o What urban and rural differences exist and what are the potential consequences?
 - o Are different policies and/or responses required in urban and rural areas?
3. Are there particular impacts on public services?
 - o Do migrants place additional burdens on public services?
 - o Which services do migrants use most and how might their requirements change in the future?
 - o What differences exist in both the demand and the provision of services between urban and rural areas?
4. Can we measure the overall impact of migrants on rural economies?
 - o Does the evidence of migrants impact on wages, employment, economic growth and public finances provide a better understanding of this impact?

[N.B. There should be links made to the Migration and Public Services study]

Future Management

5. How should policymakers manage the demand for/supply of migrants?
 - o How might changes to rural economies change the requirement for low-skilled migrants (and vice versa)? At what level?
6. Can rural economies retain the existing levels/growth in numbers of migrant workers?
 - o Do rural economies depend on low-skilled migrant workers or is there likely to be an increasing requirement for higher-skilled workers?
7. How are migrant workers affecting the demographics in rural areas?
 - o What might this mean for rural economies?
8. How can migration policies best complement domestic skills/training initiatives?
 - o Assuming migrants are boosting economic growth/productivity in rural economies, how might the local domestic workforce benefit from this growth?

9. Is there a need for customised migration strategy or programmes to address their impact on rural areas?
 - o Are there different policies needed in urban and rural areas?
 - o Are different policies needed for different sectors of the economy?
10. How might the positive impacts of migration be better communicated?
 - o Are economic arguments sufficient to address the concerns that exist in rural communities?

Answers to these and other questions should help to achieve the planned outcome.

Methodology

The research should, for example, build on ippr's 'Economics of Migration' project to utilise the following research methods:

1. A **review of existing literature** on the economic aspects of migration to bring together the main findings of existing research, including rural analyses where they exist.
2. **Quantitative data analysis** on the empirical questions outlined above including use of the most recent data with urban-rural differentiation where possible.
3. **Interviews with key stakeholders** in policymaking, business, recruiters, unions, and migrant associations to understand some of the broader empirical and policy challenges in this area.
4. **Working papers** drawing on emerging findings from ippr's own research and on externally commissioned pieces that together cover the issues outlined above.
5. **Expert roundtables**. Convening a roundtable event to discuss the early findings of the research and the analysis presented in the working paper.

Outputs

The following outputs should deliver the desired project outcome for the research:

- A series of 6-8 Working Papers each respectively including some analyses of the consequences and implications for rural economies.
- A Roundtable event together with relevant Briefing Paper addressing specifically what migration means to rural economies.
- A final 'policy handbook' that includes explicit consideration of the policy & practice challenges as they apply to rural as well as urban England.

CRC Monitoring and Participation

Participation in regular steering group meetings during the course of the research should enable the CRC to address unforeseen challenges and opportunities where relevant to the delivery of the desired outcome, as well as maintaining an overview of the intended rural dimension to the study.

Audience

CRC will be keen to share progress and interact with a wider network of relevant stakeholders with an interest in the research, specifically through an informal network of Regional Development Agencies and local authorities with the intention to inform those engaged in the future preparation of integrated regional strategies and local economic assessments.²

Timeline

Completion by 31st March 2009.

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