

Preface

This book is the final publication from a two year project funded by the HEIF 5 programme on 'Migration and the Transformation of London'. Details of the events and other publications are at <http://lseondonmigration.org/>. We are extremely grateful for the continued support, both financial and administrative, which has made this project possible.

We would like to thank all those who chaired, spoke at and participated in the many workshops, roundtables, conferences and other events which made up the programme. Your preparedness to participate actively often on a regular basis in the extended programme of events has made this knowledge transfer project possible.

We would like to thank the following for their contributions including: Karen Buck, MP, Jonathan Beaverstock, University of Bristol, Aymo Brunetti, University of Bern, Kerwin Datu, LSE, David Goodhart, DEMOS, Eric Kaufmann, Birkbeck College, Michael Keith, COMPAS, Oxford University, Robert Kloosterman, University of Amsterdam, David Metcalf, LSE, John Mollenkopf, CUNY, Max Nathan, SERC, Antoine Paccoud, LSE, Sara Parker, Confederation of British Industry, Trevor Phillips, Jonathan Portes, NIESR, Barbara Roche, Migration Matters, Ben Rogers, Centre for London, Shamit Saggat, University of Essex, Paresh Shah, London Higher, Jeremy Skinner, GLA, Colin Stanbridge, London Chamber of Commerce and Industry.

We are particularly grateful to Melissa Fernandez and Emma Sagor who played central roles in arranging the programme, the conferences and ensuring that the book reached completion.

Most importantly we wish to thank our editor Ben Kochan for transforming the wide ranging contributions into a coherent whole – and through his patience ensuring that everything was delivered.

Christine Whitehead, Ian Gordon and Tony Travers

Migration and London's growth

**Final report of LSE London's HEIF 5 project
on Migration and the Transformation of
London led by Christine Whitehead,
Ian Gordon and Tony Travers**

Edited by
Ben Kochan

LSE London 2014

Published by LSE London
The London School of Economics and Political Science
Houghton Street
London WC2A 2AE
UK

LSE London acknowledges funding for the development and production of this book from HEIF 5.

© In the collection as a whole: London School of Economics and Political Science 2014
© In individual chapters belongs to the respective individual authors named therein 2014

British Library Cataloguing in Publication Data.
A catalogue record for this book is available from the British Library.

ISBN 978-1-909890-11-4

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of LSE London at the London School of Economics.

Printed in Great Britain by RAP Spiderweb Limited, Lancashire

Layout and design by Ben Kochan
Photographs by Ben Kochan unless otherwise credited

This publication, as well as papers and presentations associated with the project are available on LSE London's web-site: <http://lseondonmigration.org/>

Contents

Introduction <i>Ben Kochan</i>	5
1. <i>The changing pattern of London's population</i>	
Settlement patterns of migrants from rich and poor countries into the London metropolitan region since 2001 <i>Kerwin Datu</i>	11
Migrant trajectories in London - 'spreading wings' or facing displacement? <i>Antoine Paccoud</i>	27
Fitting a quart in a pint pot? Development, displacement and/or densification in the London region <i>Ian Gordon</i>	41
2. <i>Migration, border controls and the London economy</i>	
Higher education and immigration <i>Paresh Shah</i>	57
Sustaining the City of London's global labour market: the role of highly-skilled immigration in banking, financial and professional services <i>Jonathan V. Beaverstock</i>	77
Swiss immigration policy - at a crossroads <i>Aymo Brunetti</i>	95
Migration and the case for a higher National Minimum Wage in London <i>Ian Gordon</i>	107
Immigration and the UK economy: interaction between policy and economic research since the mid-1990s <i>Jonathan Portes</i>	117
3. <i>Migration and communities and services</i>	
Faces of migration: migrants and the transformation of Amsterdam <i>Robert C. Kloosterman</i>	127
The impact of migration on London's housing <i>Christine Whitehead</i>	143
London's churning <i>David Goodhart</i>	155

4. Migration and urban politics

London as a migration city in the context of UK politics 167

Shamit Saggar

The impact of migrants on London politics 183

Tony Travers

The impact of immigrants on city politics: comparing New York and London 201

John Mollenkopf

Conclusions 213

Ian Gordon, Ben Kochan, Tony Travers and Christine Whitehead

Contributors 218

Introduction

Ben Kochan

London's population has changed dramatically over the last decade. Press coverage of results from the 2011 Census took many people by surprise with its estimate of London's population growth and the importance of international migration within it – even though annual population surveys had been providing a very similar picture for some years. This was the backdrop for LSE London mounting a two year project (with HEIF funding) to improve our understanding of what has been happening, how it is changing the city, and what the implications are for practitioners and policy-makers. The project looked at the scale and character of in-migration from overseas (in the context of changing control regimes) together with its impact on both the London economy and the lived experience of the city's workers and residents. It promoted knowledge exchange through a range of activities bringing together academics, professionals and policy makers to look both at broad patterns of change and more specific impacts of migration (and migration control) on different sectors of the London economy – notably higher education, finance, IT and servicing activities.

This research came at the same time as London Mayor Boris Johnson was initiating a major review examining the needs of the capital's growing population. Over the decade from 2001 to 2011 the population grew by an average of 88,000 a year made up of increased natural growth and international migration offset by out-migration to the rest of the country. The rate of growth increased in the latter part of the decade partly as a result of the financial crisis which slowed out-migration to the rest of the country. In the 2011 Census almost 37 per cent of London's population was foreign born compared to around 1 in four in 2001. The decade also saw rapid change in the ethnic mix of the capital with 60 per cent of the population classifying themselves as white, compared to 70 per cent a decade earlier. Most important for many commentators is the numbers of white British living in the capital which declined by 600,000, a proportionate drop from 60 per cent to 45 per cent over the same period.

The GLA expects the growth to continue. Its current projection, which is contested by some commentators, suggests that London's population would increase by 37 per cent between 2011 and 2050 from about 8.2 million to 11.3 million. These projections are based on the trends over recent decades. The GLA has acknowledged there were many factors which could affect the growth. One was the economy – during the last recession out-migration fell whilst in-migration rose. The recovery could mean that migration patterns revert to traditional norms or, alternatively, that the changes are structural and are here to stay.

The size of households is another uncertainty. Between 2001 and 2011, it was projected that the size of households would fall significantly and the number of one person households would increase by about 1.5 million. In fact they only rose by 480,000 and the number of households with couples and one or more other adults rose by 220,000 against a projection of a 365,000 fall, bucking both national and longer term trends. The cost of housing and the state of the employment market affected household formation, but the question is whether these figures represent a structural adjustment in behaviour given demographic, economic and housing markets changes. .

This book seeks to examine the experiences of different migrant groups within this growth context and the impact and contribution which they make to London – so providing an increased understanding of the changing pattern of London's population and the challenges in planning and developing policies for the capital.

Kerwin Datu's paper highlights how 'poor country' migrants are no longer especially concentrated in inner areas and that, driven by a variety of pressures particularly associated with housing, they are increasingly settling in outer London boroughs. The drivers for many may be the need to find affordable housing, while other more established migrants are moving out to find improved housing opportunities. There has been a substantial increase in the number of towns outside London's green belt which have become focal points for 'poor-country' migrants. Meanwhile migrants from 'rich countries' are tending to move into the western inner boroughs, as well as parts of outer west London boroughs and beyond the green belt.

Antoine Paccoud has used the last two censuses to analyse the pressures on migrant communities in the areas where they first settled. Looking at the experiences of the Bangladeshi, Pakistani, Black Caribbean, Black African and Indian migrants, he considers whether these groups have managed to carve out a permanent space of their own in the city or whether they have settled and then been displaced. With the exception of Indian migrants, the conclusion is that those migrant groups have been

displaced. Their movement seems to be a series of responses to common processes of change rather than attempts at consolidating or expanding the space they once occupied in the city.

Ian Gordon looks at the processes through which a growing migrant population has been accommodated within London's rather inelastic housing stock. In part this has been achieved through displacement of others into nearby regions, but for those arriving from poor countries he finds that this has largely been accomplished through acceptance of much higher levels of crowding. This is a key reason why London's overall population has been able to grow substantially but it is not a factor which can be expected to continue. As these migrants become better integrated economically and socially, density standards seem to converge towards those of the UK-born population.

Paresh Shah demonstrates how international students make an important contribution to higher education providing diversity to the student body, contributing to HE income and local and regional economies, benefiting the academic community. He suggests many will become future sources of 'soft power' for London and the UK. He raises concerns that new visa regulations will deter students from coming to London and limit their capacity to find first jobs in London, thus restricting their benefit to the UK economy.

Jon Beaverstock highlights the important role which international recruitment plays for financial services in the City, suggesting that a constant through-flow of talent is key if London is to remain at the top of the leader board of financial centres. He suggests that all financial centres have cadres of highly-skilled foreign workers, who are intrinsically extremely mobile, and regularly move between different centres within and between the internal labour markets of transnational firms.

Aymo Brunetti puts Switzerland's transition from a rural economy to a world financial centre down to the agreement on the freedom of movement of labour with the EU in 2002. He is concerned that the recent referendum result in favour of immigration quotas would endanger this role – and issues that as a warning if there is a referendum in the UK about leaving the EU.

Ian Gordon looks at the relation between migration, low pay and work incentives in London. He shows that there is a general tendency for the newly arrived migrants from poor countries to get crowded into the bottom tier of jobs, where they depress the level of wages in the short-medium term. The impact of this process around the years of peak migration was much greater in London than elsewhere – not only because of its large share of the inflow, but also because the (uniform) National

Minimum Wage offered very little protection in this high cost region. Depressed wages in these entry-level jobs also seem to have significantly reduced interest in job-seeking among groups of Londoners who are unlikely to get anything better. Mitigating these negative labour market repercussions provides an economic reason, over and above the social justice one, for seeking an enhanced statutory Minimum Wage in London, set at a level matching the higher living costs faced by London workers.

Jonathan Portes points to the lack of detailed research into the impact of migration on the London economy but argues that, where analysis has been possible, the impact has been at least neutral, or in some cases positive. Immigrants create about as many jobs as they occupy, he says, but the impact on local services, notably hospitals and schools, is significant and he raises questions about whether the increased fiscal revenues from migrants balances out the additional public expenditure.

Robert Kloosterman contrasts the two faces of migration in Amsterdam – the low-paid cleaners and the high-flying CEOs of multinationals from all over the world who have all contributed to the rebirth of the city – and its role as a global centre. He raises concerns about the many migrants who are barely able to get a decent job and also established citizens who feel they face unfair competition from newcomers or who feel alienated by the rapid demographic changes in their neighbourhoods.

Christine Whitehead clarifies that the demand for housing from international migrants is generally less than that from equivalent UK born households although those who stay longer will increase demand as incomes rise. She places the concern about competition for London's scarce housing supply in the context of a continuing failure to invest in sufficient homes for London's overall increasing population. Rising rents and house prices are an inevitable outcome which can only worsen if London remains a successful world city.

David Goodhart suggests that London has become more economically and politically divided, and argues that for ordinary families it is probably the least good place to live in Britain. He describes London as an insecure, congested transit camp which, he says, is a result of the unmanaged mass immigration of the past two decades. The challenge to London politicians, he says, is to make it a more decent place for the midling majority without losing the economic dynamism and cultural vigour that mass immigration has brought.

Shamit Saggar points to a new cosmopolitan identity emerging in London where no one group is now in the majority. The term ethnic minority as a shorthand for deprived migrant communities has, he says, become less relevant as some groups massively

over-achieve, and others significantly under-achieve. Settled disadvantage carries risks of more serious social alienation and the potential for oppositional cultures to take root particularly among black Caribbean and black African communities. He points to the political ramifications of the most recent migration, particularly from Poland, which has highlighted the economic and social implications of the free movement of labour associated with the EU.

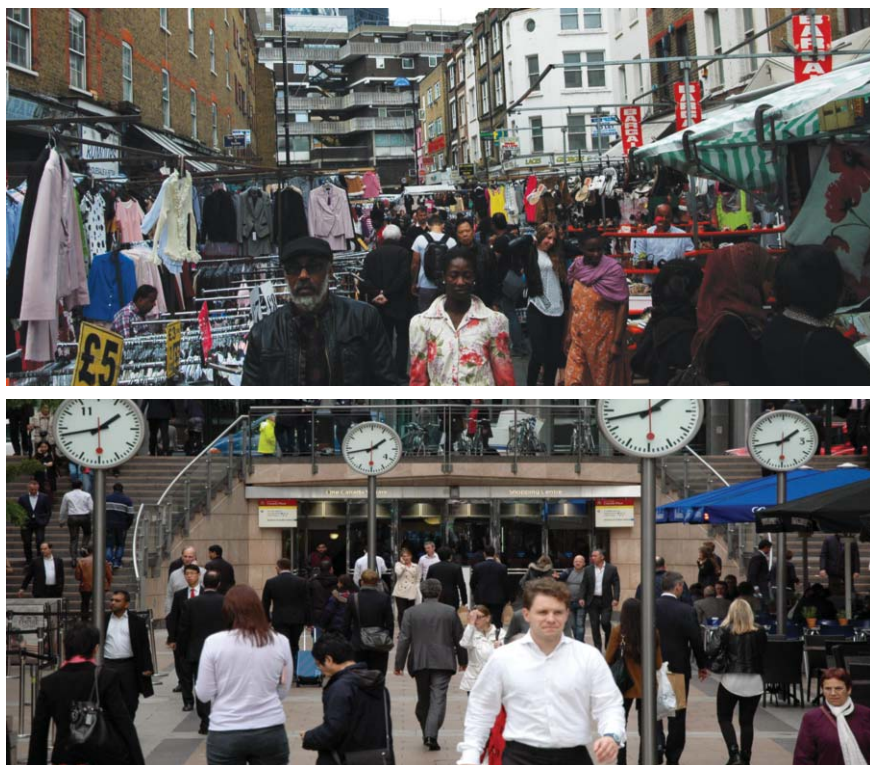
Tony Travers highlights political and electoral impacts which the changing population have had on London. So far, the Labour Party appears to have benefited electorally from the arrival of migrants and the growing minority ethnic population, the Conservatives and Liberal Democrats appear to have lost vote share. As the city's population becomes less white British, this trend is likely to continue but other factors could assume more dominance in influencing voting patterns.

John Mollenkopf demonstrates how New York's minority groups are exercising an increasing influence on the city's politics which started off from increasing conflicts with the white dominated structures. After seven decades of struggle he points to the ratio of the share of minority elected officials to the share of minority population in New York which is substantially better than in London.

The chapters included in this text reflect some of the many themes that were examined in the two-year project on migration and the transformation of London. Details of the events and findings of the overall project 'Migration and the Transformation of London' are at:

http://www.lse.ac.uk/geographyAndEnvironment/research/london/events/HEIF/HEIF5_12-14/hief5_migration.aspx

Section 1. The changing pattern of London's population



Two views of migration in London's east end: "Much debate about migration into London tends to focus on migrants moving from poorer countries to London to find economic opportunities not available in their countries of origin. Yet there are also many thousands of migrants coming from quite wealthy countries each year, working in finance, law, design and media."

Settlement patterns of migrants from rich and poor countries into the London metropolitan region since 2001

Kerwin Datu

1. Introduction

This chapter is concerned with where migrants from various types of countries find themselves settling in the London area, especially in the years between the 2001 and 2011 Censuses. This offers an insight into important socioeconomic questions, such as whether migrant groups are assimilating into the fabric of society or staying in racialised neighbourhoods; to what extent one generation of migrants follows their forebears into the same areas or settles independently, and how migration is impacting on housing and labour markets across the city.

Much debate about migration into London — whether in politics, in the tabloids, on social media or elsewhere — tends to focus on migrants moving from poorer countries to London to find economic opportunities not available in their countries of origin. Yet there are also many thousands of migrants coming from quite wealthy countries each year, such as European and North American professionals working in finance, law, design and media. Each of these cohorts need to be looked at separately, and their distinct geographies compared to understand where migrants are settling and how they are impacting on broader trends across London.

We also argue that studies of how migrants settle into the London area must now broaden their view beyond the territory of Greater London itself into the districts and boroughs outside the green belt from which large numbers of residents now commute. In addition the geographies of migration into these districts and boroughs outside

Greater London are not simply an extrapolation of the geographies of migration into Greater London itself; settlement into the two areas exhibit very different patterns, which needs to be understood in order to predict their distinct impacts on the labour and housing markets.

2. The pre-census consensus and the 2011 evidence on patterns of settlement in the metropolitan region

Existing research into the geographies of migration into the London area has been concerned with how various migrant groups settle into and disperse within the Greater London area over time, and thus with the related question of the degree to which groups assimilate within the fabric of London society or remain within specific localities. These two tendencies are what the geographer Ceri Peach (1997) calls the "assimilationist" or 'melting pot' and the 'pluralist' models of 'ethnic minority adjustment' to a new city. It has long been held that ethnic populations as a whole have been dispersing from their initial settlement areas, partly as white populations disperse beyond the green belt (Peach, 1999; Stillwell, 2010).

However there are important differences between individual migrant groups. Peach (1997 p20) identifies that "in London, the Caribbean population is following the melting pot route in spatial and marital terms, while the Bangladeshi population is following the pluralist route. Indian patterns contain elements of each, but [the data] suggests more pluralist than melting pot trajectory". The casual observer may see in Brixton the perfect example of a melting pot where Caribbean and white populations have become completely intermingled, while in Neasden or Whitechapel they see quite homogeneous communities of Indians and Bangladeshis respectively.

But the casual observer may also visit South Kensington and remark upon the great numbers of French, Italians and North Americans living there. We are prone to thinking of migrants to cities like London as coming from relatively poor countries, yet there is also an important history of migrants from rich countries to be traced. Geographer Paul White (1998) identified that migrants from North America, Australasia and Europe had together established a distinct concentration pattern that differs substantially from those created by other, poorer ethnic groups. It was generally understood that migrants from poorer countries tended to be found in London's less expensive inner boroughs such as Tower Hamlets (Bangladeshis), Southwark and Lewisham (Caribbeans) as well as throughout outer boroughs north of the river (Indians). Migrants from wealthier countries tended to concentrate in more expensive inner-west boroughs such as Westminster, Kensington and Chelsea and Hammersmith and

Fulham. Japanese migrants, another wealthy group, established a slightly broader distribution, settling along a corridor of western boroughs that stretched into Wimbledon (Merton) in the south and Golders Green (Barnet) in the north (White, 1998; White & Hurdley, 2003).

The question now is whether these patterns still stand up or need to be re-thought in the light of the new detailed evidence produced by the 2011 Census and after a decade with an unprecedented scale of influx. For the first time this Census provides information on the residential distribution of the foreign-born population broken down by when they arrived in the UK, as well as by their regions of origin. This chapter summarises the results of a mapping exercise using the data to chart outcomes of a dynamic process of settlement by those from successive cohorts of migrants who have remained in the UK, and were living in the London metropolitan region at the time of this Census. The maps (of which a small selection are included here¹) provide snapshots of the latest residences of people who arrived in different waves of immigration from particular regions. Groups continuing to concentrate in one area reflects both patterns of connectedness and cultural affinity which link one cohort to another; they may occupy some typical economic niches, of greater/lesser advantage or constraint. Apparent shifts between successive cohorts also reflect a mixture of factors. These include varying propensities for diffusion as groups become more integrated in economic and cultural terms, together with some of the lifecycle-related shifts familiar among those born within the UK – and some differences in the types of people coming to the UK from a given region in different political/economic circumstances. Interpreting the contributions of each involves a combination of judgment and contextual knowledge.

A limitation with the local census data available for mapping on this basis is that it only provides a rather coarse grouping of overseas regions of origin. Thus, for example, we cannot distinguish between the countries of South Asia, nor separately identify the Caribbean as another of the major regions of origin of migration to London in past decades. Following Peach, and the evidence on differences in patterns of economic integration and durations of stay in Gordon et al. (2007), the main emphasis here is on contrasts between migrants originating from poor countries (in the global 'south' and the European 'east') versus those coming from (other) relatively rich countries. For this purpose, though we cannot separate out, for example, Japan/Korea or South Africa from their poorer neighbours, the only major problem is presented by the census's conflation of the ('poor country') Caribbean with ('rich country') North America. In this case, we use an approximation based on differences in the time profiles of

arrival. Though both migrant flows have been continuous, the Caribbean inflow was clearly dominant before 1981, and the North American one thereafter. Up to a cut-off point of 1980, we have assigned all migrants from this combined ‘region’ to our ‘poor-country’ set, and migrants arriving afterwards to our ‘rich-country’ set. Overall we then assigned each census regional category to either a ‘rich’ or ‘poor’ country as set out in table 1 below:

Table 1 The ‘rich-country’ and ‘poor-country’ categories used in this chapter

‘Rich countries’	‘Poor countries’
EU pre-2001 member states	EU post-2001 member states
Australasia	European countries not in the EU
North America and the Caribbean (post-1980)	North America and the Caribbean (pre-1980)
	Central and South America
	Middle East, Africa, and Asia

Much of the existing scholarship on migration into the London region is concerned only with migration into Greater London, without regard for the districts and boroughs beyond the green belt. In the first decades of the 21st century, this restrictive view is becoming increasingly untenable, as a number of commuter towns within these districts begin to play a role in receiving recent generations of migrants. One indication that a wider metropolitan view is required is the consensus mentioned earlier that white populations have been moving out to areas beyond the green belt round London. If this is so, are these all British populations, or are there also migrants settling in these areas? And what geographies of settlement arise amongst them? To explore this dimension, this paper expands its geographic frame to the London metropolitan region (LMR) using a definition of this region common in the literature (since Hall, 1963), adding to Greater London some 53 local authority areas in adjoining counties in a ring running (roughly) from Reading in the west to Southend/Medway in the east, and Stevenage in the north to Horsham in the south. 2011 census data in the LMR 2011 is mapped in terms of region of birth and arrival period at neighbourhood (lower super output area) level. The remainder of this chapter presents a selection of the maps, with a summary of what these show. In section 3, this is discussed

in relation to migrant flows from poor countries, including specifically South Asia, the Caribbean and Eastern Europe; and in section 4, I look at migrants from rich countries, with specific reference to North America and Australia/New Zealand; and finally, I look at the most distinctive new pattern, the increasing number of urban centres in the outer metropolitan ring now with large numbers of migrants from poor countries.

3. ‘Poor country’ migrants

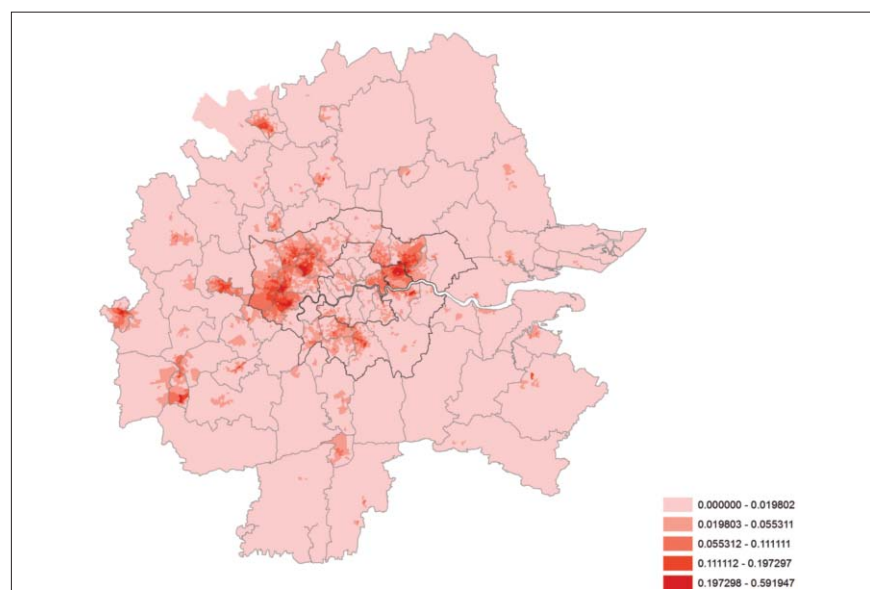
In the decades before 2000, the spatial pattern of settlement of migrants into this region from poor countries was seen mostly in terms of migrants from the Caribbean and from South Asian countries – with growing inflows from various parts of Africa often treated as following something like the Caribbean pattern. The very rapid emergence of large scale migration from the EU accession countries of Eastern Europe from 2004 was quite distinct from those who came before or during the Communist era. It seems to involve a quite distinct pattern of settlement but was constrained by some economic factors rather similar to those faced by others coming from poor countries to this expensive city-region.

Southern Asians

Southern Asians arriving between 2001 and 2011 have settled into three major areas of concentration within Greater London, and in a number of discrete urban centres outside it. Within London, one area spans the western outer boroughs of Brent, Harrow, Ealing, Hounslow and Hillingdon, with focal points in Wembley (Brent), Southall (Ealing) and Hounslow Central. Another area spans the eastern boroughs of Newham, Redbridge, Tower Hamlets, Waltham Forest, Barking and Dagenham, and Greenwich, with focal points in Upton Park-East Ham (Newham), Ilford (Redbridge), Barking, and Plumstead (Greenwich). A third, lighter area spans the southern outer boroughs of Croydon, Merton, Sutton, Kingston and Wandsworth, with a focal point in Croydon. Outside London, focal points are in several urban centres to the west and south, in particular Slough, Aldershot (Rushmoor), Reading, Crawley and Luton.

Southern Asians who arrived before 2001 are now distributed across only slightly more diffuse versions of the same major areas of concentration within London and of the urban centres outside it. There is an almost continuous diffuse zone of settlement across the north of outer London, from Slough and South Buckinghamshire in the west, driving through Hillingdon, Ealing, Hounslow, Brent and Harrow, spreading across Barnet and Enfield, and into Waltham Forest, Redbridge, Newham and Tower Hamlets, with focal points in Southall-Hounslow, Wembley and Kingsbury (Brent-

Figure 1 South Asian-born residents, arriving after 2000, as a proportion of all 2011 local residents



Harrow) in the west, and Upton Park, Ilford, Redbridge central and Whitechapel (Tower Hamlets) in the east. Outside London, migrants have diffused slightly away from the urban centres of Luton, Reading, Crawley and Slough, with other focal points appearing in High Wycombe and Watford.

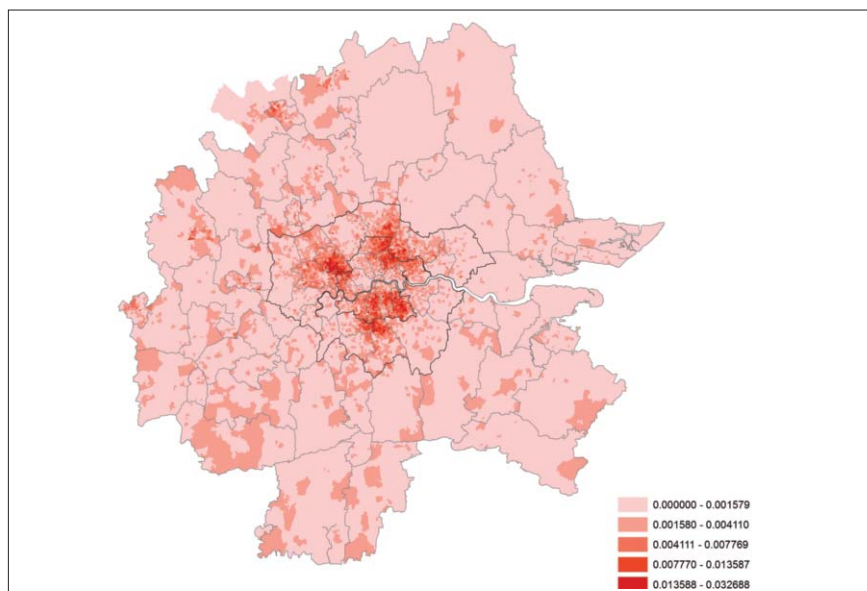
Compared to Peach's study (1997) using 1991 census data which shows an almost identical geography of concentrations, notably of Indians in Brent-Harrow, Ealing-Hounslow, Redbridge-Newham and Croydon-Wandsworth, and of Bangladeshis in Tower Hamlets, the geography of Southern Asian migrants into London exhibits remarkable continuity from decade to decade, seemingly in keeping with Peach's (1997) thesis that these groups have followed an isolationist or 'pluralist' mode of integration (see figure 1). This phenomenon of highly localised chain migration exists even in towns outside the green belt such as Luton, Reading, Slough and Crawley. Yet there is another way to read this data which contradicts the 'pluralist' hypothesis, which is that this reflects the nature of their arrival only, not the nature of their dispersion or lack of it after arrival. Recent generations arrive in the same locations as their predecessors due to chain migration, while their predecessors assimilate slowly over time, evidenced by their slow dispersion away from these locations.

Caribbeans

Peach (1997) argued that, in contrast to the Southern Asians, Caribbeans exhibited an assimilationist mode of integration into London. It is difficult to assess this statement based on the 2011 census data since many of these groups have been established in London for several decades, yet one can suggest that the nature of dispersion here is the opposite to that seen amongst the Southern Asians; more recent arrivals appear more spatially dispersed than their predecessors. Those arriving before 1961 are concentrated in three major areas of London, as well as lightly scattered across districts to the west outside Greater London. One area spans the western boroughs of Brent, Kensington and Chelsea, Hammersmith and Fulham, Ealing and Harrow, particularly along the Harrow Road crossing the boroughs of Brent, Hammersmith and Fulham, Kensington and Chelsea. Another spans the northern boroughs of Enfield, Haringey, Hackney, Waltham Forest, Newham and Redbridge, along the A10 (the ancient Ermine Street) to the west of the Lea Valley between Edmonton and Hackney. A third forms an incomplete ring spanning the south London boroughs of Croydon, Merton, Wandsworth, Lambeth, Southwark and Lewisham, with focal points in Thornton Heath (Croydon), Brixton (Lambeth) and Catford (Lewisham). The few major focal points outside London for this generation of Caribbeans are Luton, High Wycombe and Reading.

Those arriving between 1961 and 1980 find themselves occupying the same areas of concentration and focal points both within London and in outlying towns such as Luton, High Wycombe and Reading, but have spread out into neighbouring areas (see figure 2). Peach (1997) might argue that this demonstrates a process of assimilation in contrast to the Southern Asians' isolation. Here there might simply be a different kind of assimilation process, notably one in which later generations attempt to settle in the same areas as their predecessors, but find themselves spread further out. This may be because of weaker social ties or less emphasis on maintaining geographic proximity with social ties enabling successive generations of Caribbeans to spread further out than Southern Asians. It may also have been a result of market forces pushing later arrivals away from their social connections despite the strength of those ties. It is important to be cautious in deciding whether assimilation or isolation is occurring based purely on absolute changes in the numbers of different ethnic groups in each location from one census to another. In any case, in general any dispersion in the Caribbean population from one generation to the next is extremely slight. Like the Southern Asians, the geography of Caribbean migrants into London exhibits remarkable constancy over time.

Figure 2 Caribbeans (and North Americans), arriving before 1961 as a proportion of 2011 local population

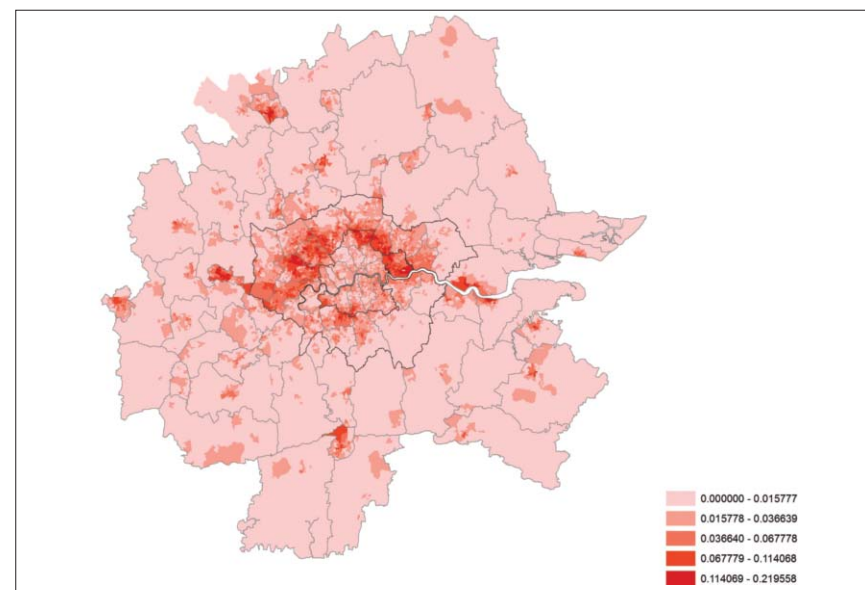


East Europeans

A comparison of recent migrants from EU post-2001 member states with their predecessors shows a strong break in settlement patterns between the generations, both within London and outside. This is indicative of several distinct waves of migration related to major historical developments in central and eastern Europe, such as the end of the Second World War, the fall of the Iron Curtain, and accession to the European Union; it is also a symptom of the heterogeneity of this category.

In the sequence above we can see how one pattern of settlement transformed into another. In the 1970s, most migration in this category was concentrated in the outer north London boroughs of Enfield, Haringey and Barnet, spilling into adjacent areas of Hertsmere, Welwyn Hatfield and Broxbourne, with a focal point stretching across Palmers Green, Winchmore Hill and Cockfosters, associated with a wave of Greek and Turkish Cypriots. In the 1980s this pattern was slowing down, and a new area of concentration was developing in the outer western borough of Ealing, focused along the West Ruislip branch of the Central Line - North Acton, Hanger Lane and Perivale stations - associated with a wave of Polish migrants. In the 1990s these were joined

Figure 3 East Europeans born in post-2001 EU member countries arriving 2001 – 2011, as a proportion of 2011 local residents

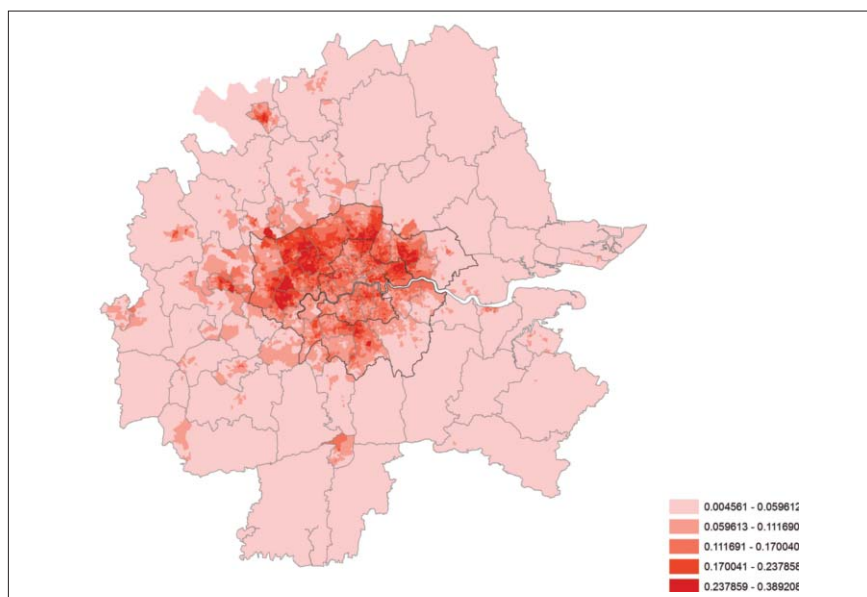


by a third area of concentration in the east London borough of Newham, focused on Beckton, north of the Royal Docks; this is associated with a wave of Lithuanians.

In the 2000s these patterns have transformed into a general arc of settlement throughout the outer boroughs, stretching from west of London, through to Hillingdon, Hounslow, Ealing, Brent, Barnet, Haringey, Waltham Forest and Newham. Other focal points exist south of the Thames around Colliers Wood (Merton) and Streatham (Lambeth) (see figure 3). More recent waves of migrants from post-2001 EU member countries are therefore not significantly following their predecessors as a chain migration phenomenon. Rather, the fact that these groups now mimic the geography of other 'poor country' migrant groups such as Southern Asians suggests that economic forces rather than social forces are now the stronger determinants of the location of their settlement within Greater London.

The 2000s also saw the emergence of several strong poles of immigration in urban centres throughout the local authority areas outside Greater London, in particular Slough, Luton, Reading, Crawley, Watford, Hatfield, and, in the east, Thurrock, Gravesend, Southend-on-Sea, Gillingham (Medway) and Maidstone. Being a very

Figure 4 Residents born in 'poor countries' arriving before 2001 as a proportion of all local residents in 2011

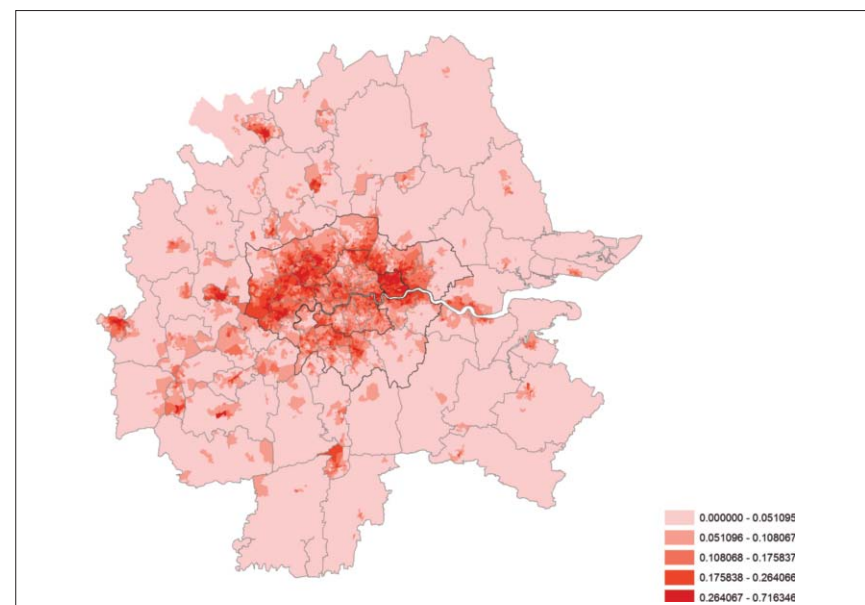


heterogeneous category, this new regional pattern is also most likely a result of economic rather than social forces, indicative of a new pattern where “poor country” migrants are being sorted into the inexpensive outer boroughs and outlying urban centres rather than concentrating in the expensive inner boroughs.

All 'poor country' migrants

When we map 'poor country' migrants together, we see not only a combination of the historically distinctive settlement patterns of the South Asians on the one hand and the Caribbeans on the other, but also some broader housing market influences, which also shaped the settlement pattern of the most recent wave of East European arrivals. It is clear now, in contrast to observations about previous migration into London that 'poor country' migrants are not especially concentrated in inner areas. Rather they seem to be generally settling into the outer London boroughs. This is seen both among the post-2001 arrivals and those who came earlier, though more notably among the latter, who are strongly represented almost throughout outer London – with the notable exception now of the eastern/south eastern fringe (from Havering to Bromley). Patterns of concentration seem more tightly drawn among those arriving in

Figure 5 Residents born in 'poor countries' arriving 2001-2011 as a proportion of all local residents in 2011



the first decade of the 21st century. The reason for this cannot be simply understood from the maps. It may be that strong demand from other groups with more purchasing power (including rich country migrants and UK-born gentrifiers colonising inner areas) are effectively 'ghettoising' recent migrants in cheaper neighbourhoods, already dominated by poorer migrants. It may also be that recent arrivals are most affected by 'chain migration' processes, using pre-existing social ties with people who settled earlier to determine the location of their (initial) settlement within the region. The other side of that picture, however, is of a substantial diffusion of more established migrants, spreading out from the areas of initial concentration, in search of improved housing opportunities. Overall, however, it is a different mixture of each for specific migrant groups.

In the 1990s a small number of towns outside the green belt — Luton, Slough, Reading and High Wycombe — were focal points for 'poor country' migrants but in the last ten years they have been joined by Hatfield, Watford, Crawley, Aldershot and Farnborough (Rushmoor), Guildford, and, in the east, Thurrock, Gravesham, Gillingham (Medway) and Maidstone. This new geography will probably become an

increasing feature of migration into the London metropolitan region, and demonstrates the need to continue to examine migration at this regional level.

'Rich country' migrants

North Americans

The wave of North Americans migrants settling in London towards the end of the 20th century exhibits a very different geography to the 'poor-country' migrants reviewed thus far. Those arriving in the 1990s concentrated throughout the inner London boroughs, with focal points in St John's Wood, Marylebone, Mayfair, Kensington, Hampstead and the City of London, all very wealthy residential areas. The geography of North Americans' settlement outside the green belt proves very different as well, with focal points emerging to the south west in the wealthy villages of Cobham (Elmbridge) and Virginia Water (Runnymede), both associated with American private schools which opened in Cobham in 1975 and in Egham (Runnymede) in 1995. Another focal point is in Beaconsfield (South Bucks).

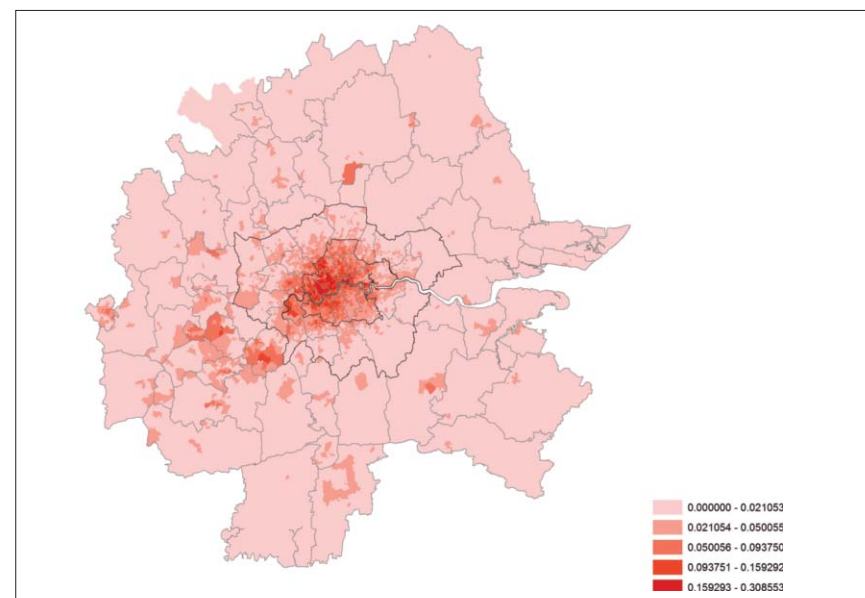
Australasia

The long history of migration between London and the Antipodes has seen many Australians and New Zealanders very deeply assimilated within the London metropolitan region. Amongst those arriving before 2001, many have ended up in Richmond and Kingston and throughout the counties surrounding Greater London. There are also similar inner London settlement patterns to their North American counterparts, with focal points in St John's Wood and Mayfair. This reflects a tendency, greater than that of North Americans, to assimilate within the wealthy outer residential areas of Greater London as well as some inner London areas.

All 'rich country' migrants

When all 'rich country' migrants are taken together, they appear to saturate the inner west London boroughs, with strong concentrations throughout Westminster, Kensington and Chelsea, Camden and Lambeth. The areas of concentration of new arrivals in particular are generally quite distinct from most of those coming in from poor countries, with a bias toward neighbourhoods which are both central and relatively 'desirable' which is reflected in higher house prices. Differentiating location patterns between post-2001 arrivals and those who have been in the UK longer is a bit more problematic for this group. They include young professionals who move on after a few years, which means that the recently arrived group may include a quite differ-

Figure 6 Residents born in other 'rich countries' arriving 2001-2011 as a proportion of all local residents in 2011



ent mix of people from those who have been there longer. However, as well as signs of local diffusion around the areas of initial concentration, there seems to be a quite distinct manner of dispersal (or selection) for this group into the districts outside London. While 'poor country' migrants move out only to specific, (relatively) inexpensive urban centres, 'rich country' migrants permeate rural areas throughout the western half of the outer metropolitan area which reflects their higher incomes, greater capacity for mobility and a preference for larger spaces. Once again however this is a pattern perceived only when the metropolitan region is taken as a whole.

5. Beyond the M25

Overall, at the metropolitan scale a slightly complex concentric pattern emerges focused on the western inner London boroughs. At the centre is the wealthy City of Westminster and immediate surrounding areas, home to wealthy migrants from North America, Australasia and Western Europe. Outside these areas, in the inner east London boroughs and throughout the outer boroughs, is a thick band of poorer migrants from Latin America and the Caribbean, the Middle East and Asia, and Africa. Beyond the green belt is a wide expanse of wealthy villages and towns set in rural

landscapes, though studded at intervals across these landscapes are a few commuter towns where many poorer migrants now find themselves, as living in London has become increasingly difficult. This belt of rural settlement is however lopsided; due to the lower population densities (and lower levels of transport infrastructure) in counties to the east of London such as Essex and Kent, there has been little cause for migrants to cluster on the eastern fringes of the region.

Extrapolating this concentric pattern around London to the counties outside the green belt, one might easily have hypothesised that as the population of the London area expands beyond the capacity of Greater London this simple pattern might simply have enlarged in diameter. Wealthy migrants might push further into the outer boroughs, and poorer migrants would be pushed beyond the green belt, but this has not happened. Instead wealthy populations have leapfrogged the outer boroughs to settle throughout the counties outside London. In addition, these wealthy populations appear to have settled only throughout the western half of the region outside London, just as they began in the western inner boroughs of London. We could have imagined that poorer migrants might be pushed towards the eastern half of the region outside London, just as they are in the inner eastern boroughs. This has not happened either.

Instead, the pattern is that as larger numbers of poorer migrants find themselves settling beyond the green belt, they are doing so in a highly localised way, concentrating in the centres of a number of commuter towns, mainly in the west rather than in the east of the counties outside London. To caricature this slightly, this is a kind of 'ghettoisation in the countryside' phenomenon that could not easily have been extrapolated from the geography of migration into Greater London. This is the most distinctive feature of migration into the London area to emerge between the 2001 and 2011 Censuses.

Looking at this sequence in detail, there are really only four towns outside Greater London that are prominent focal points for 'poor-country' migrants who arrived in the 1980s and 1990s: Luton, Crawley and Slough. (Moor Park in Three Rivers district could also be included but this comprises more well-to-do Southern Asians enjoying direct access into London on the Metropolitan Line.) A great number of focal points bloom however for 'poor country' migrants arriving throughout the 2000s, including Aldershot, Farnborough, Guildford, High Wycombe, Hatfield, Watford, Thurrock, Gravesham, Gillingham and Maidstone. This is important, since it indicates that a tipping point has been reached since the beginning of the 21st century, and that migration directly into commuter towns outside the green belt is likely to be an increasingly important feature of migration into the London area.

6. Conclusion

Migration into the London area is now a phenomenon to be appreciated at the metropolitan scale, not because settlement patterns once confined to the 33 boroughs of Greater London are now expanding into surrounding districts, but rather because these outlying districts, now integral to the dynamics of migration into London, are exhibiting a different pattern to Greater London entirely, which we have churlishly termed 'ghettoisation in the countryside'.

If 'poor-country' migrants are now living in great numbers in these commuter towns outside the green belt, there will be policy implications for the metropolitan region. First, the potential demands this places on rail services between these commuter towns and Greater London need to be understood, as do the impacts that this commuting has on the disposable incomes and social well-being of the 'poor country' migrants making these long journeys every day. Second, the emergence of larger concentrations of lower-cost labour in otherwise rural areas may gradually cause changes in the structure of the regional labour economy.

'This is an edited version of a paper prepared for LSE London which includes a full set of maps and can be found at http://lse.londonmigration.files.wordpress.com/2014/03/datu_settlement-patterns-of-rich-and-poor-country-migrants-into-the-london-metropolitan-region-since-2001.pdf

References

- Gordon, I.R., Travers, A. and Whitehead, C.M.E. (2007) *Economic Impacts of Recent Immigration on the London Economy* London: City of London Corporation
- Hall, P. (1963) *London 2000* London: Faber & Faber
- Peach, C. (1997) 'Pluralist and assimilationist models of ethnic settlement in London 1991' *Tijdschrift voor Economische en Sociale Geografie* 88(2), 120-134
- Peach, C. (1999) 'London and New York: contrasts in British and American models of segregation', *International Journal of Population Geography* 5(5), 319-351
- Stillwell, J. (2010) 'Ethnic population concentration and net migration in London'. *Environment and Planning A* 42(6), 1439-1456
- White, P. (1998) 'The settlement patterns of developed world migrants in London'. *Urban Studies* 35(10), 1725-1744
- White, P., & Hurdley, L. (2003) 'International migration and the housing market: Japanese corporate movers in London', *Urban Studies* 40(4), 687-706

Migrant trajectories in London - 'spreading wings' or facing displacement?

Antoine Paccoud

Introduction

This chapter is based on an empirical investigation into the settlement patterns of migrant groups in Greater London. It uses an estimation procedure that draws on both country of birth and ethnicity data from the 2001 and 2011 censuses to compare the movements of those born overseas to those of second generation migrants in London. The focus is on the experiences of five particular migrant groups for which it is possible to differentiate between those born overseas and second generation migrants: migrants of Bangladeshi, Pakistani, Black Caribbean, Black African and Indian origin. Separating out and comparing the movements of those born in the UK and of those born overseas from those migrant groups allows me to test two competing explanations of migrant trajectories. The first can be called 'spreading wings' and is identifiable by the two parallel movements of consolidation of areas of first settlement by those born overseas and of local expansion by those born in the UK. The second is displacement, identifiable by the similarity of the movements of those born overseas and of second generation migrants across the London space. These two explanations present contrasting trajectories. The first suggests that a migrant group has managed to carve out a piece of its own in the city while the second signals an inability by the migrant group to stay in the areas where it first settled. The first section outlines the estimation procedure and discusses its limitations, while the following sections discuss the trajectories of these five migrants groups in terms of these two models.



"Migrants of Bangladeshi origin are the most spatially concentrated of all migrant groups, with 41% of those born in Bangladesh and 40.5% of UK born Bangladeshis living in Tower Hamlets in 2001. These percentages fell quite dramatically between 2001 and 2011."

Separating out those born overseas from those born in the UK

This paper uses two data sets from the 2001 and 2011 censuses: usual residents grouped by country of birth and usual residents grouped by ethnicity. The estimation procedure distinguishes between those born in the UK and those born overseas within the same migrant group. While information on country of birth clearly provides a figure for those born overseas, the difficulty is in obtaining the number of second generation migrants given that ethnicity is not linked to country of birth. The procedure used here starts with a particular ethnicity and subtracts from that figure the number of individuals born in the corresponding country of origin. For example, there were 77,715 individuals born in Bangladesh in London in 2001. In that same year, there were 141,879 individuals who selected Bangladeshi as their ethnicity. The number of those of Bangladeshi origin born in the UK was obtained by simply taking out those born in Bangladesh from those who self-selected Bangladeshi as their ethnicity. This procedure was performed at the output area (OA) level, the lowest geographical level at which census estimates are available – there are 23,406 output areas in Greater London that are comparable between 2001 and 2011 with an average population of 328 in 2011. Working at this scale allows more precise calculations of correlation coefficients between the movements of those migrant groups born in the UK and of those born in the country of origin. This will become clear when the differences between correlation coefficients at the borough and all-OA levels are discussed¹.

This procedure is most straightforward for migrants of Indian, Pakistani and Bangladeshi origin because the census provides a country of birth category and an ethnicity category for each of these groups. Another group for which it is relatively straightforward is migrants of Caribbean origin. Those born overseas can be assumed to be represented by those migrants born in Jamaica and in 'other Caribbean countries', while second generation migrants can be estimated by subtracting these from the black Caribbean ethnicity category. This relies on the assumption that most migrants born in the Caribbean would select Black Caribbean as their ethnicity which seems justified as the populations of English speaking Caribbean islands are predominantly of black ethnicity (91.4% in Jamaica in 2011, a country which makes up 61% of all migrants born in the Caribbean in London). 90.2% of those who selected the mixed category 'White and Black Caribbean' as their ethnicity in London were born in the UK in 2011. It thus seems possible to add those who selected this ethnicity to the second generation migrants of Caribbean origin.

With the greater racial heterogeneity of the African continent, things are a little more complicated. The census only identifies a Black African ethnicity, which is problematic

because only 52.8% of migrants born in Africa identify as Black African. These percentages are lowest for those born in North Africa (12.2%) and South and Eastern Africa (34.1%). In contrast, 87.4% of those born in Central and Western Africa self-identify as Black African. To disaggregate between those born in Africa and second generation migrants, the focus has to be limited to migrants from Africa who are black. As a precautionary measure, migrants born in North Africa and South and Eastern Africa (with the exception of Somalia) are not considered when distinguishing between Black Africans born in the UK and those born in Africa. 61.9% of those who identified as the mixed category 'White and Black African' in London in 2011 were born in the UK and 73.1% were born in Europe. While adding this category to second generation Black Africans is slightly problematic, it was preferable to discarding this group altogether.

This estimation procedure is possible for migrants of Irish and Chinese origin but for reasons of space this analysis was restricted to the five largest migrant groups in London. A limitation of this methodology is the existence of a number of ethnicity categories that cannot be specifically linked to one of the five migrant groups discussed here but which may include significant numbers of their second generation migrants. For example, the 2011 Census showed that in London, 70.2% of those who selected Black Other as their ethnicity were born in the UK but it is not possible to distinguish those who may be second generation migrants from the Caribbean from those who may be second generation migrants from Africa. Likewise, 71.9% of the Mixed White and Asian category were born in the UK but this cannot be attached to a particular Asian community. Another ethnicity category in this situation is that of Other Mixed, with 64% of those who chose this ethnicity born in the UK.² This analysis thus assumes that the percentage of second generation migrants from the five migrants groups discussed here that have selected either Black Other, Mixed White and Asian or Other Mixed as their ethnicity is relatively constant across London OAs.

This analysis is also unable to differentiate between those born in the country of origin on the basis of their date of arrival in the UK. The only information available here is the comparison of the numbers of those born in a particular country in 2001 and 2011. Most of the increase in those born in a particular country at the OA level in this period can be assumed to have recently arrived in the UK. The remainder of the paper will look at the changes in the settlement patterns of individuals of the five largest migrant groups to test the usefulness of the notions of 'spreading wings' and displacement in conceptualising migrant trajectories.

An evaluation of five migrant trajectories

The empirical discussion that follows focuses on assessing the extent to which the 'spreading wings' or displacement models offer cogent explanations of the trajectories of migrant communities in London. The first model would, for a given migrant group, be corroborated by lower correlations between the movements of those born in the UK and overseas and the existence of boroughs in which these two groups are moving in opposite directions. This would signal that different sections of this migrant group are moving to different areas of the city. In contrast, in the displacement model, higher correlations between the movements of those born in the UK and overseas and boroughs in which these are moving in the same direction would signal a common response by both groups to wider processes of change. This displacement model is thus predicated on the inability of particular migrant groups to maintain their hold over the areas of the city in which they first settled. Continuity of settlement in these areas is broken and migrants of different generations tend to gravitate to similar spaces in the city. The next five short sections will test these ideas on the experiences of the Bangladeshi, Pakistani, Caribbean, African and Indian migrant groups.

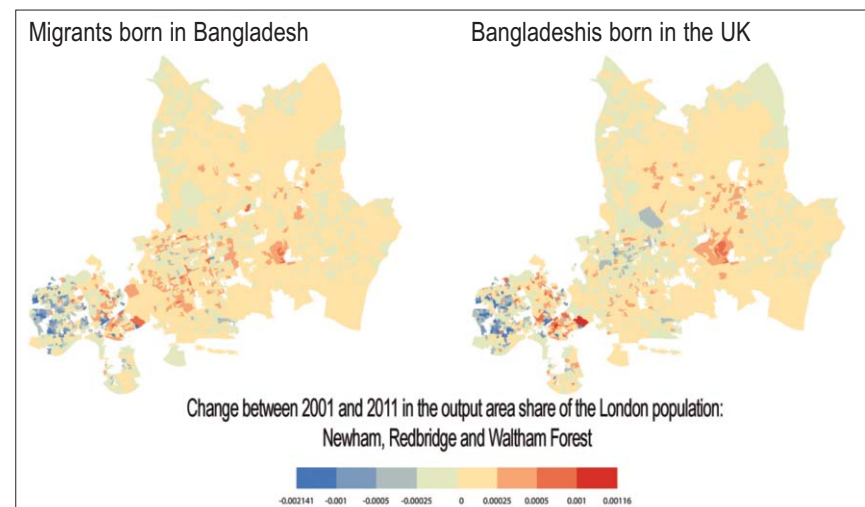
Bangladesh

Between 2001 and 2011, the population category Born in Bangladesh (BIB) increased from 77,715 to 98,671 while the population of UK Born Bangladeshis (UKBB) went from 65,946 to 100,791. The addition of close to 21,000 individuals BIB indicates a continued migration flow to London, though most of the increase in the Bangladeshi migrant population has come among those born in Britain. The movements of individuals BIB and UKBB in London over 2001 to 2011 period exhibit the highest level of correlation among the five groups looked at here, at both the all-OA level (0.725) and the borough level (0.889). Part of the reason for this is the fact that migrants of Bangladeshi origin are the most spatially concentrated of all migrant groups, with 41% of those BIB and 40.5% of the UKBB living in Tower Hamlets in 2001. These percentages fell quite dramatically between 2001 and 2011: down to 33.2% for those BIB and 35.2% for UKBB. This fall has been biggest in the 100 OAs where both of these groups were most concentrated in 2001. These 100 Tower Hamlets OAs housed 19.3% of all those BIB and 19.4% of all UKBB in 2001, but the corresponding percentages for 2011 were 12.2% and 12.8%. There was almost no change in the proportion of these groups in the remaining 459 Tower Hamlets OAs.

After Tower Hamlets, Newham has the second highest concentration of this migrant group and this borough's share of their total population has increased between 2001

and 2011: from 13.9% to 19.4% for those BIB and from 13.7% to 14.8% for UKBB. The settlement pattern of both those groups in Newham is more diffuse, with lower correlation coefficients, both between groups (0.869 in 2001 and 0.739 in 2011) and within groups (0.673 in 2001 and 0.686 in 2011). This could indicate a more ad hoc movement into Newham from those, mostly BIB, who left (or had to leave) Tower Hamlets. But the movement out of Tower Hamlets is also having repercussions further east, with increases of both those BIB and UKBB in Redbridge and Barking and Dagenham. In Redbridge, the proportion of the BIB population increased from 2.9% to 6.9% and that of UKBB from 2.9% to 8.2%. In Barking and Dagenham, the corresponding figures are from 0.4% to 3% for those BIB and from 0.5% to 4% for UKBB.

Overall, the high correlation coefficient between the changes in settlement of those BIB and UKBB both at the borough and all-OA level can be explained by their similar movements out of Tower Hamlets and into the boroughs further eastwards, even though Newham seems to be preferred by BIB migrants (see maps below). There is also a strong similarity in the movements within these boroughs, as shown by the high intra-borough correlation coefficients between the movements of those BIB and UKBB: the highest correlations are in Barking and Dagenham (0.847), Tower Hamlets (0.825) and Redbridge (0.686) with a lower figure for Newham (0.489). The data also shows a higher vulnerability of those BIB to processes of change, with greater falls in the proportion of their population in central London boroughs and especially in Camden, the borough with the third highest concentration of both groups in 2001 (-3% for those BIB and -1.8% for UKBB). It seems quite clear that the large fall in the

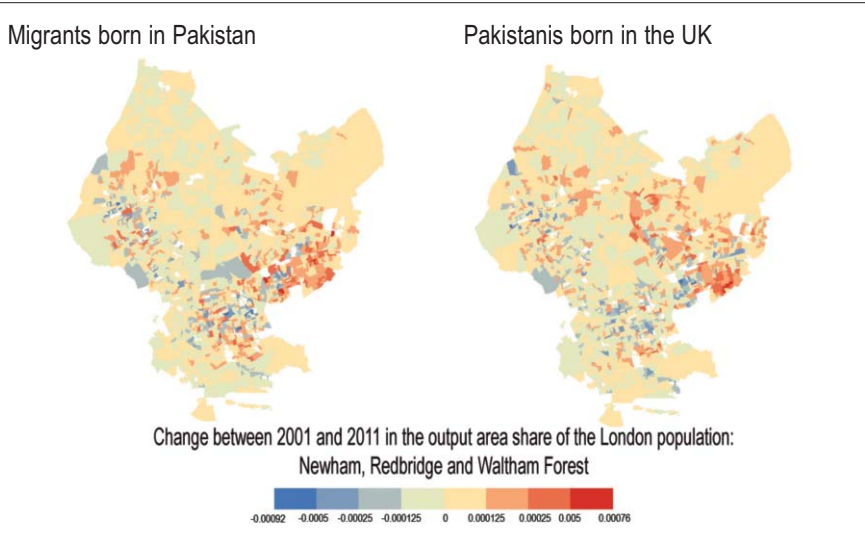


concentration of migrants of Bangladeshi origin in Tower Hamlets and their similar movements eastwards corresponds to the displacement model.

Pakistan

While migrants of Bangladeshi origin are overwhelmingly in inner London, those of Pakistani origin are predominantly in outer London. The number of those Born in Pakistan (BIP) and of UK Born Pakistanis (UKBP) has increased over the 2001 to 2011 period: from 63,944 to 105,862 for the former and from 75,932 to 105,561 for the latter. There has thus been a larger increase of those BIP (41,918) than of UKBP (30,629) which signals a continued and significant migration flow into London. After migrants of Bangladeshi origins, BIP and UKBP had the second most similar change in their patterns of settlement between 2001 and 2011, with a correlation coefficient of 0.384. This may not indicate very similar movements, but at borough level the correlation coefficient shoots up to 0.915 (the highest among all groups), an indication that whatever variation exists may be occurring at a very local level.

This can be seen by looking at the distribution of these two groups by borough: the same seven boroughs house roughly 62% of those BIP and of UKBP, and this is true for both 2001 and 2011 figures. The four boroughs with the larger proportion are: Newham (14% of those BIP and 12.9% of UKBP), Waltham Forest (11.6% and 12.2%), Redbridge (9.6% and 11%) and Ealing (8.2% and 7.9%). Pakistanis born in



the UK and in Pakistan thus share the same broad spaces within the city. But they are also moving in a very similar manner. When seen from the borough level, both groups are showing a slight movement towards the edges of outer London, with the largest increases in borough share of total population in Redbridge (+3.6% for those BIP and +3.3% for UKBP), Barking and Dagenham (+1.6% and +1.3%) and Hillingdon (+1.9% and +1.1%) and the largest decreases in the more central boroughs of Ealing (-1.5% and -1.1%) and Brent (-1.2% and -0.6%). In Newham, however, the number of UKBP decreased by 1.2% while those BIP remained stable. But the map above reveals similar movements by these two groups of Pakistani migrants in Newham and its two neighbouring boroughs – Waltham Forest and Redbridge. It seems as though both groups are responding to similar processes of change, with no group clearly more or less vulnerable than the other.

The relatively lower correlation in the movement of the two types of Pakistani migrants when all OAs are taken into consideration hides significant variations in borough by borough correlations at the OA level. While the correlation for all 23,406 London OAs is at 0.384, this figure climbs to 0.572 for Barking and Dagenham and to 0.557 for Merton. There are eight boroughs in which the borough level OA correlation coefficient between the movements of those BIP and for UKBP is higher than the coefficient for all London OAs. Two of these are Barking and Dagenham and Redbridge, the two boroughs which have seen the largest increase in their shares of both those BIP and of UKBP, and the neighbouring Waltham Forest. It thus seems that there is a strong similarity in the way in which those born overseas and those born in the UK move in this population cluster at the north eastern edge of London. There also seems to be a similarity in the movements of these two groups in Merton and Wandsworth. It is not clear why the three remaining boroughs show such similarity in the movements of the two groups, but it is significant that all three (Brent, Haringey and Greenwich) show departures of both groups between 2001 and 2011. Perhaps both groups are facing similar processes of displacement in these three relatively central boroughs. Overall it is clear displacement is a cogent explanation of the movement of Pakistani migrants in London.

Migrants of Caribbean origin

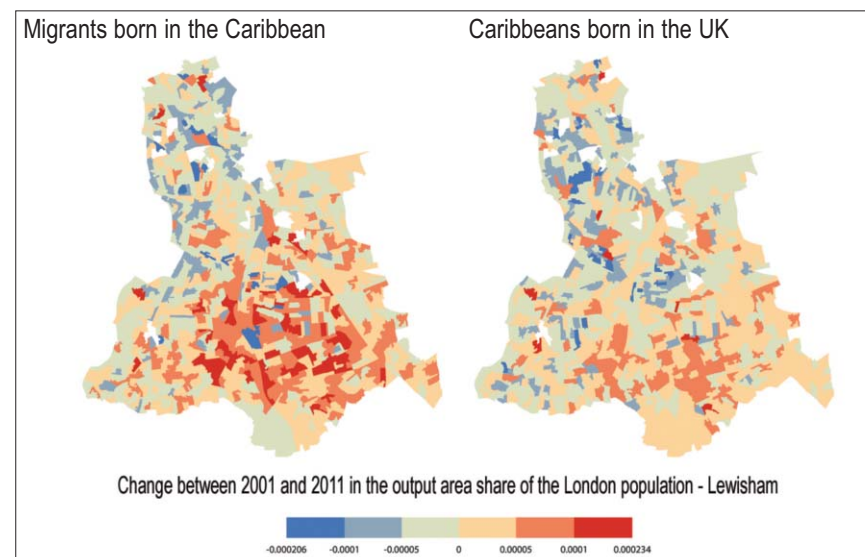
There does not seem to be an increase in migrants who were Born in the Caribbean (BIC) between 2001 and 2011: there were 136,477 such individuals in 2001 and 136,851 in 2011. This could be due to some moving out of London during that period, or it may also be a sign that migration from the Caribbean has come almost to a halt. In contrast, there are 35,572 more UK Born Caribbeans (UKBC) in 2011 than in 2001

- which includes those who selected White and Black Caribbean as their ethnicity. There were 264,817 of them in 2001 and 301,389 in 2011. It is thus possible to assume that the individuals BIC mostly arrived in the UK during the periods of strongest flow of migrants from the Caribbean in the 1950s and 1960s. Similarly to migrants of Pakistani origin, migrants of Caribbean origin have a high correlation in the change in settlement pattern between 2001 and 2011 at borough level (0.758). When all London OAs are considered the correlation between the changes in these two groups is the lowest of the five migrant groups looked at in detail (0.221). Again, this highlights a similar broad movement with important local differences in emphasis.

This group is more spread out than either the Bangladeshi or Pakistani migrants: there are eleven London boroughs with more than 4% shares of migrants of Caribbean origin, with the largest concentrations in 2011 in Croydon (8.4% of those BIC and 9.3% of UKBC), Lewisham (9% and 8.6%) and Lambeth (8.8% and 8.1%). There has been a notable shift from inner to outer London between 2001 and 2011, and this can be seen in the largest departures from Brent (-1% and -1.2% of the share of the total populations of those BIC and UKBC between 2001 and 2011), Lambeth (-0.5% and -1.1%) and Newham (-0.5% and -1.1%). In fact, the proportion of migrants of Caribbean origin has been falling in most inner London boroughs (13 out of 15 for those BIC and 11 out of 15 for UKBC). The largest increase was in Croydon (+2% for those BIC and +1.2% for UKBC), with smaller increases in Barking and Dagenham, Bromley and Enfield.

At the individual OA level, any strong correlation between the settlement patterns of those BIC and of UKBC disappears (correlation coefficient of 0.221). But again, this hides a variety of experiences within boroughs. There are 7 boroughs in which the correlation coefficient is higher than the all-OA figure, with the highest correlations in Lewisham (0.338), Redbridge (0.314) and Brent (0.302). The case of Brent (where both groups saw similar population losses) seems to point towards a common process of displacement which can be linked to similar configurations of relatively high correlations at the OA level within boroughs and common loss of population in three more of these 7 boroughs: Lambeth, Southwark and Hackney. There also seems to be a similar shift from Redbridge to Barking and Dagenham for these groups.

The case of Lewisham is intriguing because of divergent patterns at borough level: those BIC had an increase in their share in this borough (+0.9%) while UKBC saw a decrease (-0.3%). However, a more detailed look (see maps) indicates that both groups have felt displacement pressures from the north and the west of the borough but that the population of those BIC has increased in the south and east of the



borough to a much greater extent than that of UKBC. Could it be that UKBC have chosen to leave the borough altogether? In general, it is clear that both first wave migrants from the Caribbean and their children have felt displacement pressures in a number of the central London boroughs where they concentrate and that they seem to have responded in roughly similar ways – evidence which points towards a displacement type explanation even though the all-OA correlation coefficient was relatively low. If any hypothesis is to be made it is that the data indicates that UKBC are facing stronger displacement pressures than those BIC, with higher departures from the inner London boroughs of Lambeth, Newham, Haringey, Southwark and Lewisham.

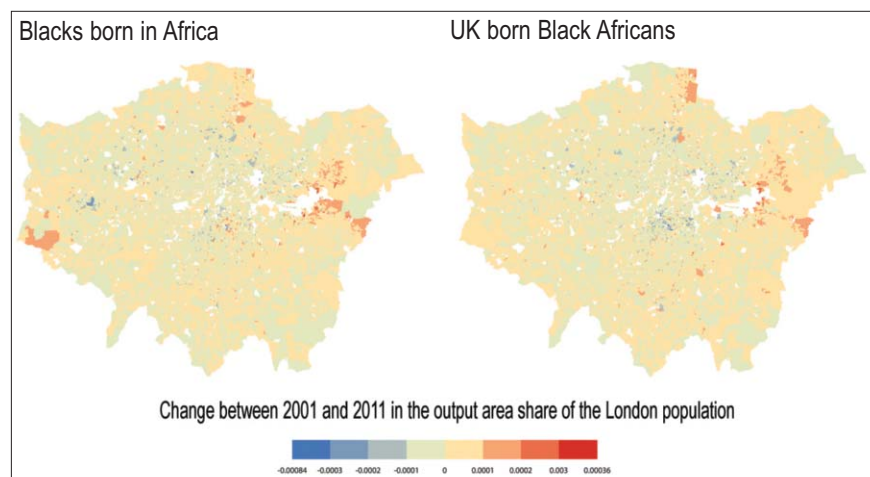
Migrants of African origin

In contrast to migrants from the Caribbean, migrants of African origin are the group with the strongest increase in those born overseas: the number of African Born Blacks (ABB) has almost doubled between 2001 and 2011, from 157,783 to 300,520. They are also the only group whose born overseas outnumber those born in the UK. UK Born Black Africans (UKBBA – including those who selected White and Black African as their ethnicity) did still increase significantly between the censuses: from 234,552 in 2001 to 292,253. These figures indicate a vibrant flow of migrants into London. Migrants of African origin present a very similar pattern to those of Pakistani and

Caribbean origin: a strong correlation in the movements of ABB and UKBBA at borough level (0.867) but a weaker correlation when all OAs are considered (0.372).

In contrast to migrants of Pakistani origin, but like those of Caribbean origin, these two groups tended to concentrate in inner London boroughs in 2001. The boroughs with the highest share of these populations were Southwark (10.1% of ABB and 9.2% of UKBBA), Lambeth (8.1% and 8.3%) and Newham (8.1% and 7.6%). However, between 2001 and 2011 many of the inner London boroughs where they were concentrated have seen falls in their share, including Lambeth (-1.7% of both ABB and UKBBA), Newham (-1.4% of ABB and -2% of UKBBA) and Southwark (-0.5% and -3% respectively). This has led to a fall in the overall proportion of these groups living in inner London: inner London boroughs had 55.4% of ABB in 2011 compared to 62.7% in 2001 and 51.3% of UKBBA in 2011 compared to 63.1% in 2001.

When the focus shifts to the correlation between the movements of those born in the UK and overseas between 2001 and 2011 for the OAs of each borough, it becomes clear that the highest correlation coefficients are reached in boroughs into which these two groups are moving. There are five boroughs where the correlation coefficient is above the all OA average (0.372). Four of these are at the eastern border of Greater London: Bexley (with a correlation coefficient of 0.698 and an increase in the share of ABB of +1.5% and of UKBBA of +1.6%), Havering (respectively 0.503, +0.8% and +1.1%), Greenwich (0.454, +1.7% and +1.3%) and Barking and Dagenham (0.416, +3.2% and +2.9%). The fifth is Enfield, with a correlation coefficient of 0.390 and an increased share of both groups of +1.6%. Apart from Croydon, these are the five main

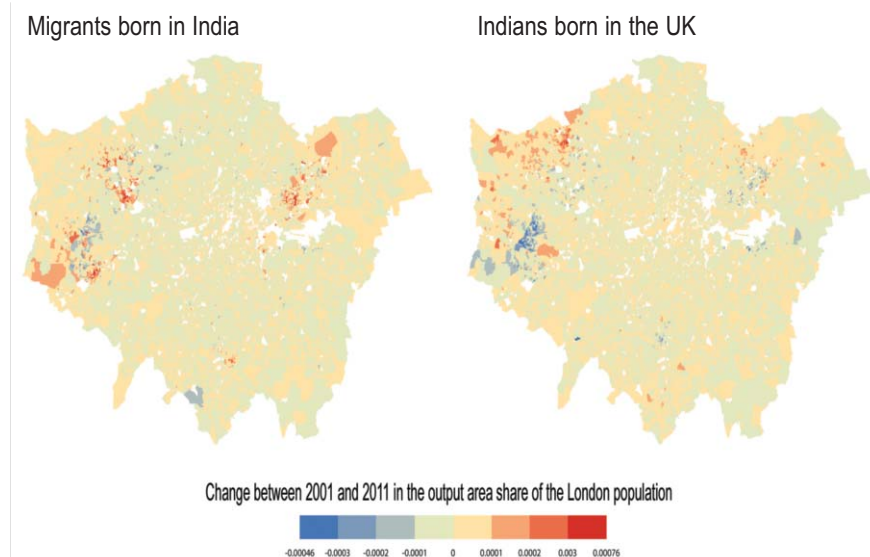


receiving boroughs for both African migrants groups. In contrast, all of the sending boroughs (some of which were highlighted above) have coefficients that range from 0.345 in Lambeth down to 0.122 in Camden. This seems to indicate a heterogeneity of departing conditions but a homogeneity of spatial solutions which involves relocating to the eastern and northern fringes of Greater London (see map above). It is striking that a group that may be composed of individuals from a large number of national contexts is responding in a similar way to displacement pressures in inner London.

Both groups of black African migrants seem to be similarly affected by these pressures, nonetheless there was a greater fall in the proportion of the UKBBA population in Southwark and Newham and a small increase in the Lewisham share of ABB. As in the case of the migrants of Caribbean origin, it is intriguing that those born in the UK are facing relatively more intense displacement pressures than those born in the originating countries. Two hypotheses are possible here. First, those born in the UK may be less attached to the areas of high concentration of their migrant group and may be more willing to move out to outer London. Second, selective migration may mean that more recent arrivals are of a higher socioeconomic class than those who arrived in the first migratory waves. In any case, the overall picture here is of a general movement (with a few exceptions) of both of these groups from very centrally located areas into very similar areas at the edge of Greater London, a movement which clearly favours the displacement explanation.

Indians

Migrants of Indian origin are the only group looked at here that have relatively low correlations coefficients at both the borough level (0.436) and at the all-OA level (0.234) in terms of the change in their settlement patterns between 2001 and 2011. Both those born in India (BII) and UK Born Indians (UKBI) are heavily concentrated in outer London and the share of their populations in outer London has increased slightly between 2001 and 2011: from 76.2% to 77.1% for those BII and from 80.4% to 81.8% for UKBI. This concentration in outer London may explain why Indian migrants are also the only group for which the number of UK born is relatively constant (260,002 in 2001 and 268,018 in 2011) while the number of those born overseas has increased significantly (167,526 in 2001 and 242,427 in 2011). Indeed, it is possible that there has been movement out of Greater London by a portion of the UK born. The majority of these two groups is concentrated in 9 boroughs but the share of those BII and UKBI in each of these borough varies. The boroughs with the largest shares of BII in 2011 were: Brent (with 10.9% of the BII population), Hounslow (10.1%) and Ealing (10.4%). For UKBI, these were: Harrow (15.1%), Brent (10.4%) and Redbridge (8.7%).



The proportion of the total population of Indians born in the UK and overseas in those boroughs changed in different ways between 2001 and 2011. Three of these boroughs have seen an increase in their share of those BII but a decrease in their share of UKBI: Newham (+2.6% for those BII and -0.8% for UKBI), Hounslow (+1.1% and -0.7% respectively) and Brent (+0.5% and -0.9%). When looking at UKBI alone, only three of the nine boroughs have seen increases in their share of this population, signalling a clear movement of concentration clearly visible on the right hand map above. These three boroughs are Harrow (+2.6%), Hillingdon (+2%) at the extreme western edge of Greater London and Redbridge (+0.7%) in the north east. In parallel, the map on the left above shows an increase of those BII in the boroughs which have seen a loss in their share of UKBI: Newham in inner north east London (+2.6% for BII and -0.8% for UKBI) and Hounslow and Brent in west London, with increases in the share of those BII of 1.1% and 0.5% respectively and losses in the share of UKBI of 0.7% and 0.9% respectively.

Migrants of Indian origin thus seem to be the only group looked at in detail here for which the observed spatial patterns corresponds to the 'spreading wings' model of migrant trajectories. Second generation migrants of Indian origin seem to be moving further out into outer London, leaving the more central borough of Brent to those born in India. It is striking that the large increases in the population share of those born overseas are in the same areas which those born in the UK are leaving in greatest num-

bers. This process explains the relatively lower correlation coefficients observed between the movements of these two groups, at the borough and all-OA level. The lowest correlation between OAs at borough level is in Newham (-0.112), a borough second generation migrants seem to have decided to leave for neighbouring Redbridge.

Conclusion

The 'spreading wings' model of migrant trajectories is a good explanation for the movements of the two groups of migrants of Indian origin. Each of these groups is now carving out its own space in the city: those BII in the historical cores of this migrant group and UKBI in the western and north eastern edges of Greater London.

The trajectories of the other four migrant groups looked at in detail here seem to correspond more closely to the displacement model, with significant movement by both those born in the UK and those born in the countries of origin away from the areas in which they most concentrated in 2001. The movements of these groups seem to be responses to common processes of change rather than attempts at consolidating or expanding the space they once occupied in the city. And this does not simply reflect the fact that groups which originally settled in inner London are more vulnerable. The case of migrants of Pakistani origin shows that groups in both inner and outer London are as vulnerable to displacement pressures. What this analysis also shows is that some London boroughs are serving as receptacles for a significant number of those displaced migrants, most notably are Barking and Dagenham (with significant increases in the share of every migrant group) and Redbridge (Bangladeshi and Pakistani migrants). The competition for space in these boroughs between these incoming migrant groups is certainly worthy of study. Further empirical work is needed into the links between the processes of displacement uncovered here and the extensive work carried out on the notion of gentrification in the London context.

Endnotes

¹The small geographical level at which the estimation procedure was conducted means that in some cases there was a higher number of overseas-born than of UK-born individuals of a particular group in a cell, thus yielding a negative number for those born in the UK. In these cases (ranging from 2.7% of OAs for migrants of Bangladeshi migrants to 6.5% for those of Indian origin), a value of zero was substituted for the negative values.

²The other ethnicity categories cannot be used for an estimation of the second generation migrant population in general because the percentages of those who selected these categories and who were born in the UK in 2011 are too small: 15% for White Other, 25% for Other Asian and 31% for the other ethnic groups (including the ethnicity Arab which was only introduced for the 2011 Census). This analysis can also not say anything about those who haven't completed the censuses.



“The scale of population growth achieved in London since 2001 has depended upon increases in crowding of the dwelling stock by new migrants from poor countries, which should not be expected to be repeated over the London Plan period.”

Fitting a quart in a pint pot? Development, displacement and/or densification in the London region

Ian Gordon

Introduction

Since the creation of a (mayoral) Greater London Authority in 2000, it has encouraged a view of London as an autonomously dynamic economy with minimal impacts on the rest of the Greater South East. One side-effect is to encourage a city-state mythology among external critics, identifying London with the interests of its problematic financial sector, and/or treating Londoners' relaxed attitude to diversity and internationalism as a deviant distortion of broader national sentiments.

However prejudiced such outside perceptions might be, exaggeration of London's effective independence has actually produced some substantively distorting effects in relation to the strategic responsibilities with which the GLA is charged. Under both Mayors these have included tendencies for planning documents (including the 2014 draft 'further alterations') to understate both:

- the extent to which the turnaround in London population trends since the late 1980s has been attributable to international migration (largely independent of the city's economic dynamism); and
- the degree of integration of housing markets across the wider metropolitan region, and indeed the whole Greater South East, with its implications for how such population growth effects are likely to be diffused.

In purely statistical terms, there is a clear recognition of the importance of both London's positive migrational balance from international flows and of the net outflow of migrants to other parts of the UK (preponderantly to areas within commuting reach of London) as components of the (past and future) balance of demographic change – and thus of housing need. These are treated, however, as independent elements to be forecast (or mechanically 'projected') on the basis of recent trends. What is lacking is any serious consideration of the processes underlying these two kinds of flow – including the dynamics of settlement among migrant communities – or the possible implication of these for how such 'trends' may be affected by the set of policies (of the GLA, central government and other authorities within London's extended region) impinging on available housing market opportunities..

The latest round of planning work (MoL, 2014) seems to be more seriously concerned over the question of how the large population growth now forecast for London is to be accommodated within its borders – if not whether it actually will be. Given that these forecasts simply project forward recent trends, from a period when construction rates have not been particularly high, two fundamental questions seem to have been begged, namely: how has this recent growth actually been accommodated within the city; and how likely are the processes which enabled this actually (and acceptably) to continue operating in the same way. The research summarily reported in this short chapter starts to address these questions, focusing particularly on evidence on recorded changes between the 2001 and 2011 Population Censuses.

Two particular reasons for emphasising the need to understand how recent population growth within London has been accommodated are that:

- it has occurred despite a clear failure to secure the rates of growth in the dwelling stock that earlier GLA estimates of housing need would suggest were required; and that
- in the decades before the turnaround, London's steady population contraction was widely understood as the consequence of constraints on the ability to satisfy rising demands for living space from increasingly affluent Londoners.

Taken together, these suggest a serious possibility that this recent population growth may have been enabled by factors and processes – perhaps linked to the circumstances of newly arrived international migrants – which will not necessarily continue to operate in the same way. In the rest of this paper, we investigate this, firstly by making a statistical distinction between three ways in which population changes in any area get accommodated (section 2), then examining evidence on each of these

in turn, for London and other parts of the Greater South East (sections 3-5), and finally identifying significant differences that these suggest for patterns of change in population and housing need in London and other parts of the Greater South East relative to those implied by projections of recent migration trends. A central message is that the scale of population growth achieved in London since 2001 has depended upon increases in crowding of the dwelling stock by new migrants from poor countries, which should not be expected to be repeated over the Plan period. In the very recent period, taken as the basis for projection of migration trends, a further important factor – which also should not be assumed to continue – has been the impact of stagnant/falling real incomes on the average Londoner's ability to secure additional living space.

2. Accommodating migrants in a dense city

In broad terms the accommodation of migrants in an area is achieved through a combination of:

- altering the density at which residential space is occupied (densification¹);
- inducing additions to the local stock of accommodation (development); and/or
- displacing some demand to other areas (displacement).

Densification

Densification can be seen as occurring in two ways: through the willingness of migrants themselves to occupy particular spaces more densely than other local residents would choose to (migrant densification); and through responses across the broader local population to intensified competition for residential space (market densification). Actually the first of these could operate in reverse (migrant de-densification) where a more affluent group of incomers chooses a less dense pattern of occupation – with conspicuous examples among recent foreign migrants into Kensington/Chelsea (or earlier domestic gentrifiers into Islington). But migrant densification is likely to be very much more common for those arriving in this region from overseas.

Development

Operationally, residential space is defined here in terms of the stock of rooms. Development thus includes home extensions as well as infills, conversions from other uses/vacancy etc. – all of which might otherwise be seen as involving densification –

provided that the net additions to the room stock were attributable to migrant-induced additions to demand for residential space.

Displacement

The third (arithmetical) contributor to the accommodation equation is displacement, defined here in terms which do not entail either duress or a necessary loss of welfare, but simply some shift in the balance of residential movement into/out of an area (by people other than new overseas migrants) attributable to the impacts of international migrants on local markets. In principle these markets could be labour markets, with displacement reflecting competition for an inelastic supply of jobs, but in this context at least it is very much more likely to be the inelasticity of residential space supply that is responsible for displacement between areas.

Such displacement clearly raises second-order issues of accommodation in the areas to which demand is diverted - to be resolved (again) by a combination of market densification, induced development and a further round of displacement. The ramifications of what is not absorbed through migrant densification within the neighbourhood of their settlement, or matched by induced development in relatively close areas with supplies of unconstrained land, are thus liable to be reflected in both market densification and development effects spread across surrounding regions.

Dynamics

Migration of any kind has evolving impacts over time, as each cohort of migrants moves through their life cycle, and the preferences/ aspirations/information shaping their residential decisions evolve. Where rates of primary migration are fairly stable, the familiar outcome is one in which there is a great deal of residential flux, and steady expansion in the urbanised area, but with much more stability in aggregate patterns of movement and of areal differentiation (by age, family/social status etc.).

Where waves of overseas migration are involved, with many coming from much poorer countries - as in the London region over recent decades - the dynamic effects may be a good deal more complicated, requiring closer attention in order to judge how future patterns of population and household change are likely to evolve. One reason is simply that these flows are a great deal more volatile, both because of the role of external crises in triggering particular waves, and because the impact of migration controls has been quite variable/uncertain. The other is that the large initial differences in aspirations and economic power that underlie migrant densification at the time of settlement are liable to be substantially eroded as migrants become integrat-

ed, leading to larger impacts in terms of displacement, induced development and some market densification as (poor) migrants' space standards converge on those of the native population. If large cohorts of such migrants continue to appear, they too may be packed in densely within the existing housing stock of destination areas such as London, but it cannot be assumed that those arriving earlier can still be accommodated in that way.

Patterns of Change 2001-11

Evidence on the roles of densification and development in accommodating recent population growth of different kinds can be found by looking at the detailed pattern of change at neighbourhood scale (Local Super Output Areas as identified by the census) across the Greater South East between the last two Censuses. This analysis focuses particularly on changes between 2001 and 2011 in:

- the total number of rooms in each area, and
- its relation to numerical changes in each of five population groups:
 - the UK-born;
 - migrants who had arrived in the country before 2001
 - from poor countries and
 - from rich countries; and
 - migrants entering the country between 2001 and 2011
 - from poor countries and
 - from rich countries.

Tables 1 and 2 summarise the broad patterns of change in these terms at a sub-regional level, for four broad rings of the (administratively defined) Greater South East (GSE)². Specifically table 1 shows that over this decade there was significant population growth right across the GSE super-region, though it proceeded most rapidly in areas near the core (Inner London particularly). Over the GSE as a whole, and for Greater London too, this was entirely attributable to growth in numbers of the foreign-born - principally among those born in poor countries (most strikingly in Outer London) but also for those born in other rich countries (particularly in Inner London). For the UK-born a significant outward shift was evident, from Outer London both to

the outer metropolitan ring and beyond to the Rest of the Greater South East. Inner London saw virtually no net change in the numbers of UK born, though this may well have concealed significant inward flows of young people from other UK regions, balanced by an outward shift of more mature groups to rings further out in the GSE.

As this table also shows, this population growth was accompanied in each sub-region by significant increases in the stock of rooms (in occupied dwellings), though with less variation in this than in rates of population growth – even though both were greatest in Inner London. For London as a whole the growth rate in rooms fell 5% below that in residents of private households which implies a substantial increase in crowding. However, in other parts of the GSE, particularly beyond the outer metropolitan ring,

Table 1 Rates of change in populations, rooms and density of occupation by sub-region 2001-11

	Rooms in occupied dwelling	All persons in private households	Average persons per Room	Persons born in:		
				UK	Other rich countries	Poor countries
Inner London	10.2%	14.7%	4.5%	0.3%	5.3%	9.3%
Outer London	5.9%	11.3%	5.4%	-2.3%	2.5%	11.4%
Greater London	7.5%	12.6%	5.1%	-1.3%	3.5%	10.6%
Outer Metro Area	6.6%	6.5%	0.1%	1.3%	1.0%	4.3%
Outer GSE	9.0%	6.8%	-2.2%	2.7%	0.8%	6.7%
Greater South East	7.8%	8.8%	1.0%	0.1%	1.8%	8.8%

Source: 2001 and 2011 Published Tabulations – summarised from (unchanged) LSOA figures

Notes

1. All population change rates are calculated relative to overall local resident numbers in 2001;
2. Residents in communal establishments have been excluded from figures for overall change but not from the breakdown by country of birth;
3. The operational definition of rich countries includes Western Europe, the USA and the Old Commonwealth.

numbers of rooms grew more rapidly than the population, lowering average densities of occupation – as might be expected with rising living standards.

Table 2 introduces a distinction between those of the foreign-born who had arrived post 2001, and who might thus be in their areas of original settlement, and those who were already in the country before then, and whose net changes will tend to reflect dispersals away from such areas³. For those from rich countries there seems to have been a dispersal from Inner to Outer London, modestly off-setting the strong concentration of arrivals in inner areas. The contribution of new arrivals from poor countries to growth over the decade was the dominant factor in all sub-regions, adding 15% to the Greater London population, and around 5% to that in the rest of the GSE.

Table 2 Net change between 2001-11 in foreign born as per cent of total 2001 population by UK new arrival and estimated dispersal effects

	New arrivals in UK from		Estimated net effect of dispersal of pre 2001 arrivals	
	Other rich countries	Poor countries	Other rich countries	Poor countries
Inner London	8.2%	16.2%	-0.8%	-4.9%
Outer London	2.6%	14.4%	1.1%	-1.2%
Greater London	4.7%	15.1%	0.4%	-2.6%
Outer Metro Area	1.3%	5.5%	0.5%	-0.5%
Outer GSE	1.3%	4.3%	0.2%	-0.6%
Greater South East	2.5%	8.4%	0.4%	-1.3%

Notes

1. See table 1
2. 'new arrivals' are those resident in 2011 who reported arriving in the UK in/after 2001;
3. The dispersal estimate is calculated by deducting these new arrivals from the net change in numbers between 2001 and 2011, and an estimated correction for exits (by death/emigration) based on national rates for poor/rich country origin and entry cohort (derived from the Labour Force Survey).

How these different population groups contributed to, and were affected by, changes in overall levels of crowding – or what increases in the stock of rooms their changing numbers might have induced – cannot be directly seen from Census tabulations. The next two sections thus turn to statistical regression analyses of these data, and some relevant contextual factors, to try to establish the causal impacts of changes in population numbers and composition on the incidence of densification and development between 2001 and 2011. The basic observations are the roughly 13,000 neighbourhoods (LSOAs) of the GSE super-region, supplemented by some aggregated data at Local Housing Market Area (LHMA) level⁴. Detailed results of these analyses are reported in Gordon (2014).

3. Explaining variations in densification 2001-11

Initial regressions showed proportionate rates of change at LSOA level in average persons per room to be substantially higher both in areas experiencing faster population growth and in those with better accessibility to jobs, though with some tendency also for convergence (i.e. for densities to grow least where they were already high in 2001). This suggests that both independent causes of faster population and an increased concern for job accessibility relative to living space may have played a role in the denser occupation of available living space within London over this decade.

When overall population change is split between the 5 population groups we have distinguished, however, it becomes evident that the dominant element is that of new migrants (arriving in the UK between 2001 and 2011) from poor countries, who were accommodated primarily through the denser occupation of existing residential space. Almost 60% of their numeric growth in residential neighbourhoods seems to translate into increases in density per room. Since LSOAs represent only very small parts of effective housing market areas, this should reflect (individual-level) migrant densification rather than (aggregate/ general) market densification. Another way of expressing the result is then that the average occupation of a given number of rooms by new migrants from poor countries was about 2.5 times that of established residents in the locality⁵. By contrast, it seems that new arrivals from rich countries did not significantly alter densities of occupation, while additions to the UK-born population had only a modest one.

Local changes in numbers of foreign-born residents who had arrived in the UK before 2001 had only an intermediate effect on densities, irrespective of where they had originally come from. In the case of those coming from rich countries, this might suggest that their densities of occupation actually increased with duration of stay. But we

know that this is a very diverse group with many people staying for only short durations – whereas arrivals from poor countries are much more likely to be permanent. In the rich country case we are likely therefore to be observing a difference between a population of new arrivals including a (relative affluent) group of short-term stayers and longer-term residents with different characteristics. In the case of migrants from poor countries, who represent the bulk of those coming to London, the evidence is consistent with an expectation that, as many of them advance beyond the bottom-tier jobs, in which half will initially have been employed, that their densities of occupation will also converge toward those of the UK-born population (as other evidence has suggested to be true for per capita household headship rates of migrants; Whitehead, 2011⁶).

The relation between the incidence of recent in-migration from poor countries and densification appears consistent across the sub-regions of the GSE. For those from rich countries, however, there are substantial differences, probably reflecting the heterogeneity of this group. Thus across Inner London, where the main concentrations are found, the effect of adding migrants from these countries appears the same as for growth in the UK-born, while in Outer London it is substantially higher, and in the rest of GSE about as strong as that of poor country migrants.

Controlling for these local effects of migration on densities, there is evidence also of a 'market densification' effect via population growth at the LHMA level adding to the overall pressure of demand for local housing. Taking account of this also raises the estimated proportion of the poor country migrant effectively absorbed by densification (rather than development or displacement) to 80%. Because there still seems to be some tendency for densities to rise in areas with better job accessibility, this is not the only cause of the disparity in room density trends between inner and outer parts of the GSE. But in the short-medium term the concentration of recent arrivals from poor countries in areas within Greater London does appear to have been the key reason why the city has been able to accommodate a rate of population growth running ahead of that in the housing stock.

4. Evidence of migration impacts on development

Similar regression analyses of local rates of change in the stock of rooms between 2001 and 2011 yield less clear-cut results. In this case control variables were included to reflect variations in supply constraints on developable (or occupiable) space, as well as the density of room occupancy at the start of the period. All of these were demonstrably significant: growth in occupied rooms was faster in localities where less

land was already urbanised or covered by planning constraints, where assessed brownfield potential was greater, where there had been more vacant dwellings and/or where existing room densities were higher. Some (rather weaker) positive relations were also suggested with the arrival rates of migrants, particularly from rich countries. But these apparent (migrant) effects were only evident at the local level, within particular LHMA's, and become completely insignificant at the level of local housing market areas, where they should actually become salient – and would have to be if there was to be any effect across London as a whole. At the London scale then it appears that additional development induced by demand from migrants made an effectively zero contribution to their accommodation.

5. Displacement effects from international migration

At the neighbourhood (locality) level, the likely significance of displacement effects – as the third of the means of accommodating migrants – could logically be inferred from what has been found for densification and development. But many other kinds of population change involve such local displacement, and what matters more in a planning context may be how far induced waves of displacement spread as shocks work their way through inter-linked housing markets. To get an appreciation of the strategic significance of displacement at a (sub-)regional scale it is necessary to look at time-series rather than cross-sectional evidence.

For Greater London as a whole the indications of strong displacement effects have long been evident from the mirror image patterns of net domestic and net international migration in time series graphs. At a more formal statistical level Hatton and Tani (2005) have confirmed this with panel analyses for the set of southern regions, which suggested displacement effects of international on domestic flows averaging around 45%. The underlying expectation there was that displacement was likely to be a labour market phenomenon. In the London/GSE context, however, where most (cross-border) residential movement is housing rather than employment related, displacement effects and other shocks seem much more likely to be related to the housing market.

Accordingly, the regression analyses reported here related net within-UK migrational flows (for the years 1981-2011) for London and the rest of the GSE (RGSE) to four sets of influence:

- net international migration to each region (separately)

- a UK housing demand indicator (changes in private completions) as proxy for influences on current demands for additional space;
- relative dwelling-prices (comparing London with the RGSE; and the GSE as a whole with the UK); and
- relative unemployment rates (making these two comparisons again).

The results suggest that for each of the latter two factors it is conditions at the GSE level which are relevant for both London and the RGSE (not differences between them), with lower relative unemployment rates and house prices at GSE level having similar positive effects on both parts of the super-region. This is consistent with the idea that the two regions are effectively integrated in housing and labour market terms, with net outflows from London to the RGSE reflecting a continuing disparity in space availability.

Fluctuations in their relative positions derive very largely from the two former factors. The more important is the general strength of (national) housing demand - reflecting cyclical and financial influences – which boosts outflows from London (and to a lesser extent the GSE as a whole) and inflows to the RGSE. But net international migration is also important, with evidence of significant displacement effects, after two years, from both London and the GSE as a whole – though not at all from the RGSE, consistent with the idea that such displacement stems from the tightness of space-constraints in a regional housing market.

For London as a whole, displacement beyond the region seems to account for 40% of the 'accommodation' of the international inflow (with much apparently going beyond the GSE). Logically, from the disparities in the role played by densification, it would be expected that – over the medium term at least - this inter-regional displacement was particularly linked to rich country migration into London, but this cannot be demonstrated with existing time series data. Neither can the existence of delayed effects of displacement by poor country migrants as their space expectations converge on those of other groups.

It is clear from this analysis that the main causes of fluctuations in domestic migration to/from London have very little to do with specific conditions in London, and much more to do with two sets of external influences – from the macro-economy and international migration which can cause substantial fluctuations in the balance of such flows away from any underlying trend that can be counted on continuing over the long run.

6. Conclusion

This piece of research has several implications for the analytical basis of the Mayor's plans for London, including the latest set of 'further alterations' (MoL, 2014), in relation to population and household projections and the way in which these are used in the development of strategic policies for housing provision.

The most general of these implications is that, particularly in the context of London and the Greater South East, it is inadequate, and potentially quite misleading, to generate (and rely upon) projections which simply and mechanically presume that population trends observed over a recent period of years will continue, without regard to the causal factors shaping and constraining those trends, and how these are liable to change. That is most obviously (and damagingly) true where the base period is one of unusual macroeconomic conditions (in this case the years of depressed income levels and housing market activity since the 2007/8 financial crisis) and/or where the dynamics of change have been radically altered over a slightly longer period (as with the great surge of inward overseas migration from the late 1990s). There will be repercussions that will continue to work themselves out during the Plan period, with changing (rather than constant) implications for patterns of migration and household growth in and around London.

These dynamics matter crucially in the London case because shifts in the balance of migrational flows between the city and other parts of the UK are determined not so much by any discernible trends in the city's attractiveness or competitiveness, but by how current circumstances affect the interaction between Londoners' housing aspirations and the limits on space available within London. Population growth within London is not determined, or predictable, independently of developments on these two sides of the city's housing market.

One important aspect of this - which has been demonstrated for earlier (post-war) periods but is shown again here for the past 30 years - is that the achieved balance of net outward movement depends substantially on national factors which condition the current level of effective demand for extra housing space (represented here by changing levels of private housing completions across the country as a whole). Lack of growth in real incomes since 2007 has greatly depressed this and thus the level of out-flow to the rest of the country has been well below that which is likely in more typical periods of growth, which are to be expected within the horizons of the London Plan⁷. Projections which ignore this, and rely on the continuation of recent trends are thus liable to substantially over-estimate future levels of population in London.

A second aspect, highlighted in this research, is that because net gains of population from overseas don't induce (nearly) proportionate additions to the housing stock - and housing availability does substantially affect population levels - these have led to substantial increases in the scale of net outward migration to the rest of the UK during the past 20 years or so. The extent of such 'displacement' to other parts of southern England is well below 1 for 1, however - more like 1 for 2 - primarily because new migrants coming from poor countries have accommodated themselves at much higher densities, in terms of persons per room. This reflects the fact that a large proportion of these only initially secure work in low paid jobs, well below the potential indicated by their level of education. That situation changes, however, and so do the housing circumstances in which they reasonably expect to live. Over the course of 20 years or so, but with half of the change occurring in the first 7 or 8, their housing space standards are likely to converge to those of natives (or rich country migrants). If nothing else changes, that will involve a substantial further boost to net domestic outflows relative to the levels which are currently being projected - up to the point where the displacement effect (since their time of arrival) reaches 100%, less whatever small margin might be absorbed by induced additions to the housing stock within London.

For two reasons, therefore, the mechanical assumption that recent levels of net migration to other parts of the UK remain constant for the Plan period (like those of international migration) are likely to involve significant over-estimates of London population growth. In both cases this is because the realistic aspirations of London residents for extra housing space - beyond that made available within London - run beyond those which were realised in this period. In one case, affecting everyone, this is essentially because of the interruption of a normal (long run) growth in real incomes. In the other, affecting just those recently arriving from poor countries (in the global 'south' or the European 'east'), it is because their level of earnings, and housing aspirations, have been temporarily depressed by initial barriers to the degree of economic and social integration which can be expected in the longer run.

As far as assessments of housing need within London are concerned, these observations and arguments are double-edged, however. If (mechanical) population growth projections are substantially overstated, on this analysis it is because (in these two sets of recently relevant circumstances) effective housing demands for the average Londoner have been depressed relative to those which should be expected to prevail over the Plan period - and so consequently are the numbers moving out to satisfy these where housing supply is less constrained. Recognising this bias in the population projections for London does not, however, necessarily mean that household pro-

jections (or other measures of required additions to the accommodation stock) are also overstated. This is because the key argument is that the same factors are likely to have led to an under-estimate of per capita household headship rates, or other measures of space requirements (in terms of rooms or areas).

What the evidence does imply, however, is that using this kind of projection methodology for other areas within the Greater South East is doubly likely to involve under-estimates of required levels of housing need (and probably of effective demand too). This is because of the combination of substantial downward bias in assumptions about levels of net outward migration from London, and some depression of likely expectations about the per capita headship rates/space requirements.

Other factors may also play unexpected roles. It is for example at least possible that the present government's aspirations to radically cut-back on international inflows might be realised within the time-frame of the Plan (against demographers' current assumptions). But two more general implications of the current analyses will stand. One is that intelligently informed planning needs to pay much closer attention to the causal processes underlying population trends, rather than relying on crude extrapolations of what has been observed in a recent (arbitrarily chosen) run of years. The other is that actual population changes for London, and its surrounding regions, reflect decisions of residents about what they can afford and where (not limited by administrative boundaries), interacting with those of others (and housing providers) right across this extended region which need to be the subject of integrated analysis (ideally on a co-operative basis), before strategic plans for any of them are made, 'altered' or approved.

Endnotes

¹ This use of 'densification' in relation to the occupation of a given stock of accommodation is much narrower than common usage in relation to planning policies or their impacts, which include additions to the stock within an area – here labelled as 'development'.

² Comprising the (former) London, Eastern and South Eastern Government Office Regions

³ As well as the incidence of deaths and re-emigration. For this table (only) net dispersal effects have been estimated by deducting likely death/emigration rates, on the basis of national rates of shrinkage between those years in numbers recorded in the Labour Force Survey for a series of arrival periods and rich/poor country origins, applied to estimates of the relevant local numbers as at 2001.

⁴ Using the lower level of the HMAs defined by Mike Coombes from CURDS at Newcastle University.

⁵ Assuming that their arrival does not stimulate any additions to the room stock: if there had been any substantial development effects the implied size differential would be greater.

⁶ And for those from poor countries initially crowded into the bottom tier of jobs (Gordon et al., 2007).

⁷ This point is also very clearly made in Champion's (2014) critique of ONS projections for London.

References

Champion, T. (2014) Personal thoughts on the ONS population projections for Greater London in the light of long-term trends in within-UK migration. Newcastle upon Tyne: CURDS, Newcastle University, mimeo

https://www.london.gov.uk/sites/default/files/BD123_Tony_Champion_paper.pdf

Gordon, I.R. (2014) Densification, development and/or displacement: accommodating migrant-induced population growth in London (and its extended region). London: LSE London, London School of Economics

Gordon, I.R., Travers, A. and Whitehead, C.M.E. (2007) *Economic Impacts of Recent Immigration on the London Economy* London: City of London Corporation

Hatton, T.J. and Tani, M. (2005) 'Immigration and Inter-Regional Mobility in the UK, 1982-2000', *Economic Journal*, 115, F342-F358

Mayor of London (2014) *Draft Further Alterations to the London Plan* London: GLA <https://www.london.gov.uk/sites/default/files/FALP.pdf>

Whitehead, C.M.E. (2011) 'Migration and its Impact on Housing Costs' in Marsden, D. (ed) *Employment in the Lean Years*, Oxford, Oxford University Press

Section 2. Border controls and the London economy



Image courtesy of Middlesex University

“Universities in London have expended considerable efforts to adapt to the visa regulations to maintain their ‘share’ of the international student market”

Higher education and immigration

Paresh Shah

London is a global centre for higher education. The city is home to 41 universities and higher education (HE) colleges supported by the Higher Education Funding Council for England (HEFCE), and there are at least 18 ‘campus branches’ of UK universities based outside London. In addition, London has approximately 200 private and alternative providers; at least four international universities and 24 campus centres for Study Abroad programmes from universities and colleges in the USA (UK Visas and Immigration, 2014a).

London has a unique cluster of teaching and research institutions which is highly attractive to students and academics. HEFCE supports a range of institutions - from research-intensive universities, teaching-led universities to specialist performing arts and design colleges and postgraduate-only research and training centres. However, the sector also faces challenges largely because of the higher costs of operating in the capital and factors such as transport, estates, student housing and staff costs (Grove, 2014a).

Students from Non-EU countries are a vital element of the London (and UK) HE sector, in terms of student diversity, economic impact and ‘soft power’. However, the Coalition Government considers a reduction in numbers of Non-EU students will help meet its net migration target within this Parliament.

This chapter provides background on the HE sector in London, summarises Coalition Government changes to immigration policy with regard to HE, and assesses the impact of policy changes on the recruitment of international students. To date, changes in visa regulations have had hardly any effect on the number of Non-EU students studying at HE level, but negative media reporting may well have a detrimental impact in the future on the reputation of HE in the UK. One solution would be for Government to demonstrate some flexibility and remove Non-EU students from its net migration target, as is the case in several other countries.

Higher education in London

Scale of London's HE sector

Data on the HE sector in London is based on information from HEFCE-supported universities and HE colleges which represent the 'mainstream HE sector'. There is a lack of data sources for the other groups of education providers based in London.

Collectively, London's mainstream HE sector has the following characteristics:

- a total of 385,000 students with 69% at undergraduate level *
- 34,000 Other EU and 67,000 Non-EU students *
- London hosts 24% of all international students in the UK *
- HE students make up 4.7% of London's population of 8.2 million estimated in the 2011 Census *
- 84,000 academic and non-academic staff *
- generates £17 billion annually in goods and services **
- provides £7.9 billion in GVA to London's economy **
- contributes £2.5 million in export earnings **
- supports 163,000 jobs at all skill levels **

* London Higher (2014); ** Universities UK (2014)

London's student population 2008-09 to 2012-13

This section presents data for the five academic years from 2008-09 to 2012-13. During this period, there have been twice as many undergraduates as postgraduates (Figure 1). Numbers of Other EU and Non-EU undergraduates have remained at about 25,000 for both domicile groups (Figure 2). Reductions in UK undergraduates from 2009-10 (Figures 1 and 2) could reflect the national picture where fewer students are registering for courses in undergraduate subjects other than first degrees (Higher Education Funding Council for England, 2014).

Total numbers of Non-EU postgraduates have had slight year-on-year decreases from 2009-10 predating recent student immigration reforms (Figure 3), and the reduction in postgraduate students in 2012-13 is probably due to fewer UK graduates taking up taught Masters courses, as indicated by our postgraduate survey.

The percentage of Non-EU undergraduates has increased from 10 per cent to 13 per cent of London's undergraduate student population in the past five academic years, while Other EU students have increased slightly from 6 per cent to 7 per cent and UK undergraduates have decreased from 84 per cent to 80 per cent.

Figure 1 Number of HE students in London

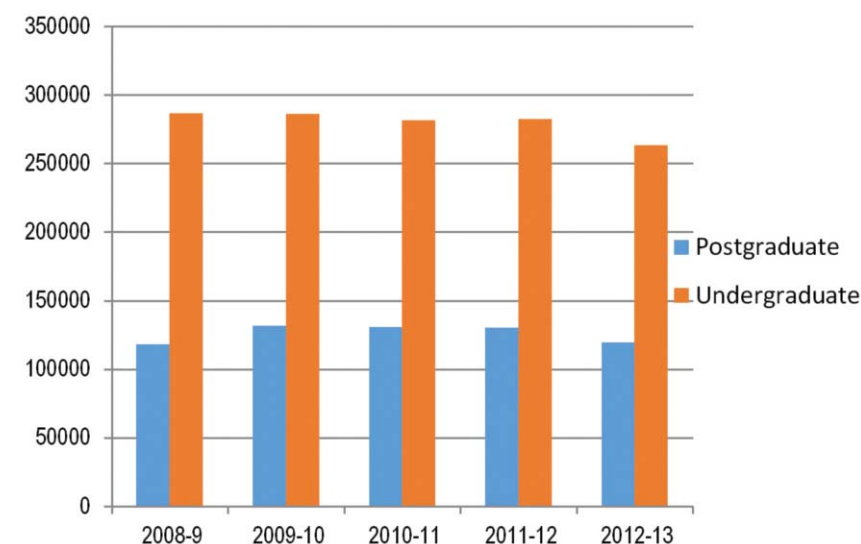


Figure 2 Number of undergraduate students in London by domicile

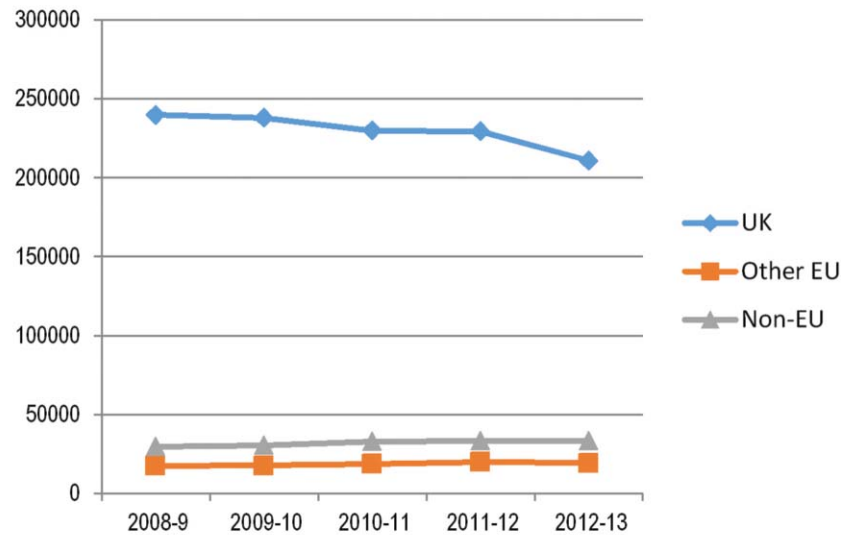
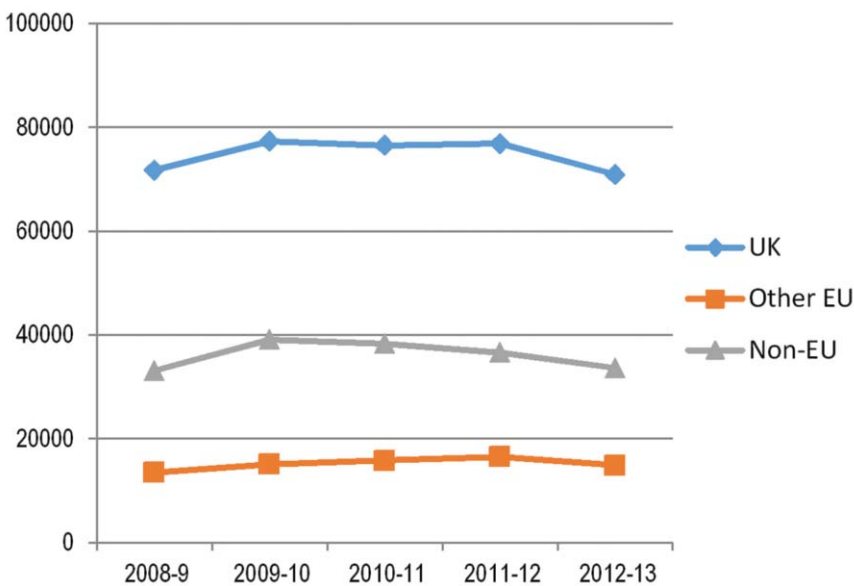


Figure 3 Number of postgraduate students in London by domicile

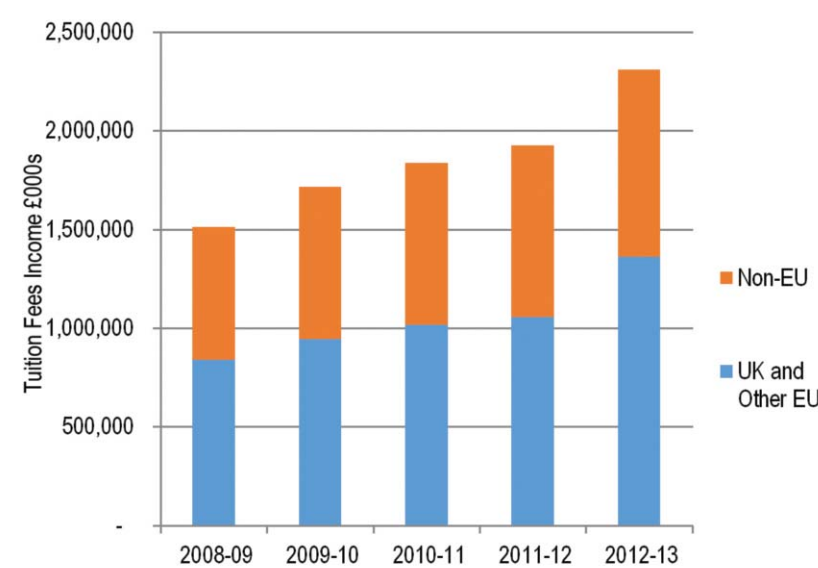


The percentage of postgraduates in London by domicile for the past five academic years has varied between 59-61 per cent of all postgraduates for students from the UK, 11-13 per cent for Other EU students, and 28-30 per cent for Non-EU students.

Estimates suggest there were 46,500 HE students in the non-mainstream HE sector in 2013, with 23,000 at private and alternative providers, 15,000 at campus branches, 5,000 in the Association of American Study Abroad Programme and 3,000 with the Erasmus exchange programme (London Higher/University of London Housing Services, unpublished data submitted to the Mayor's Academic Forum, June 2013).

Another way of measuring the volume of students in London is to consider the income that HE institutions (HEIs) derive from student tuition fees. From 2008-09, tuition fees from Non-EU students in London have comprised 45 per cent of total HE fees (excluding non-credit bearing courses, FE courses or research training contracts), but declined by 4 per cent in 2012-13 (Figure 4).

Figure 4 HE tuition fee income in London



Adapted from London Higher Factsheets 2009-2014, based on data collected by the Higher Education Statistics Agency.

The importance of Non-EU students to London

International students provide diversity to the student body, contribute to HE income and local and regional economies, benefit the academic community and many will act as future sources of 'soft power' for London and for the UK.

Government policy changes*Net migration targets and implications for higher education*

In November 2010, The Home Secretary announced a desire to reduce 'net migration' from the hundreds of thousands to the tens of thousands, adding to statements in the Coalition Agreement of May 2010 (Gower and Hawkins, 2013). Net migration is the difference between total numbers of migrants coming to the UK subtracted from those leaving the UK.

In 2010, the Migration Advisory Committee (MAC) argued that since international students comprised 60 per cent of Non-EU immigration, and estimated that Non-EU student numbers would need to be reduced by 60 per cent, or about 87,600 students, between 2012 and 2015 to meet the net migration target (Acton, 2011; Migration Observatory, 2011).

Policy changes were drawn up by Government with the aims of reducing alleged student visa abuse by education providers and reducing net migration (Migration Observatory, 2013a). From 2011 educational providers were required to have higher accreditation levels (Highly Trusted Sponsor status), while prospective international students faced additional checks for gaining Tier 4 student visas under a Points Based System. HE institutions now have legal responsibility for complying with visa regulations to maintain their sponsorship status, and may be prosecuted under criminal law if they are considered to have failed in their sponsor duties (UK Visas and Immigration, 2014b). Students at Further Education (FE) colleges and English language schools also faced extra restrictions (Migration Observatory, 2013a).

The Tier 1 Post-Study Work (PSW) route was changed in April 2012 into a form of Tier 2 visa. The post-study work visa had previously enabled international graduates to work in the UK for two years after graduation, but now international graduates have to seek a position with a minimum salary of £20,000 with certain other conditions (Gower, 2012).

Reforms to Non-EU student visas and accreditation requirements for education providers were implemented from April 2011 to the end of 2012 (Gower and Hawkins, 2013). The UK Borders Agency (UKBA) was tasked with overseeing student visa compliance but made numerous changes affecting sponsors, often at short notice, with 14 changes in three years (Underwood, 2012). This meant education providers had to employ or reassign staff to cope with visa workloads and regularly update their procedures as sponsors of existing and prospective international students.

Undoubtedly the changes caused great stress in HEIs as they adapted both to the new visa regulations and the rise in tuition fees for UK students. There was great personal distress felt by genuine international students who were refused student visas or even entry to the UK with a valid visa. Many perceived the UKBA to be acting at times in a capricious manner, supplying contradictory advice and providing very little value-for-money (National Audit Office, 2012; Redden, 2012). Conversely, it could be argued that the UKBA had little operational experience with HE and was familiarising itself with the sector and changes in the student visa regulations, with staff experiencing low morale (National Audit Office, 2012, 2014).

Impact on international student numbers in London*Online surveys by London Higher*

Given the concerns in the HE sector of the possible impacts of student visa reforms, London Higher conducted separate surveys on the recruitment experiences by its members and partners for overseas undergraduate and postgraduate students. Data was requested for recruitment to the 2012-13 academic year for Other EU and Non-EU students to determine if media reports and negative perceptions of HE in the UK had affected students from both domicile groups.

Undergraduate survey

An online survey of HEIs was conducted between November 2012 to January 2013 about their undergraduate numbers registered for 2012-13 from Other EU and Non-EU countries, possible reasons for any changes and views on recent differences to visa regulations.

A total of 29 HEIs responded to the survey, comprising 60 per cent of the 39 universities and 10 alternative providers who are members and partners, respectively, of London Higher.

Table 1 Changes in recruitment for Other EU undergraduates

Type of HEI	Increase in EU UG	Decrease in EU UG	No change in EU UG
HEI + medical school	2	1	0
other multifaculty	1	6	2
creative specialist	1	3	5
other (e.g. healthcare, education)	0	0	4
campus partners	1	0	2
Subtotal	5 (18%)	10 (36%)	13 (46%)

Table 2: Changes in recruitment for Non-EU undergraduates

Type of HEI	Increase in non-EU UG	Decrease in non-EU UG	No change in non-EU UG
HEI + medical school	2	0	0
other multifaculty	3	4	2
creative specialist	1	0	7
other (e.g. healthcare, education)	1	1	2
campus partners	1	1	1
Subtotal	8 (31%)	6 (23%)	12 (46%)

The responding HEIs were classified as either (1) HEI with medical school; (2) other multifaculty; (3) creative specialist; (4) other (postgraduate, healthcare or education specialist), or (5) campus partner. For Other EU undergraduates, 46 per cent (13 HEIs) declared there were no changes in student numbers while 36 per cent found decreases and 18 per cent indicated increases (Table 1).

For Non-EU undergraduates, 46 per cent again (12 HEIs) found no change in numbers compared with the previous academic year, 23 per cent experienced a fall and 31 per cent of HEIs had increased their student intake (Table 2).

Table 3 Changes in recruitment for Other EU for taught postgraduate courses

Type of HEI	Increase in Other EU PG(T)	Decrease in Other EU PG(T)	No change in Other EU PG(T)
HEI + medical school	0	2	0
other multifaculty	0	3	7
creative specialist	2	3	3
other (e.g. health-care, education)	0	2	5
Subtotal	2 (7%)	10 (37%)	15 (56%)

Postgraduate survey

This survey was carried out in Summer 2013, to find out information on 2012-13 with subsections on recruitment by type of postgraduate degree. Postgraduate (PG) qualifications are currently divided into two types: Taught PGs PG(T) are generally one year courses leading to a Masters degree, while PG studies by research, PG(R), lead to doctorate degrees and are often three to four years in duration.

A total of 29 (=62 per cent) from 47 London Higher members and partners responded to the survey on postgraduate recruitment.

Results for taught postgraduate courses

For students from Other EU countries, 15 HEIs (56 per cent of relevant sample) experienced no changes in numbers compared with the previous year for PG(T), while 10 (57 per cent) had reduced numbers (Table 3), mainly from Germany, France, Italy, Greece, Cyprus and Portugal due to a fall in applications and increased fees.

There was a mixed picture with Non-EU PG(T) students; eight HEIs (30 per cent) had no change in recruitment, but 10 HEIs (37 per cent) managed to increase their numbers (Table 4) through targeted marketing and a larger volume of applications especially from south east Asian countries such as China, Singapore and South Korea. Reductions were noted by nine HEIs (33 per cent) largely from India, Pakistan and Bangladesh, with fewer applications and negative perceptions of the UK for HE study cited as the main reasons for the fall.

Table 4 Changes in recruitment for Non-EU for taught postgraduate courses

Type of HEI	Increase in Non-EU PG(T)	Decrease in Non-EU PG(T)	No change Non-EU PG(T)
HEI + medical school	1	1	0
other multifaculty	2	5	3
creative specialist	6	1	1
other (e.g. health-care, education)	1	2	4
Subtotal	10 (37%)	9 (33%)	8 (30%)

Results for postgraduate studies by research

A total of 18 universities (72 per cent) indicated there were no changes in PG(R) recruitment for students from Other EU countries but six HEIs (24 per cent) had reduced intakes (Table 5). With Non-EU students, 16 HEIs (62 per cent) noted no changes in numbers, while four HEIs (15 per cent) had reduced numbers (Table 6). Declines in student numbers by some HEIs were noted from China, India and Nigeria which were the same countries where other HEIs had increased their market share, as well as Brazil.

Conclusions from online surveys

The HE sector in London managed to maintain high levels of international student recruitment despite the negative media perceptions and initial implementation of Tier

Table 5 Changes in recruitment for Other EU PG(R)

Type of HEI	Increase in other EU PG(R)	Decrease in other EU PG(R)	No change other EU PG(R)
HEI + medical school	0	1	1
other multifaculty	0	1	9
creative specialist	1	1	4
other (e.g. healthcare, education)	0	3	4
Subtotal	1 (4%)	6 (24%)	18 (72%)

Table 6 Changes in recruitment for Non-EU for postgraduate studies by research

Type of HEI	Increase in Non-EU PG(R)	Decrease in Non-EU PG(R)	No change in Non-EU PG(R)
HEI + medical school	1	0	1
other multifaculty	3	2	5
creative	2	1	4
other (e.g. healthcare, education)	0	1	6
Subtotal	6 (23%)	4 (15%)	16 (62%)

4 visa reforms. That the surveys did not find any consistent effects on international recruitment may not be surprising given the diversity of universities in London with different institutional strategies, resources, marketing efforts and student expectations.

Slight decreases in numbers of Other EU undergraduates were probably due to economic downturns in the countries concerned, while increases in Non-EU undergraduates were thought by survey respondents to be due to increased marketing campaigns in countries such as China, India, Hong Kong, South Korea and Russia.

While the overall numbers for undergraduate and postgraduate Non-EU students showed little change when aggregated for the mainstream HE sector in London, there were some noticeable differences between institutions for 2012-13. Several research-intensive HEIs had increased numbers of Non-EU students while mid-ranking or more teaching-focused HEIs showed decreases in their international numbers (London Higher, unpublished data).

Smaller creative specialist institutions may have maintained undergraduate numbers because of their international reputations, but subjects like engineering experienced substantial declines due to reduced numbers of students from India and Pakistan, largely because of the closure of the post-study work visa route.

Many universities substantially increased staffing resources for international student support services (e.g. UKBA liaison, student helplines) and targeted marketing efforts allowed them to mitigate against potential reductions in overseas recruitment.

The USA, Australia, Canada and Germany were regarded as strong competitor countries for both undergraduate and postgraduate students. Recently, students from India appear to be more attracted to studying in the USA or Canada. Australia had placed

restrictions on international student visas between 2009 and 2011 but recently implemented several reforms including a post-study work visa option to attract international students (Clancy, 2014).

Overall the online surveys provided mixed results but were taken shortly after changes in visa regulations had been introduced. Nevertheless the recruitment of Non-EU students indicates increasing uncertainty for HEIs which is likely to manifest itself in increased costs on marketing efforts and possibly a narrowing of target countries for international expansion, as HEIs become more conservative in their international ambitions.

Effects of visa changes on the wider education sector

One of the aims of the Home Office visa reforms was to reduce potential abuse of visa provision by educational institutions. Nationally, approved sponsored visa applications for study at FE colleges declined from about 110,000 to <40,000 within 12 months from early 2011, while study visas for universities have remained stable at about 160,000 between late 2010 and early 2014 (Office for National Statistics, 2014).

In London, a comparison of Tier 4 sponsors licensed to register Non-EU students by UK Borders Agency (2011) and UK Visas and Immigration (2014a) showed a decline in the numbers of education institutions by 56 per cent for private providers, 41 per cent for FE colleges and 40 per cent for English language schools (Table 7).

Other impacts on the HE sector in London

The changes in student visa regulations had several consequences for mainstream universities and alternative providers. First, increased resources had to be devoted by HEIs on interpretation and compliance with visa changes by the UKBA. Second, greater effort was required to monitor and assist international students. Finally, marketing efforts were needed to overcome the negative overseas press coverage of UK higher education especially in India (e.g. Mishra and Sharma, 2012).

Monitoring of international students

One of the first issues to emerge concerned attendance monitoring and visa compliance by universities. This was exemplified when the UKBA withdrew the Tier 4 sponsorship license from London Metropolitan University in August 2012, which became the second mainstream university to lose its license, after Glasgow Caledonian University which had had its license suspended temporarily in 2011. The UKBA's decision was mainly based on the examination of the visa status of 101 sample cases,

Table 7 Numbers of Tier 4 sponsors in London in 2011 and 2014

Sponsor group	2011	2014	Change %
Alternative providers (profit/not-for-profit)	476	210	-56
Schools (incl. independent and international)	105	95	-10
FE Colleges/Sixth Form colleges	58	34	-41
HEIs (HEFCE/non-HEFCE)	48	45	-6
English language schools	45	27	-40
Overseas HEIs (e.g. USA Study Abroad)	35	27	-23
Total	767	438	

Source: London Higher (unpublished data on Tier 4 sponsors in January 2011 and April 2014).

and considered 26 students who had been studying the previous year, between December and May, and had no leave to remain in the UK. London Metropolitan's license was reinstated in April 2013 by UKBA before a judicial review, initiated by the university, was due to be heard. (Grove, 2012; Richardson, 2013).

To assist international students at London Metropolitan in 2012, a task force was formed led by HEFCE involving the Department for Business, Innovation and Skills (BIS), Universities UK and the National Union of Students. It helped provide options for existing international students to remain and complete their courses at London Metropolitan or transfer to other UK universities (Higher Education Funding Council for England, 2012).

Post-study work visas

The Department for Business, Innovation and Skills, through the International Education Council, conducted online surveys in 2013 which included questions on how changes in Tier 4 regulations and closure of post-study work visas may have affected overseas recruitment, but the final recommendations did not address these issues directly (International Education Council, 2014).

In Autumn 2013, the Mayor of London's Cultural Strategy Group canvassed universities and HE colleges in London on the effects of removing post-study visas for graduates on creative arts courses. This showed a mixed picture, similar to the London Higher surveys, with just under half of the responding universities stating numbers of

graduates had been reduced since the abolition of post-study work visas (Greater London Authority, 2013).

In June 2014, the All-Party Parliamentary Group on Migration announced an inquiry into the closure of the post-study work route which is due to report in early 2015 (see www.appmigration.org.uk).

Access to accommodation and health services

As a counter to the economic and 'soft power' benefits of Non-EU students, Government developed arguments on the burden international students exert on local services such as housing and healthcare.

The Immigration Act passed in May 2014 introduced the responsibility for residential landlords to verify the immigration status of all tenants. In addition, primary care from the National Health Service is still free of charge but international students will be charged for NHS treatment in hospitals from 2015 (UK Council for International Student Affairs, 2014).

English language tests and illegal employment

The Home Office issued a statement on 24 June 2014 which appeared to conflate several visa compliance issues (Home Office, 2014a). The central problem addressed by the statement was that one of five approved English language testing centres, ETS, was found to have issued invalid test certificates in 2012 and 2013.

As the University of West London, the University of Bedfordshire and Glyndŵr University in Wales had accepted students with ETS certificates, they were immediately stopped from sponsoring new international students for entry to the 2014-15 academic year, although existing students were allowed to continue their studies. The licenses for 57 private FE colleges were also suspended, of which at least 30 are based in London (Home Office, 2014b).

After investigations by UK Visas and Immigration, the University of Bedfordshire and the University of West London were allowed to resume international recruitment on 5 August and 5 September, respectively, (Grove, 2014b; University of West London, 2014). A decision is still pending for Glyndŵr University (Glyndŵr University, 2014).

Another strand in the statement was visa abuse by illegal employment. International students attending privately funded FE colleges do not have permission to work, and

it was reported that 290 students at the London School of Business and Finance were working illegally.

Little attention has been paid to what the optimal number of alternative providers in London should be, but in a possible move to regulate privately funded colleges, BIS announced a consultation in June 2014 which could see the Skills Funding Agency assume responsibility for these colleges, which largely provide sub-degree courses for Higher National Diplomas and Higher National Certificates (Gravatt, 2014).

In what might be seen as a further tightening of sponsor status, from November 2014 universities and other education providers will lose Highly Trusted Sponsor status if 10 per cent of their international student applicants are refused visas; this had previously been set at a threshold of 20 per cent of applicants (Prime Minister's Office, 2014). This latest change applies to all education providers recruiting international students and could have a disproportionate effect on smaller institutions (Smith, 2014).

Monitoring quality of provision

Also announced in the June 2014 statement was a review by the Quality Assurance Agency of universities with campus branches or centres in London (Home Office, 2014a). This was to ensure the institutional policies and processes for teaching international students were the same at both the main university location and the London campus.

London has 11 campus branches and a further four are scheduled to open in 2014. It is a testament to the attractiveness of London that HEIs outside the capital - and outside England - see value in operating in the city. All of the current campus branches in London have passed their Quality Assurance Agency reviews, but the Home Office statement unhelpfully appeared to link these reviews with other education providers who were under investigation as part of the English Language test enquiry.

Discussion and conclusions

The inclusion of Non-EU, or international students in the calculations of net migration has been criticised since the majority of international students are only temporarily resident for UK studies and are not economic migrants (e.g. Migration Observatory, 2013b). Detailed analysis showed only 1 per cent of international students settled permanently five years after starting their studies in 2006 and 9 per cent had moved to a work-based visa category (Home Office, 2013a).

There is no internationally agreed method for measuring international student movements, or flows, but the USA, Australia and Canada report student flows so they do not contribute to permanent net migration figures (Cavanagh and Glennie, 2012).

Lobbying efforts on migration targets were led by Universities UK with other HE stakeholders and business organisations, including London First and the London Chamber of Commerce and Industry. The chief goal was to remove international students from net migration calculations and the migration target (e.g. Universities UK, 2012). Five Lords and Commons Select Committees recommended changing the inclusion of international students within the net migration target (Universities UK, 2013a, 2013b).

In February 2013, Government formally declined to remove international students from the target but stated that the Office for National Statistics will be improving the International Passenger Survey (IPS) for more accurate data on international students leaving the UK after completing their studies (Home Office, 2013b).

In March 2013, UKBA was abolished following a report on failings by the Agency, largely outside of the HE sector (Home Affairs Committee, 2013), and UK Visas and Immigration is now responsible for managing all visa applications with a dedicated Higher Education Assurance Team.

The visa policy changes affecting international students exposed conflicting attitudes in Government with BIS and the Treasury on one side and UKBA and the Home Office on the other. Several statements and reports were issued by BIS since 2011 recording the positive economic and 'soft power' benefits of international students and the growth potential of international education exports for the UK economy (e.g. Conlon et al., 2011; Department for Business, Innovation and Skills, 2013; Mellors-Bourne et al., 2013).

It is correct that any abuse of visa regulations by international students or education providers should be curtailed, but recent Government actions risk deterring genuine Other EU and Non-EU students from studying in the UK. There is a danger that treating all education providers effectively as one group (e.g. Home Office, 2014a) will have negative consequences for the mainstream HE sector and genuine alternative providers. The diversity of the mainstream HE sector partly accounts for the attractiveness of the London 'brand' to international students.

However, the rise in student numbers from south east Asia, especially China, may reduce the range of the international student population in London affecting the 'student experience' for UK and non-UK students. Substantial numbers appear to be

entering directly to the second or third year of an undergraduate course (Higher Education Funding Council for England, 2014). The decline in UK students for taught postgraduate courses may already be leading to an increasing reliance on international postgraduates to maintain and develop courses.

Despite the changes in visa regulations and associated reforms, in June 2014 the volume of applications through the UCAS system increased by 5 per cent for Other EU students and 7 per cent for Non-EU students compared with 2013 (Universities and Colleges Admissions Service, 2014).

Universities in London, as elsewhere in the UK, have expended considerable efforts to adapt to the visa regulations to maintain their 'share' of the international student market despite the recent changes, but it remains to be seen if this can continue, as negative media reporting and competition may well have a detrimental effect on international recruitment.

The current situation is a result of the unwillingness of the current Coalition Government to remove Non-EU students from the net migration target and to formally regulate, through legislation, the plethora of alternative HE providers which are concentrated in London.

Acknowledgements

London Higher wishes to thank the Higher Education Statistics Agency for permission to reproduce data on the higher education sector in London.

A map of the main locations of HE providers in London can be viewed at <http://www.londonhigher.ac.uk/members.html>.

References

- Acton, E. (2011) The UKBA's Proposed Restrictions on Tier 4 visas: implications for University recruitment of overseas students. Higher Education Policy Institute. Oxford
- Richardson, H. (2013) London Met wins back foreign student licence. BBC News [Online] 9th April. Available from: <http://www.bbc.co.uk/news/education-22080301> [Accessed 4 August 2014]
- Department for Business, Innovation and Skills (2013) *International education - global growth and prosperity*. London: BIS
- Cavanagh, M. and Glennie, A. (2012) *International students and net migration in the UK* Institute for Public Policy Research, April. London: IPPR
- Clancy, R. (2014) International applications to rise following visa changes. [Online] 21 January. Available from: <http://www.australiaforum.com/information/australia/international->

student-applications-to-rise-following-visa-changes.html [Accessed: 30 June 2014]

Conlon, G., Litchfield, A. and Sadlier, G. (2011) Estimating the value to the UK of education exports. Department for Business, Innovation and Skills Research Paper No. 46. London: BIS

Glyndŵr University (2014) Information for Tier 4 sponsored students on UKVI's suspension of the University's HTS license. [Online] 26 August. Available from <http://moodle.glyndwr.ac.uk/course/view.php?id=28§ion=16> [Accessed: 11 September 2014]

Gower, M. (2012) Immigration: Tier 1 (Post-study work) visas, Standard Note SN/HA/5881. London: House of Commons Library 20 July

Gower, M. and Hawkins, O. (2013) Immigration and asylum policy: Government plans and progress made, Standard Note SN/HA/5829. London: House of Commons Library

Gravatt, J. (2014) The future of Higher National Diplomas. [Online] 3rd July. Available from http://www.wonkhe.com/2014/07/03/the-past-and-future-of-higher-national-diplomas/?utm_source=rss&utm_medium=rss&utm_campaign=the-past-and-future-of-higher-national-diplomas [Accessed: 3 July 2014]

Greater London Authority (2013) *GLA Research on Post-Study Work Visas*, October. London: City Hall

Grove, J. (2012) 'London Met's student visa licence suspended'. *Times Higher Education*. 20 July

Grove, J. (2014a) 'London is another planet' *Times Higher Education* 29 May

Grove, J. (2014b) 'University of Bedfordshire can resume overseas student recruitment' *Times Higher Education* 5 August

Higher Education Funding Council for England (2012) London Metropolitan University licence revocation: fifth meeting of the task force, 8 October. Bristol: HEFCE

Higher Education Funding Council for England (2014) Global demand for English higher education, April. Bristol: HEFCE

Home Affairs Committee (2013) *Fourteenth Report: The work of the UK Border Agency* (July-September 2012). London: House of Commons

Home Office (2013a) *The Migrant Journey*, Third Report. Research Report 69, February London: Home Office

Home Office (2013b) Overseas Students and Net Migration: The Government response to the fourth report from the Business, Innovation and Skills Committee London: Home Office

Home Office (2014a) Statement on Student Visas. [Online] 24 June. Available from: <https://www.gov.uk/government/speeches/statement-on-abuse-of-student-visas-2> [Accessed: 2 July 2014]

Home Office (2014b) Home Office immigration action against education institutions: fact-

sheet. London: Home Office

International Education Council (2014) Barriers to growing the UK's education exports. Report presented at Council meeting. [Online] 26 February. Available from: <https://www.gov.uk/government/groups/international-education-council#council-meetings> [Accessed: 2 July 2014]

London Higher (2014) London Higher Factsheets for 2012-13. [Online]. Available from: www.londonhigher.ac.uk/factsheets.html [Accessed 16 June 2014]

Mellors-Bourne, R., Humphrey, C., Kemp, N. and Woodfield, S. (2013) *The wider benefits of international higher education in the UK* Department for Business, Innovation and Skills Research Paper No. 128. London: BIS

Migration Observatory (2011) International students: A+ or D- for the UK? [Online] 1st April. Available from: <http://migrationobservatory.ox.ac.uk/commentary/international-students-or-d-uk> [Accessed: 1 July 2014]

Migration Observatory (2013a) 4. Migration of non-EU nationals: effects of recent policy changes on net migration. In Britain's '70 Million Debate'. Oxford: Centre on Migration, Policy and Society

Migration Observatory (2013b) Net migration and emigration: An overview in Britain's '70 Million Debate'. Oxford: Centre on Migration, Policy and Society

Mishra, A. and Sharma, Y. (2012) UK visa changes driving Indian students away. University World News. [Online] 29 July. Available from: <http://www.universityworldnews.com/article.php?story=20120726143750978&query=UK+visa> [Accessed: 5 August 2014]

National Audit Office (2012) *Immigration: The Points Based System – Student Route* Report by the Comptroller and Auditor General. London: NAO

National Audit Office (2014) *Reforming the UK border immigration system*. Report by the Comptroller and Auditor General. London: NAO

Office for National Statistics (2014) *Migration Statistics Quarterly Report May 2014*. London: ONS

Prime Minister's Office (2014) New measures to tighten up the immigration system. [Online] 29 July Available from: <https://www.gov.uk/government/news/new-measures-to-tighten-up-the-immigration-system> [Accessed: 29 July 2014]

Redden, E. (2012) 'British Higher Ed's Visa Tensions' *Inside Higher Ed*. [Online] 6 September. Available from: <http://www.insidehighered.com/news/2012/09/06/british-higher-education-faces-tension-over-foreign-student-immigration#sthash.3q370M2o.dpbs> [Accessed: 28 July 2014]

Smith, B. (2014) UK will drop accepted visa refusal threshold to 10%. The PIE News. [Online] 29 July Available from: <http://thepienews.com/news/uk-drops-accepted-visa-refusal-threshold-10/> [Accessed: 11 August 2014]

Underwood, S. (2012) 'When worlds collide: why the UKBA sends the sector into a panic' *Times Higher Education* 7 June

UK Borders Agency (2011) *Register of Tier 4 sponsors* London: UKBA

Universities and Colleges Admissions Service (2014) *Deadline Applicant Statistics: June*. Cheltenham: UCAS

UK Council for International Student Affairs (2014) *Immigration Act 2014 – what is in force?* [Online] 25 July. Available from: <http://www.ukcisa.org.uk/Info-for-universities-colleges--schools/Policy-research--statistics/Policy-and-lobbying/Immigration-Act/> [Accessed 2nd July 2014].

UK Visas and Immigration (2014a) *Register of licensed sponsors – students* London: UKVI

UK Visas and Immigration (2014b) *Tier 4 of the Points Based System Guidance for Sponsors. Document 3: Sponsors Duties and Compliance, Version 07/14*. London: UKVI

Universities UK (2012) *Parliamentary Briefing, Oral Question: Benefits to the UK of ceasing to classify foreign university students as economic migrants (Lord Hannay of Chiswick)*, 3 July. London: Universities UK

Universities UK (2013a) *Parliamentary Briefing, Backbench Business Debate: (i) Motion relating to student visas*, 6 June. London: Universities UK

Universities UK (2013b) *Parliamentary Briefing, Debate: Lord MacGregor of Pulham Market to Move that This House takes note of the impact of student visa policy on admissions to universities in the United Kingdom and Northern Ireland*, 31 January 2013. London: Universities UK, London

Universities UK (2014) *The economic impact of the London higher education sector*, April Universities UK

University of West London (2014) *UWL resumes recruitment of international students*. [Online] 5 September. Available from: <http://www.uwl.ac.uk/news-events/news/uwl-resumes-recruitment-international-students> [Accessed: 11 September 2014]

Sustaining the City of London's global labour market*: the role of highly-skilled immigration in banking, financial and professional services

Jonathan V. Beaverstock

Introduction

London's world city credentials and global financial centre status make it an incredibly appealing location for leading global transnational corporations and small and medium sized enterprises (SMEs). These firms have been the catalysts for creating London's global labour market demand for, to aptly borrow a phrase from the Prime Minister, David Cameron, "...the brightest and [the] ... best" (HM Government 2013). The City of London, and later Canary Wharf, have been at the vanguard of attracting highly-skilled immigrants from Europe, the Americas, the Middle East and Asia to work in its banking, financial and professional services economy, going back to the dawn of the Twentieth Century (see, Michie, 1999). Or, to put it another way, "...the City of London – is foreign owned and staffed by a global elite of economic migrants" (Islam, 2004). London's highly globalised and innovative banking and financial system, and closely-supportive professional service sectors (accounting, insurance and legal services for example) have created a global financial centre which is reliant on a global talent pool of labour to push forward innovation, create Gross Value Added (GVA) and, importantly, drive competitiveness in a global industry.

The purpose of this chapter is to briefly outline the role and functioning of the City's global talent and immigrant labour pool, but in an over-arching context of the British Coalition Government's tight 'management' of highly-skilled immigration. The City's talent pool is composed of thousands of highly-skilled international immigrants who

*The term City relates to London's premier cluster of banking and financial and professional services located primarily in the 'Square Mile' (the Borough of the City of London) and Canary Wharf, in Tower Hamlets. There are also pockets of high-value banking and professional services located in the West End of London (see, Cook et al, 2007; Corporation of London, 2003).

come from 'all corners of the world' who work alongside British 'financial elites' (see, Hall, 2009) in the mainly foreign-owned financial and professional services transnational corporations that crowd the skylines of the City, Canary Wharf and West London (see, Beaverstock, 2010; Beaverstock and Hall, 2012; The Corporation of London, 2011a; Jones, 2010; Z/Yen, 2014). Since 2010, the British Government's clampdown on highly-skilled immigration from non-European Economic Area (EEA) citizens, managed through the Home Office's Tiered Points Based System (PBS) for visa entry, has however not been universally welcomed by the City's globally 'footloose' financial community. As the Economist (2012) reported, "The City's status is under threat. Migration rules are off-putting and the political rhetoric unwelcoming." By using the term, "threat", The Economist is making a direct link to the City's competitiveness. If talent is put off from coming to London, quite simply they will go to places like Singapore, Paris or New York, and London's competitiveness will be on the wane.

Following this introduction, this chapter is divided into four substantive parts. Part one examines the role and function of the City's global talent pool and those highly-skilled immigrant workers who are essential to producing the City's competitiveness within a network of global financial centres. Part two analyses publicly available immigration statistics, drawn from the Office for National Statistics (ONS) Long-Term International Migration (LTIM) Series for professional and managerial migration, and Home Office Tiered PBS visa application data. This part aims to assess the changes which have occurred in both EEA and non-EEA immigration from UK and London perspectives. Part three focuses directly on London's labour market for 'City-type' jobs¹, and will assess the magnitude of estimated foreign labour in London during the 2000s and up to the present. Finally, part four presents a number of conclusions.

The City, its workforce and competitiveness

In March 2014, Z/Yen (2014) published the eagerly awaited, Global Financial Centres Index (GFCI) 15 on the competitiveness of international financial centres around the globe². In the previous 14 GFCI's, dating back to 2007 (two indexes are published a year), London had consistently retained the number one ranking above its nearest rival, New York. But, to the consternation of the UK and City financial community, in the GFCI 15 survey, London had for the first time slipped down the rankings to second place, which made eye-catching news in The Financial Times (2014a). It reported, "New York ousts London as top financial centre". Looking closely at London's relative demise in the GFCI 15, one important factor had emerged which was not present in any of the previous surveys. London for the first time had lost ground on New York with respect to Human Capital (table 1), which the inaugural GFCI 1 had stated

Table 1 Global Financial Centre Index (GFCI) competitiveness ranked by People/Human Capital, 2007 – 2014

GFCI 1	GFCI 3	GFCI 5	GFCI 7	GFCI 9	GFCI 11	GFCI 13	GFCI 15
London	London	London	London	London	London	London	New York
New York	New York	New York	New York	New York	New York	New York	London
San Francisco	Hong Kong	Singapore	San Francisco	Hong Kong	Hong Kong	Hong Kong	Hong Kong
Chicago	Singapore	Hong Kong	Chicago	Singapore	Singapore	Singapore	Singapore
Hong Kong	Zurich	Zurich	Hong Kong	=Shanghai	Tokyo	Zurich	Tokyo
Toronto	Frankfurt	Frankfurt	Toronto	=Tokyo	Chicago	Tokyo	Zurich
Singapore	Geneva	Chicago	Singapore	Chicago	Seoul	Boston	Boston
Zurich	Chicago	Geneva	Zurich	Zurich	Shanghai	Geneva	San Francisco
Montreal	Tokyo	Boston	Montreal	Geneva	Boston	Frankfurt	Geneva
Boston	Sydney	San Francisco	Boston	Toronto	Zurich	Toronto	Toronto

Source: Z/Yen (2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014)

was, "...the single most important factor in financial services competitiveness" (Z/Yen, 2007, p.11; also see Cook et al, 2007; Corporation of London, 2011a, 2011b). In effect, London's financial community was experiencing disruption, whether actual or perceived, in the supply of skilled personnel which resonated entirely with Z/Yen's explanation for London losing its crown in the Human Capital sub-sector; "...London's reputation has suffered due to ... the UK appearing unwelcoming to foreign workers and visitors". Moreover, throughout the GFCI 15 survey, Z/Yen (2014, p.7) had identified from respondents that one of the main areas of concern about the competitiveness of financial centres, including London, was, "...immigration regulation rigidity".

Such rigidity is unhelpful in a truly global industry where the City's competitiveness disproportionately rests on the knowledge and performativity of its globally functioning talent pool, and the ability of its firms and institutions to attract and retain highly-skilled banking, and financial and professional services workers from across the globe, irrespective of nationality (Beaverstock, 2010; Beaverstock and Hall, 2012).

At the crux of the City's competitiveness and race to remain a leading global financial centres, "...is the functioning of its global labour market, of which immigration is a key process" (Beaverstock and Hall, 2012, p.272). Many commentators suggest that the City's past, present and future credentials as a global financial centre are closely aligned to the quality and depth of its global talent pool, in situ (Beaverstock and Smith, 1996; Corporation of London, 2011a, 2011b, Deloitte, 2014, Jones, 2010; PricewaterhouseCoopers, 2010; Thrift, 1994), and its magnetic attraction for nurturing and nourishing this labour pool with a continuous through-flow of talented people from around the globe (Wigley, 2008). As far back as the late 1980s, The Economist's (1988, p.34) Survey of the City of London, put "...the pull of people" at the heart of the City's competitive credentials, noting that, "London's greatest asset is its pool of talented financiers ... [working] ...alongside the locals is a pool of international financiers." The City is a unique place to work given that its industrial structure is dominated by hundreds of the global leading multinational accounting, banking (wholesale, retail, commercial, private), consulting, insurance, legal, real estate and auxiliary financial services corporations, and a constellation of 'boutiques', SMEs³, whose internal labour markets are composed of thousands of employees drawn from across the globe (Augar, 2001; Beaverstock, 2010; Clarke, 2002; Cook et al, 2007; Corporation of London, 2014). As I and others have noted elsewhere (Beaverstock, 1996; Beaverstock and Smith, 1996; Beaverstock, 2010; Jones, 2010) since the late 1980s and the 'Big Bang', the City, like many other leading financial centres, operates as part of a global labour market, which is highly mobile and flexible, and if there are any disruptions in the migratory corridors between London-New York, London and other European centres, or London and Asia (particularly Singapore, Hong Kong and Tokyo), the City can quickly experience a dearth of talent as the highly-skilled go elsewhere, for example to New York or Singapore (Faulconbridge et.al, 2009a).

The global functioning and practice of the City's local labour market, comprising the internal labour markets of transnational firms and SMEs, facilitate the conditions and need for immigration and emigration (both long and short-term) from within and outside of the EEA. Research from a number of commentators, including the Corporation of London's (2011a) Access to Global Talent report and academic

research on the City (Beaverstock and Hall, 2012; Jones, 2010) identifies the City's inherent labour market characteristics as creating the demand for immigrant labour within the context of the global circulation of talent:

- Firms recruit foreign staff from their external labour market to fill job vacancies which cannot be plugged from the local (or internal) labour market;
- Firms need the most talented labour force possible, irrespective of nationality, to remain competitive in the City, on the global stage and in serving a global clientele;
- Firms recruit particular foreign nationalities to develop new linkages and relationships with foreign organizations and institutions that are not in the City;
- Firms circulate foreign staff within their global internal labour markets for the purposes of training, sharing/exchanging knowledge and best practice);
- Firms recruit foreign labour in periods of economic boom if local labour market conditions are tight.

But, what reinforces the need for the City's institutions and firms to look outwardly in the global labour market for immigrant talent is linked fundamentally to the actual nature of the work being undertaken in the City by its workforce across banking, financial and professional services occupations. 'City-type' work is inherently transnational or global in scope (Beaverstock, 2007; Cook et al, 2007; Jones, 2010). It is highly-skilled, highly-specialised, knowledge-rich, complex and, often non-substitutional in the local, regional, national or even the EU environment (Clark, 2002; Hall, 2009; McDowell, 1997; Thrift, 1994), but the persons with the appropriate talent may well be abundant in New York, Chicago, Singapore, Hong Kong, Moscow, Dubai or Shanghai. 'City type' work can also be very client-focused in both wholesale banking and across a range of professional services (accounting, insurance, legal services) which often trigger named individuals or teams of individuals to move into the City from outside the UK (originating from within or outside the EEA) to work for a client directly in a secondment arrangement or represent the interests of the client from the London office (Beaverstock, 2007; Faulconbridge, 2008).

Whatever reason foreign nationals come to work in the City, the Corporation of London (2011a, p.23) reminds us that, "...the main reason why employers recruit from outside the EU is that they cannot find the desired skillset in ... the ... EU." Not surprisingly, the City and London Mayor, Boris Johnson were very quick off the blocks to

Table 2 Long-term international professional and managerial migration trends by citizenship (000s) 2002-2012

	All	British	Non-British	EU	EU15	EUA8	All Com	Other Foreign ¹
2012 Inflow	124	38	87	30	23	5	36	21
Outflow	112	63	49	20	17	2	19	10
Net	+13	-25	+38	+9	+6	+3	+18	+11
2011 Inflow	142	33	110	35	24	9	47	27
Outflow	125	67	58	27	22	3	20	11
Net	+17	-35	+52	+8	+1	+6	+27	+16
2010 Inflow	152	39	114	30	21	8	52	31
Outflow	113	60	53	24	20	4	21	8
Net	+40	-21	+60	+6	+1	+4	+32	+23
2009 Inflow	152	36	115	33	24	6	49	34
Outflow	128	54	74	34	25	8	28	28
Net	+23	-18	+41	-2	-1	-3	+20	+22
2008 Inflow	187	40	147	46	29	13	61	40
Outflow	147	79	68	33	21	11	25	10
Net	+40	-39	+79	+12	+8	+2	+36	+30
2007 Inflow	168	30	138	43	25	17	61	33
Outflow	112	67	45	16	13	3	22	8
Net	+55	-37	+92	+27	+12	+14	+39	+26
2006 Inflow	154	24	130	27	20	7	74	29
Outflow	125	80	45	12	10	1	23	11
Net	+29	-56	+85	+15	+10	+6	+52	+18
2005 Inflow	168	37	131	29	16	12	66	36
Outflow	137	82	55	16	14	2	26	13
Net	+31	-45	+76	+13	+2	+10	+40	+23
2004 Inflow	175	35	140	28	21	7	69	+43
Outflow	114	74	40	11	11	-	20	9
Net	+61	-39	+100	+17	+10	+7	+49	+35
2003 Inflow	146	44	102	12	12	-	52	38
Outflow	108	64	44	15	15	-	21	8
Net	+38	-20	+58	-3	-3	-	+32	+29
2002 Inflow	139	39	100	17	17	-	46	37
Outflow	123	77	46	17	17	-	20	10
Net	+16	-38	+54	+1	+1	-	+26	+28

¹ From 2004, Other Foreign excludes the EUA8 countries that joined the EU. From 2007, excludes Bulgaria and Romania who joined the EU in 2007.

Source: ONS LTIM, annual data 2000-2012 (by citizenship prior to migration). Series MN Table 3.13

lobby the UK Coalition Government over its management of long-term and short-term international migration and application of the PBS for non-EEA immigrants in 2011 (Mayor of London, 2010).

They particularly targeted Tier 2 PBS entry for highly-skilled workers for the purpose of work (with a sponsor, including ICTs). As Angela Knight, the CEO of the British Bankers Association reported in the London Evening Standard (2010), "[W]e are certainly in favour of a *flexible* cap as it applies to financial services, and banking in particular" (emphasis added).

Professional and managerial immigration to the UK – some key trends

At the aggregate level, migration statistics for British and non-British professional and managerial occupations entering and leaving the UK for more than one year are included in the LTIM Series (Long-Term International Migration) series published by the Office for National Statistics (ONS) (ONS, 2012). Data showing the immigration (inflow), emigration (outflow) and net migration (difference between inflow and outflow) for total LTIM in professional and managerial occupations, by citizenship, between 2007 and 2012, shown in table 2, are the latest figures publically available. Since 2008, there has been a reduction of 34% in the inflow of professional and managerial immigrants from 187,000 to 124,000, which is not surprising given the onset and effects of the global recession, and more locally the UK recession and Eurozone crisis (Dobson and Salt, 2009; Salt and Dobson, 2013). But of particular interest in these data are the changes since 2010, at the onset of the British Coalition Government's tightening of immigration to the UK for non-EEA citizens (COMPAS, 2014; Migration Advisory Committee, 2012). Between 2010 and 2012, the number of professional and managerial immigrants entering the UK for more than one year has fallen by 28,000 (-18%) from 152,000 to 124,000, and the net migration rate has reduced from 40,000 to 13,000 (table 2).

Looking more closely at these data, the major decline in total immigration flows to the UK for these professional and managerial citizens can be mainly accounted for by reductions in the inflow of non-British persons from the Commonwealth and Other Foreign countries, i.e. those nationalities who are outside of the EEA and subject to the UK's Tiered PBS for allocating visa applications (for work, study or family/dependents). Between 2010 and 2012, net immigration inflow for professional and managerial citizens from the Commonwealth and Other Foreign Countries has reduced by 16,000 or 31% (from 52,000 to 36,000) and 10,000 or 33% (from 31,000 to 21,000), respectively. In the same period, the net inflow of professional and managerial citizens

from the EU has remained constant at about 30,000, but it actually rose to 35,000 in 2011. From this basic analysis of the LTIM statistics for non-EEA professional and managerial citizens to the UK, one could argue very strongly that the Coalition's targeted immigration policy, the Tiered PBS to allow entry for work, study or visit family is having the desired political outcome to reduce net migration, including professional and managerial migrants, into the UK

Moreover, Oxford University's Migration Observatory (COMPAS, 2014) report *Highly-Skilled Migration to the UK 2007-2013*, has reaffirmed the general trends in the ONS' findings (2013). Based on an analysis of the UK Labour Force Survey, COMPAS (2014, p.13) has highlighted a 39% fall in the number of non-EEA highly skilled (and educated) migrant workers entering the UK, from 154,000 in 2011 to 94,000 in 2013, noting, "...there has been a negative trend in this number since 2011, when policies to reduce net migration to the UK presumably began to have the bulk of their effects." In contrast, COMPAS (2014, p.15) suggests that between 2010 and 2013, there has been a 136% increase in the number of highly skilled and educated migrant workers coming to the UK from the (old) EU - from 33,000 to 78,000 - which they termed the 'Balloon effect'.

The publication of COMPAS' report (2014) received headline news in *The Financial Times* (2014b, p.1) focusing on the possibility of businesses losing out on highly-skilled workers as they faced ever tighter restrictions to work in the UK; "Visa curbs on highly-skilled migrants hit UK talent pool". But, to make a more fine grained assessment of non-EEA highly-skilled professional and managerial migration to the UK, it is important to look at recent trends in Home Office visa application (and ICTs) data, particularly for those involved in financial, real estate and insurance activities.

Immigration in 'City-type' jobs: financial, real estate and insurance activities

Before the introduction of the PBS for regulating the entry of non-EEA citizens to the UK, the processing of regulating visa applications for main applicants, dependents and extensions was through a Work Permit system in the Highly-Skilled Migration Programme (Dobson and Salt, 2009). Between 1995 and 2008 before the introduction of the PBS, the combined number of first and extension work permits for financial services, law related services and real estate and property services increased by 161% - from 3,457 to 8,995 and financial services accounted for 3,194 or 92% of the increase. Financial services accounted for 7,852, or 87% of the total (Salt, 2009; 2011). In 2008, the latest data available on Work Permit entry to the UK (first and extension permissions), 51% (4,024) were issued as ICTs, which indicates very

strongly the propensity of highly-skilled professional and managerial migrants in these skillsets to enter the UK from within the firm's global internal labour markets, their international office network or subsidiaries (UK Home Office Border Agency data, as reported in Salt, 2009).

The introduction of the PBS by the UK Home Office for controlling the entry of non-EEA citizens to the UK for purposes of work, study or family reasons (mainly as dependents) has been fine-tuned by the Coalition Government to reduce pro-actively net migration, particularly from the non-EEA (Salt and Dobson, 2013; *The Financial Times*, 2013). The current PBS for work purposes is divided into three main tiers: Tier 1 – highly-skilled migrants (including entrepreneurs, exceptional talent, investors); Tier 2 – highly-skilled migrants who have a job offer (from a named sponsor, including ICTs); and, Tier 3 – temporary workers. Tier 2 replaced the Work Permit system in the Highly-Skilled Migration Programme and, with Tier 1, has come under close scrutiny from the Coalition Government to cap visa entry. But, significantly, the Coalition Government has made an exception for ICTs in Tier 2 who remain outside the visa 'quota' (see Migratory Advisory Committee, 2012; Salt and Dobson, 2013). ICTs, although under tighter eligibility rules, do retain a relatively unrestrictive pipeline for banking, financial and professional services firms to transfer their highly-skilled non-EEA immigrants to London.

In 2012, a total of 37,600 PBS Tier 2 persons were allowed entry to the UK for work, of which 21,800 (58%) were ICTs, and for that same period, a total of 29,516 Tier 2 (sponsored with a job) including 8,656 ICTs (29%) were granted extensions of stay (Home Office, 2014). Interestingly, permission for first entry and extension of stay for total Tier 2 persons had actually increased quite markedly from the previous year, a 12% increase from 33,700 to 37,600, and a 62% increase from 18,195 to 29,516 respectively. ICTs had remained relatively constant for first entry (21,900), but had increased by 2,319, a 37% increase for extension of stay (Home Office, 2014). In 2013, Tier 2 applications for visas for work using sponsor certificates for the category 'financial and insurance activities' numbered 5,875, which was 73 more applications than in 2010 (Home Office, 2014). Data for 2011 and for the first six months of 2012 show that there were 7,199 (12.7% of the total number of certificates of sponsorship) and 3,761 (11.8%) certificates of sponsorship designated for 'financial and insurance activities', respectively. (For more information on sponsorship certificates granted by industry and occupation, see Salt, 2012.) In summary, from 2010-2012, there is little evidence to suggest that the Tier 2 PBS route of entry for non-EEA citizens in 'financial and insurance activities' has been significantly affected by the tightening of the

Coalition's immigration policy, partly because ICTs remain unaffected by the restrictive quotas on non-EEA visa permissions and extensions.

Focusing back on London's financial district and the demand for immigrant labour, of all nationalities, Beaverstock and Hall's (2012) analysis of 'City-type' jobs and estimates of foreign workers employed in these sectors are useful guides to set alongside official migration data sources. Beaverstock and Hall (2012, p.278-279) have applied Aldrick's (2009) estimation that at least a quarter of City-related jobs are filled by foreign workers (primarily in the City of London and Canary Wharf) to time-series employment data in 'City-type' jobs from 2000 to 2014, drawing on labour market data provided by the Corporation of London (various) and the Centre for Economic Business Research (CEBR, 2011). Beaverstock and Hall (2012) estimate that at the peak of the boom in 2008, there could have been 100,000 foreign workers of different nationalities, both EEA and non-EEA, out of a total of approximately 400,000 'City-type' jobs. By 2012, following the financial crisis, the CEBR (2012) had calculated that there were 250,000 'City-type' jobs in London. Applying Aldrick's (2009) ratio, there could have been an estimated 62,500 foreign workers in these occupations (table 3). Focusing specifically on the City of London and Canary Wharf, TheCityUK's (2014) London Employment Survey has estimated that the total number of jobs in financial

Table 3 Estimation of highly-skilled immigrants in 'City-type' jobs in London

Year	City Type of jobs	Estimated number of foreign workers
2007	354,000	88,500
2008	324,000	81,000
2009	305,000	76,250
2010	315,000	78,750
2011	288,000	72,000
2012	250,000	72,000
2013	237,000	59,250
2014	236,000	59,000

¹ Estimate of City-type jobs provided by the cebr (2012). The definition of 'City-type' jobs is explained in endnote 1.

Based on the '25%' ratio of total 'City-type' jobs as noted by The Corporation of London who estimated that there were 75,000 foreign workers in the total of 300,000 City related jobs in 2009 (source: Aldrick, 2009)

and professional services may have reached 326,000 in 2013 but these may have been employed in both wholesale and retail financial services activities. Applying the '25%' foreign worker ratio, 81,500 could have been foreign workers.

There are no accurate mechanisms to verify either Aldrick's (2009) suggested '25%' ratio of foreign workers to the total number of 'City-jobs' or Beaverstock and Hall's (2012) estimations of the number of foreign workers in 'City-jobs' between 2000-2014. But, as noted earlier, London's position as a pre-eminent global financial centre (see, Augur, 2001; Cook et al, 2007; French et al, 2009; Z/Yen, 2014) and global city (see, Deloitte, 2014; Massey, 2007; Sassen, 2013), created the conditions which generated the demand for global talent of all nationalities in large quantities - particularly through ICTs. The banking, financial and professional services are dominated by leading global transnational corporations (TheCityUK's surveys on: accounting (2011); fund management (2013); and legal services (2014)). Back in 1990, I termed these global labour market demand conditions as the onset of, "a new international labour market" for professional and managerial labour (Beaverstock, 1990, p.1). For example, in 2012 the number of foreign owned financial services firms in the UK, which are highly concentrated in London, were: 488 from the USA; 42 Swiss; 38 Japanese; 37 German; and, 30 French (Corporation of London, undated). More significantly, London at the last count has: over 250 foreign banks with representation from almost all the global US, European and Asian wholesale (investment) banks; a highly competitive insurance, private wealth management and professional services sector provided by the leading global firms in all sectors; and many global firms which have located their global or European headquarters in London (especially in accounting and law) (TheCityUK, 2014). All of these transnational firms, and 'boutique' SMEs, ensure that the labour market for 'City-type' jobs is functioning on a purely global scale, irrespective of whether they are located in a fixed position in the City, Canary Wharf or the West End of London. These firms not only drive the conditions for immigration to the UK for long and short periods, but also drive the global and flexible movement of 'City-type' work in portfolios of mobility, particularly involving international business travel and short-term rotations (Faulconbridge et al, 2009; Salt, 2009; Salt and Wood, 2012).

Discussion and conclusion

The City is in a "critical battle for talent" (Deloitte, 2014, p.1). The City needs a constant through-flow of talent to remain at the top of the leader board of financial centres. The city isn't unique in attracting non-EEA immigrants. All financial centres have cadres of highly-skilled foreign workers, who are intrinsically highly-mobile, and regu-

larly move between different centres within and between the internal labour markets of transnational firms (Beaverstock, 2005). As the economies of the 'west' pull themselves out of the recession, steered in part by growth in the service sector and particularly in 'City-type' industries across financial centres, the 'war for talent' (McKinsey, 1997) will again dominate the competitiveness of places like the City of London.

The UK's PBS for managing highly-skilled immigration has, on the whole, been favourable to the City's appetite for knowledge-rich immigrant labour from outside of the EEA, but recent data from the LTIM statistics for professional and managerial migration would question this claim at the UK scale. The Home Office has initially excluded ICTs from the Tiered PBS, and from official data sources and there is little evidence to suggest that actual flows in financial and related occupations are being significantly choked-off by a reduction in Tier 2 applications. The analysis from COM-PAS (2014) referring to the EU 'balloon effect' is of interest and relevance, but from almost thirty years researching the City's international labour market it is clear that the leading global transnational banks and related financial and professional services seek to recruit the best qualified labour for the vacancy, irrespective of national domicile and country of last residence. In many respects, unlike other sectors of the economy, the Home Office's management of non-EEA immigration for the City-type occupations has ensured that the City (and London's wider world city status) has not been undermined by a lack of talent. But, this observation is not without two important caveats to note.

Firstly, if there is an all encompassing perception from the City's financial community and lobby groups that the Coalition Government's tightening of visa application procedures (also involving ICTs) is making the outward facing image of the City "unwelcoming" for foreign talent, as noted by *The Economist* (2012), this perception may actually become concretised as 'fact' for those individual immigrants and sponsoring firms, and it could deter initial applications, and thus contribute to the tightening of the City's global labour supply. Secondly, firms based in the City and Canary Wharf are financially 'footloose' and do have the ability to switch capital and labour between their other international offices in Europe, North America and Asia. A tightening of the City's labour pool may not see the wholesale closure and relocation of firms to other centres, but particular labour shortages and the inability to attract and retain particular highly-skilled foreign workers, may lead to firms contracting certain parts of the business in London and expanding them in more 'welcoming' centres for foreign workers, like for example Singapore or Hong Kong.

In May 2015, the UK elects a new national Government. Immigration policy will be one of the political cornerstones in the forthcoming election campaign for all the major political parties, seeking to 'manage' or 'control' non-EEA immigration into the UK. If the new Government, pulls the current status quo for particularly Tiered 2 PBS (including ICTs) towards further reductions in quota and, or adds, more 'red tape', this may result in an actual and/or perceived choking-off of the supply of labour into the City. The Government will be walking a fine tight-rope. It could have quite a significant fall-out for the City as other centres in Europe and Asia benefit from London's loss of talent. Equally, if the future Government relaxes further or streamlines Tiered 2 PBS visa applications and ICTs, the City will once more be able to advertise its welcoming and receptive credentials for labour of all nationalities, which will not only enhance its competitiveness as a global financial centre, but will sustain London's status as a cosmopolitan world city.

Endnotes

¹ Most definitions of 'City-type' jobs include employment which is in the wholesale financial services sector in the London economy, which also includes closely aligned jobs in accounting, insurance and legal services for example, which are mostly geographically concentrated in the City of London and Canary Wharf and therefore, by definition exclude non-wholesale activities like parts of retail banking (CEBR, 2012). Also see: <http://www.cityoflondon.gov.uk/business/economic-research-and-information/statistics/Pages/Research%20FAQs.aspx> (accessed 04/08/2104). City-type jobs are closely aligned to SIC Codes 65 (financial intermediation), 66 (insurance & pension funds), 67 (other financial intermediation activities), 7411 (legal), 7412 (accountancy) and business consultancy (7414).

² There are five main areas of competitiveness, termed instrument factors, which are used to calculate the indexes for the GFCI: business environment factors (e.g. political stability, regulatory environment; tax and cost competitiveness); financial sector development (e.g. volume of trading, availability of capital, depth of clusters); infrastructure factors (e.g. quality of building and office, transport and ICT); human capital (e.g. availability of skilled personnel, labour market flexibility); and reputational and general factors (e.g. cultural attractiveness, city brand and appeal) (Z/Yen, 2014).

³ The ONS (2013) reports that the Borough of the City of London has an industrial structure composed of 14,385 enterprises, of which approximately 240 employ between 50 and 249 staff, and 215 employ 250+ staff. See: <http://www.cityoflondon.gov.uk/business/economic-research-and-information/statistics/Pages/Research%20FAQs.aspx> (accessed 5th August 2014)

References

- Aldrick, P. (2009) 'Foreign bankers start to flee UK bonus tax'. *The Daily Telegraph*, 19th December
- Augar, P. (2001) *The Death of Gentlemanly Capitalism* Penguin Books, London
- Beaverstock, J. V. (2010) 'Immigration and the UK labour market in financial services: A Commentary' in Ruhs, M. and Andersen, B. (Eds.) *Who needs migrant labour? Shortages, Immigration and Public Policy* Oxford, Oxford University Press, 290-294
- Beaverstock, J. V. (2007) 'World city networks from below: International mobility and inter-city relations in the global investment banking industry' in Taylor, P.J., Derudder, B. Saey, P. and Witlox, F. (Eds.) *Cities in Globalization: Practices, Policies, Theories*, London, Routledge, 52-71
- Beaverstock, J. V. (1990) 'New international labour markets: the case of professional and managerial labour migration within large chartered accountancy firms' *Area* 22, 151-158
- Beaverstock, J. V. and Hall, S. (2012) 'Competing for talent: Global mobility, immigration and the City of London's labour market' *Cambridge Journal of Regions, Economy and Society* 5, 271-288
- Beaverstock, J. V. and Smith, J (1996) 'Lending jobs to global cities: Skilled international labour migration, investment banking and the City of London' *Urban Studies* 33, 1377-1394
- CEBR (2012) City jobs numbers to fall by 13,000 in 2013 and to fall further in 2014 to lowest level since 1993 News Release Tuesday 6th November, available: www.cebr.com
- CEBR (2011) Despite fall in bonuses in 2010/11, growth in City workers' pay packets continues to outpace the rest of the UK. News Release. 26th April 2011, available: www.cebr.com
- Clark, G. L. (2002) 'London in the European financial services industry: locational advantages and product complementarities' *Journal of Economic Geography* 2, 433-453
- Cook, G.A.S., Pandit, N., Beaverstock, J. V., Taylor, P. J. and Pain, K. (2007) 'The Role of Location in Knowledge Creation and Diffusion: Evidence of Centripetal and Centrifugal Forces in the City of London Financial Services Agglomeration' *Environment and Planning A* 39, 1325-1345
- COMPAS (2014) Report: Highly-Skilled Migration to the UK 2007-2013. <http://www.migrationobservatory.ox.ac.uk/reports/highly-skilled-migration-uk-2007-2013> (accessed 21/07/2014)
- The Corporation of London (2014) Economic outlook for the City of London <http://www.cityoflondon.gov.uk/business/economic-research-and-information/statistics/Pages/key-facts.aspx> (accessed 04/08/2014)
- The Corporation of London (2011a) Access to global talent. The Impact of Migration limits on UK Financial and Professional Business Services London, The Corporation of London
- Corporation of London (2011b) *Understanding Global Financial Networks* London, The Corporation of London
- Corporation of London (2003) *Financial services clustering and its significance for London* London. Corporation of London
- Corporation of London (undated) *Economic Research and Information Statistics* <http://www.cityoflondon.gov.uk/business/economic-research-and-information/statistics/Pages/Research%20FAQs.aspx> (accessed 26/08/2014)
- Corporation of London (various) City Stat Shots
- Corporation of London (various) City Research Focus
- Deloitte (2014) London Futures – Globaltown: Winning London's crucial battle for talent see: <http://www.deloitte.com/assets/Dcom-UnitedKingdom/Local%20Assets/Documents/Market%20insights/uk-insights-uk-futures-london-futures.pdf.pdf> (accessed 01/07/2014)
- Dobson, J. and Salt, J. (2009) 'Pointing the way? Managing UK immigration in difficult times' *People and Place* 17, 16-29
- The Economist (2012) Immigration and business – A harder road, October 20th <http://www.economist.com/news/britain/21564895-government%E2%80%99s-policy-students-and-skilled-migrants-threatens-do-long-term-damage> (accessed 05/08/2014)
- The Economist (1988) A Survey of the City of London. 25th June
- Faulconbridge, J. (2008) 'Managing the transnational law firm: a relational analysis of professional systems, embedded actors and time-space sensitive governance' *Economic Geography* 84, 185-210
- Faulconbridge, J., Beaverstock, J.V., Hall, S. and Hewitson, A. (2009a) 'The 'war for talent': unpacking the gatekeeper role of executive search firms in elite labour markets' *Geoforum*, 40, 800-808
- Faulconbridge, J., Beaverstock, J.V., Derudder, B. and Witlox, F. (2009b) 'Corporate ecologies of business travel: working towards a research agenda' *European Urban and Regional Studies* 16, 295-308
- The Financial Times (2014a) 'New York ousts London as top financial centre' <http://www.ft.com/cms/s/0/9a8fbf6a-ab89-11e3-aad9-00144feab7de.html#axzz39Wp11Cgw> (accessed 30/07/2014)
- The Financial Times (2014b) 'Visa curbs on highly-skilled migrants hit UK talent pool', see: <http://www.ft.com/cms/s/0/1019b05a-0202-11e4-9af7-00144feab7de.html#slide0>

(accessed 30/07/2014)

The Financial Times (2013) Cameron warned on mixed migration message, see:

<http://www.ft.com/cms/s/0/1db8a47e-7904-11e2-930b-00144feabdc0.html#axzz39bfSA2la> (accessed 06/08/2014)

Financial Services Skills Council (2008) *London Market Skills Review*. London, Financial Services Skills Council.

French, S., Leyshon, A. and Thrift, N. (2009) 'A very geographical crisis. The making and the breaking of the 2007-2008 financial crisis' *Cambridge Journal of Regions, Economy and Society*, 2, 287-302.

Hall, S. (2009) 'Financialised elites and the changing nature of finance capitalism: Investment bankers in London's financial district' *Competition and Change*, 13, 173-189.

HM Government (2013) "British Prime Minister David Cameron delivers major speech on immigration policy" <https://www.gov.uk/government/news/british-prime-minister-david-cameron-delivers-major-speech-on-immigration-policy> (accessed 26/08/2014)

Home Office. (2011) *Control of Immigration*. Annual Report

Home Office (2014) https://www.gov.uk/government/organisations/uk-visas-and-immigration?utm_source=google&utm_medium=website%20link&utm_term=UKVI%20homepage&utm_content=UKVI%20homepage&utm_campaign=UKVI%20homepage (accessed 04/08/2014)

Islam, F. (2004) 'Foreign workers: fact and fiction' *The Observer*, Sunday 11 April <http://www.theguardian.com/business/2004/apr/11/pressandpublishing.politics> (accessed 29/07/2014)

Jones, A. (2010) 'Immigration and the UK labour market in financial services: A case of Conflicting Policy Challenges?' In Ruhs, M. and Andersen, B. (Eds.) *A Need for Migrant Labour? Labour Shortages, Immigration and Public Policy* Oxford, Oxford University Press, 259-289

Jones, A. (2008) 'The rise of global work' *Transactions of the Institute of British Geographers*, 33, 12-26

London Evening Standard (2010) Vince Cable's attack on immigration cap wins City backing see <http://www.standard.co.uk/business/vince-cables-attack-on-immigration-cap-wins-city-backing-6514961.html?origin=internalSearch> (accessed 05/08/2014)

Massey, D. (2007) *World City Polity*, London

Mayor of London (2010) Response to consultation by the Migration Advisory Committee on the level of an annual limit on economic migration to the UK <http://www.london.gov.uk/sites/default/files/migration-mayor-response-MAC.pdf> (accessed 5th August 2014)

McDowell, L. (1997) *Capital Culture: Gender at Work in the City of London* Oxford, Blackwell

McKinsey & Co (1997) The war for talent McKinsey & Co Quarterly

Michie, R. (1999) *The Development of London as a Financial Centre* Tauris, London

Migration Advisory Committee (2012) Limits on Migration for Tier 2, see: <https://www.gov.uk/government/publications/limits-on-migration-for-tier-2-general> (accessed 31/07/2014)

Office for National Statistics 2010 *Labour Market Profile. City of London NOMIS* (www.nomisweb.co.uk/reports/imp/la/2038431860/report.aspx)

Office of National Statistics (2012) Long-Term International Migration, 2012 http://www.ons.gov.uk/ons/publications/re-reference-tables.html?newquery=*&newoffset=25&pageSize=25&edition=tcm%3A77-328992#tab-all-tables (accessed 26/08/2014)

Office of National Statistics N(2013) UK Business: Inter-Departmental Business Register. See: <http://www.cityoflondon.gov.uk/business/economic-research-and-information/statistics/Pages/Research%20FAQs.aspx> (accessed 5th August 2014)

Office for National Statistics (various) Long-Term International Migration, estimates from International Passenger Survey, annual data 2000-2012 http://www.ons.gov.uk/ons/publications/re-reference-tables.html?newquery=*&newoffset=25&pageSize=25&edition=tcm%3A77-328992#tab-all-tables (accessed 01/08/2014)

PricewaterhouseCoopers (2010) *Talent Mobility 2020* London, PricewaterhouseCoopers (www.pwc.com/managingpeople2020/)

Salt, J. (2012) International Migration and the United Kingdom. Report to the United Kingdom SOPEMI Correspondence to the OECD 2012. London, UCL <http://www.geog.ucl.ac.uk/research/transnational-spaces/migration-research-unit/pdfs/sopemi-report-2012> (accessed 30/07/2014)

Salt, J. (2011) 'Migration to and from the UK' in Modood, T. and Salt, J. (Eds.) *Global Migration, Ethnicity and Britishness*. Basingstoke, Palgrave Macmillan, 14-39

Salt, J. (2009) Migration to and from the UK, in Modood, T. and Salt, J. (Eds.) *Global Migration, Ethnicity and Britishness*, Palgrave, Basingstoke, 14-39

Salt, J. and Dobson, (2013) 'Cutting net migration to the tens of thousands: What exactly does it mean?' MRU Discussion Paper November, Migration Research Unit, UCL, London, see: http://www.ucl.ac.uk/news/news-articles/1113/Salt_Dobson_291013.pdf (accessed 28/07/2013)

Salt, J. and Wood, P. (2012) 'Recession and international corporate mobility' *Global Networks* 12, pp425-45

- Sassen, S. (2013) *Cities in a World Economy* Sage, London. (4th Edition)
- Solimano, A. (2008) *The International Mobility of Talent. Type, Causes and Development Impact*, Oxford, Oxford University Press
- TheCityUK (2014a) *London Employment Survey* www.thecityuk.com, <http://www.thecityuk.com/research/our-work/reports-list/london-employment-survey/> (accessed 05/08/2014)
- TheCityUK (2014b) *Legal Services* <http://www.thecityuk.com/research/our-work/reports-list/legal-services-2014/> (accessed 06/08/2014)
- TheCityUK (2014c) Key facts about the UK as an international financial centre, see: <http://www.thecityuk.com/research/our-work/reports-list/key-facts-about-the-uk-as-an-international-financial-centre/> (accessed 05/08/2014)
- TheCityUK (2013) *Fund Management* <http://www.thecityuk.com/research/our-work/reports-list/fund-management-2013/> (accessed 06/08/2014)
- The CityUK (2011) *Accounting Services* <http://www.thecityuk.com/research/our-work/reports-list/accounting-services-2011/> (accessed 06/08/2014)
- Thrift, N. J. (1994) 'On the social and cultural determinants of international financial centres: the case of the City of London' in Corbridge, S., Martin, R. L. and Thrift, N. J. (Eds.) *Money Power and Space* Oxford, Blackwell, 327-355
- Wigley, R. (2008) *London: Winning in a Changing World. Review of the Competitiveness of London as a Financial Centre*. Merrill Lynch Europe Limited, London.
- Z/Yen (2014) *The Global Financial Centres Index 15* (www.zyen.com)
- Z/Yen (2013) *The Global Financial Centres Index 13* (www.zyen.com)
- Z/Yen (2012) *The Global Financial Centres Index 11* (www.zyen.com)
- Z/Yen (2011) *The Global Financial Centres Index 9* (www.zyen.com)
- Z/Yen (2010) *The Global Financial Centres Index 7* (www.zyen.com)
- Z/Yen (2009) *The Global Financial Centres Index 5* (www.zyen.com)
- Z/Yen (2008) *The Global Financial Centres Index 3* (www.zyen.com)
- Z/Yen (2007) *The Global Financial Centres Index 1* (www.zyen.com)

Swiss immigration policy - at a crossroads

Aymo Brunetti

Introduction

Immigration is a key factor explaining the development of Switzerland from a poor, rural economy to one of the richest countries in the world. Immigrants were crucial in overcoming the scarcity of labour during the economic booms of the last century. Despite the undeniable positive effects on the economy, the heavy reliance on immigration has always been a touchy political issue. The very high percentage of foreigners in Switzerland has occasionally led to strong, populist resistance. A recent referendum now endangers the country's economically beneficial agreement with the EU on the free movement of labour. To find a viable alternative which combines restrictions on immigration as proposed by this vote and the agreement with the EU will probably be the most challenging political and economic issue Switzerland faces in the next few years. This could well be an interesting case study for a British audience given the extent of public support there for leaving the EU.

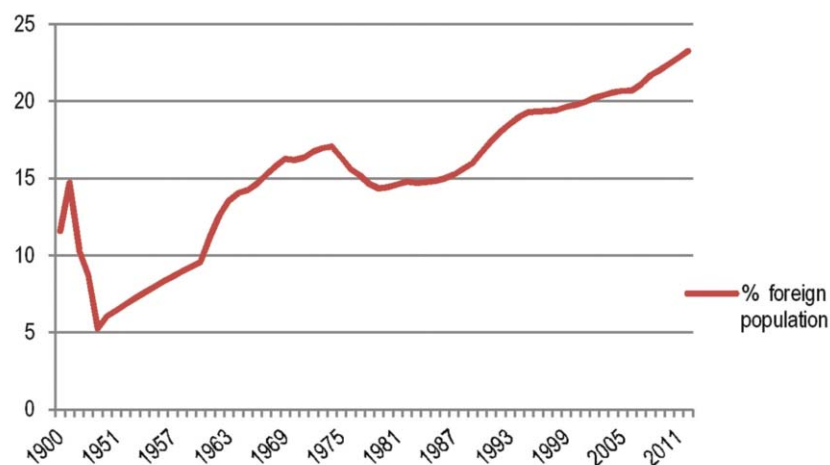
This chapter is organized as follows. Section 1 gives figures to illustrate the increasing importance of immigration for the Swiss economy. Section 2 then explains the historical development of immigration policy in Switzerland. Section 3 gives some indications on the economic effects of the current arrangement – free movement of labour with the EU. Section 4 explains how the recent vote on restricting immigration endangers free movement of labour and section 5 offers some concluding remarks.

1. Immigration in Switzerland

Figure 1 shows the percentage of Switzerland's population born outside the country over the last century. In the first half of the 20th century the proportion of foreigners fell considerably from about 15% in 1910 to 5% at the end of the Second World War. Since the 1940s there have been two waves of significant immigration. The first wave lasted until the deep recession at the beginning of the 1970s and the second started in the 1980s and continues to this day. The proportion of foreigners reached almost 25% of the total Swiss population in 2012 which compares to around 13% in the US and about 12% in the UK. And immigration has further intensified in recent years. Average immigration in the period 1982-2002 was around 90,000 people per year. From 2002-2012 this average rose to 120,000 people a year. This is the equivalent of the population of the Swiss capital city of Bern coming into the country each year. The remarkable recent increase can also be seen in the net numbers. The net increase in the population as a result of migration, that is immigration minus emigration, was 25,000 people a year until 2002 when it rose to 60,000 a year.

These figures show that Switzerland is indeed a country of immigrants and the recent past has brought an intensification of this process. This statistic already goes a long way to explain the role of immigration in the Swiss economy, the increasing political

Figure 1 Percentage of foreigners in the Swiss population



Source: Statistik des jährlichen Bevölkerungsstandes (ESPOP)

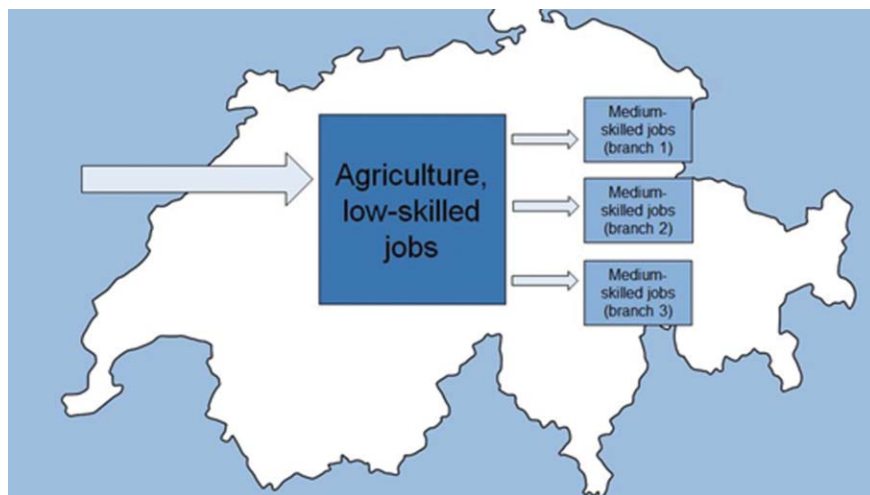
unease with this process and to a great extent the public vote against unrestricted immigration in February 2014 which is discussed in section 4.

2. Swiss immigration policy - a historical perspective

Immigration policies have fluctuated in recent Swiss history. After a period of relatively free movement of labour up until the First World War, immigration policies then became very restrictive for the following 30 years leading to the sharp reduction in the proportion of foreigners. After the Second World War, Switzerland again opened up for immigration. This led to a second wave of at least temporary immigration, dominated by seasonal workers in the 1950s and 1960s. Increasing political resistance culminated in a popular initiative against 'foreign infiltration' in 1970. This initiative sought to restrict foreigners to 10% of the population. It was not approved but 46% of voters supported it. In reaction to this mounting resistance, Switzerland tightened its immigration policies and introduced quotas for specific groups of immigrants.

The quota regime from 1970-2002

After 1970 the allocation of quotas to different economic sectors led to an increasingly political struggle for the scarce permits. Research by Dhima (1991) shows that the way permits were allocated had a huge effect on the economy. The allocation process for permits was prone to successful lobbying by powerful groups wanting to get access to foreign workers. Mainly low productivity sectors such as agriculture and construction have the most effective political organizations in long established democracies like Switzerland (see Olson 1982) and were most successful in lobbying for immigrants. These sectors mainly require low-skilled workers and so this had a marked effect on the composition of new immigrants. Consequently, the majority of immigrants were low-skilled with below average productivity. Some years after getting the first work permits, these immigrants were free to seek work in other sectors. As the medium to high productivity sectors Switzerland were expanding, these workers eventually found jobs there. However, this process created considerable economic inefficiency. Many relatively high-productivity firms could not recruit the immigrants with the necessary skills directly but had to hire and retrain low-skilled workers from those low-productivity sectors. Figure 2 illustrates this inefficient system that was one of the main reasons why economic growth in Switzerland was mainly driven by an increase in labour supply (i.e. hours worked) and much less by productivity growth. This also accounts for the very subdued per capita growth rates Switzerland experienced during this period.

Figure 2 The regime before 2002

Free movement of labour with the EU from 2002-2014

The inefficiencies of the quota regime were not easy to reform as the well-organized interests which profited from the system opposed any changes. However – as is quite common in Swiss policy making – foreign political pressure brought change. In the late 1990s, the Swiss government negotiated bilateral treaties with the European Union to secure access for its companies to the increasingly integrated Union. Both parties agreed to the mutual improvement of market access. In the negotiation process, free movement of labour (FML) was regarded as a ‘concession’ by Switzerland. The EU had made it clear that FML was integral to the improved access to the internal market.

As the EU is by far Switzerland's most important trading partner, the introduction of the free movement of labour markedly changed Switzerland's policy on immigration. The quota system then only applied to non-EU migrants. Combined with the favourable economic situation, this led to the sharp increase in the net migration, mentioned earlier. Switzerland proved very attractive to EU citizens with the Swiss labour market providing jobs for these immigrants. Having a job was more or less the only precondition for an EU citizen to move to Switzerland.

An important effect of the new regime was that it removed the economic inefficiencies of the quota system. Immigration was directly governed by demand from Swiss firms

rather than lobbying by influential groups. Higher-productivity firms no longer had to hire and retrain low-skilled immigrants who had entered Switzerland via the low-productivity sector. Under FML, they could recruit directly from the EU labour market.

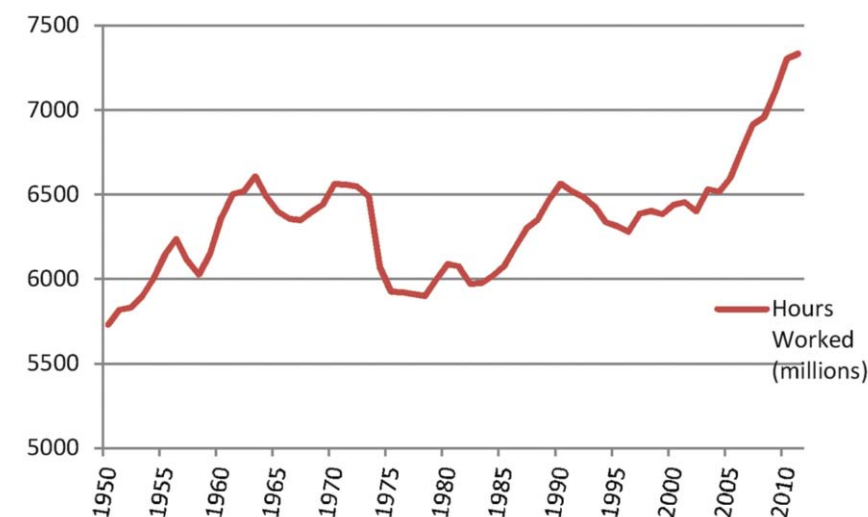
As described in the next section, this fundamentally changed the skill-composition of immigrants and had a profound effect on the efficiency of the Swiss economy.

3. Economic effects of free movement of labour

Economic growth

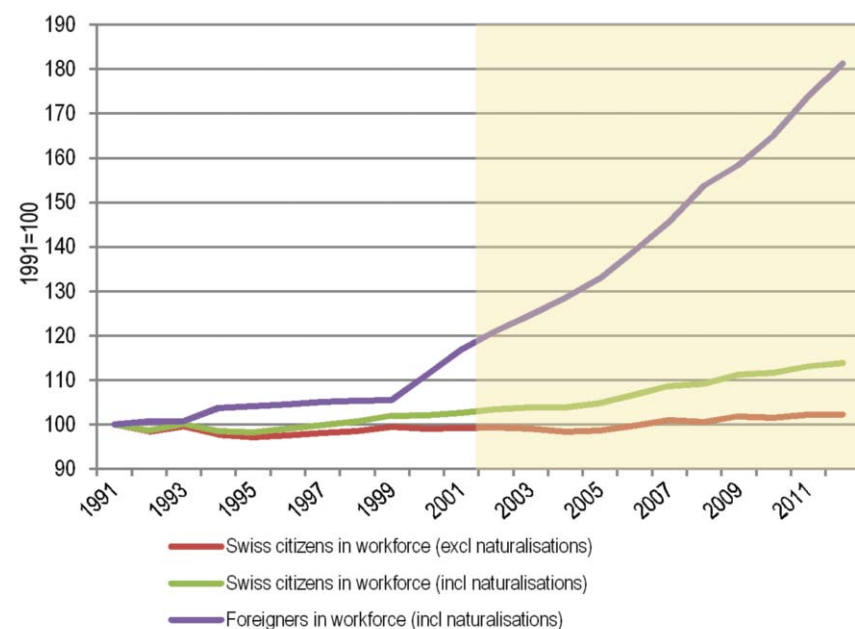
To evaluate the effects of FML on economic growth it is important to distinguish between the two fundamental sources of GDP growth, the increase in hours worked and the increase in average productivity.

Concerning the total hours worked it is natural to expect that the sharp increase in immigration would have a positive effect on the Swiss economy. However, immigrants only contribute positively to hours worked if they indeed have jobs and they do not replace Swiss workers one for one. Figure 3 illustrates the sharp increase in the total hours worked in Switzerland since the introduction of FML in 2002.

Figure 3 Total hours worked

Source: Siegenthaler et al. (2014)

Figure 4 Change in hours worked by foreigners and Swiss nationals since 1991 - Immigrants did not replace Swiss workers



Source: Siegenthaler et al. (2014)

From 1990 to 2002 – a period of very low economic growth in Switzerland – the total hours worked were more or less constant. This changed after the start of FML. Hours worked increased sharply from about 6,500 million hours in 2002 to almost 7,400 million hours in 2012. Given that having a job was a precondition for immigration, the immigration directly impacted on the labour market. Figure 4 shows that indeed migrants did not replace Swiss workers.

While, the total hours worked by Swiss citizens increased during the period 2002-2012, figure 4 confirms that the lion's part of the boom in hours worked indeed came from immigrants.

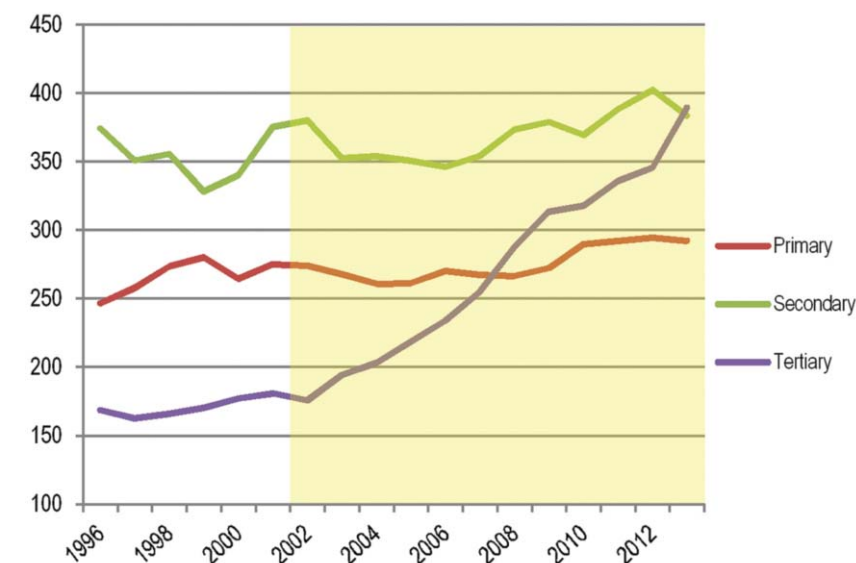
The case is much less clear for average productivity - the second source of economic growth. Whether immigration increases overall productivity mainly depends on whether the average immigrant has a higher productivity than the average Swiss worker; additional effects can also come from productivity spillovers to other workers

and/or to R&D-activity. These effects are hard to measure especially as long-run data is needed to control for the distorting effects of business cycles on productivity. The best – admittedly indirect - indication of the likely effect is probably the skill composition of immigrants. The larger the percentage of immigrants with higher education qualifications, the more likely they will have a positive effect on average productivity.

Figure 5 clearly shows a strong shift in the skill levels of immigrants since the introduction of FML. Immigrants with tertiary (i.e. university-level) education qualifications were in a clear minority under the pre-2002 quota regime. There were less than 200,000 foreign workers with the equivalent of a university degree compared to 350,000 who did not go beyond secondary education. After 2002 immigration by highly skilled sharply increased. In 2013 almost 400,000 foreign employees had a tertiary education qualification; about the same number as people with secondary education.

This remarkable development illustrates the differing effects of immigration controls identified in section 2. FML allows higher-productivity firms to recruit directly from abroad. This market-driven approach clearly favours higher skilled immigration.

Figure 5 Foreign employees by educational background (000s)



Source: Siegenthaler et al. (2014) or BfM

Combining the direct evidence on hours worked and the indirect evidence on productivity from the skills composition of immigrants it is possible to conclude that FML had a positive effect on Switzerland's economic growth. It is one of the key factors explaining why – after two decades of low economic growth – Switzerland has had a higher growth rate than most of its European neighbours since 2002. It is also one of the reasons why Switzerland was less affected by the financial crisis than most other OECD countries. Strong net immigration even during the crisis strengthened domestic demand and helped to compensate for the sharp fall in the demand for exports. Due to the demand for housing and retail consumption by immigrants, Switzerland was one of the very few countries that did not face a drop in domestic demand in 2009 and 2010.

Unemployment and wages

Before the introduction of FML, concerns about the effects of immigration on the labour market were widespread. Specifically, people feared that the competition from labour from abroad could lead to an increase in unemployment and/or a fall in wages.

In terms of unemployment the increase in hours worked, as discussed above, suggests that most immigrants added to the labour force rather than replaced Swiss workers. After all, the total hours worked by the domestic population has increased as well. Studies on the labour market effects have shown that unemployment has not increased due to FML. According to Staatssekretariat für Wirtschaft (2014) average unemployment has barely changed since 2002. Depending on the statistical source there has been a slight decrease (official Swiss data) or a slight increase (harmonized survey data). In both cases the measured effect was insignificant. Research by Siegenthaler et al. (2014) finds that there has been a small reduction in unemployment due to FML, whereas an earlier study by Stalder (2008) hints to the possibility that since the introduction of the current regime, cyclical unemployment has tended to fall less quickly in an economic upturn. Summarizing the research it can be stated that Swiss unemployment stayed at extremely low levels after the introduction of FML.

Concerning real wages a similar observation can be made. There are few indications that the introduction of FML has had a significant effect. Real wages have increased at a greater rate since 2002 than in the previous decade. However, this may also be due to the overall improvement of the macroeconomic situation and it is virtually impossible to isolate the effect of FML. An empirical analysis by Basten and Siegenthaler (2013), found no significant effects of FML on wages. More relevant to the political discussion is probably the effect on the wage distribution. Gerfin and

Kaiser (2010) show that FML had a positive effect on the wages of medium and low skilled workers and no significant effect on the wages of the highly skilled. Overall wage distribution has therefore equalized. This result is in line with the evidence shown above. After the introduction of FML, the immigrants were mainly highly skilled workers, while migration by less qualified workers was more or less unaffected by FML. Competition for jobs that could potentially drive down wages, therefore, mainly increased for domestic highly skilled workers.

Other effects

Other economic effects of increased immigration have been at least as important in the political discussions. There have been concerns that immigrants are placing additional demands on scarce public resources affecting the domestic population's access to those services and housing. There is no available evidence that FML is having this effect to any significant extent. Nevertheless such anxieties are important in explaining the shift in the popular perception that led to the policy change discussed in the next section.

4. And now back to square 1?

In Switzerland, important political decisions are often brought to a referendum. Since its introduction in 2002, FML, not surprisingly, has been the subject of popular votes. FML was supported by the Swiss population in three votes before 2014.

This changed however in February 2014 as the Swiss people narrowly (50.3%) voted in a referendum in favour of a popular initiative that endangers a considerable part of the bilateral treaties with the EU, including FML. The 'Popular initiative against mass immigration' had the following aims:

- Switzerland should regulate its migration independently,
- There should be a significant decrease in net migration and
- There should be a yearly limit on the number of immigrants.

It is interesting to note that the proportion of votes in favour was higher in rural areas, which is somewhat peculiar as the vast majority of the immigrant population lives in cities.

The initiative did not explicitly seek to terminate the agreement with the EU on FML. In effect, however, its strict enforcement would clash with the treaty with the EU establishing the principle of the free movement of workers. The constitutional change has

to be put into law within three years. Currently there is a lively debate on how to enforce it without endangering the entire relationship with the EU, the so called "bilateral way". The first bilateral treaties with the EU are formally linked which means that discontinuing FML would potentially terminate all these treaties.

If the result of the referendum was strictly enforced, the pre-2002 system of permits would have to be reintroduced. If this road has to be taken it will be crucial to find ways to avoid the highly inefficient and politicized system that was in place before 2002. It is important to learn from the experience with quota systems. From an economic perspective, a system as close as possible to the demand driven migration system in place under FML is favourable. However, potentially efficient systems, for example with tradable permits, are not popular.

While the initiators of the vote favour a return to the pre-2002 system, most other parties are talking about a future referendum on the entire relationship with the EU, including the FML arrangement. They presumably hope to avoid the strict enforcement of the February 2014 initiative agreed through the referendum. The Swiss government is currently evaluating the options for enforcing the newly introduced constitutional articles while respecting the FML treaty. This will not be easy, as the EU has already stated that it is not willing to accept quotas under FML. Hence, a possible future referendum on the Swiss relationship with the EU seems increasingly likely to be not only about institutional agreements between Switzerland and the EU but also about Swiss immigration policies. This vote's importance for Switzerland's economy cannot be underestimated. It may well be compared to a possible UK referendum on its membership of the EU.

5. Conclusions

Swiss immigration policies are clearly at an important crossroads. Since its introduction in 2002, FML with the EU has proved economically to be a very efficient immigration policy. Strictly enforced, the recent referendum result demanding a reintroduction of quotas for immigration is likely to re-instate the permit-system. This system proved highly inefficient for Switzerland in the years before 2002. EU countries that consider pulling out of the European internal market should be aware of Switzerland's unfavourable economic experience with a politicized immigration system based on quotas compared to the one based on FML with the EU.

I would like to thank Fabio Canetg for his support in the preparation of my talk at the conference which is the basis of this chapter.

References

- Basten, C. C. & Siegenthaler M. (2013) Do Immigrants Take or Create Resident's Jobs? KOF Working Paper 335, Zurich
- Dhima, G. (1991) *Politische Ökonomie der schweizerischen Ausländerregelung*, Chur, Zürich: Rüegger
- Gerfin, M. & Kaiser B. (2011) The Effect of Immigration on Wages in Switzerland, *Swiss Journal of Economics and Statistics* 146, pp. 709-739
- Olson, M. (1982) *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* Yale : Yale University Press
- Siegenthaler, M. (2014) 'Has Switzerland Really Been Marked by Low Productivity Growth? Hours Worked and Labor Productivity in Switzerland in a Long-Run Perspective Review of Income and Wealth' forthcoming
- Siegenthaler, M., Graff, M. & Mannino M. (2014) The Swiss Job Miracle and the Recent Immigration Wave, unpublished manuscript, forthcoming *KOF Working Paper*, Zurich
- Staatssekretariat für Wirtschaft (2014) 10. *Bericht des Observatoriums zum Freizügigkeitsabkommen Schweiz-EU*, online: www.seco.admin.ch
- Stalder, P. (2010) 'Free Migration between the EU and Switzerland: Impacts on the Swiss Economy and Implications for Monetary Policy' *Swiss Journal of Economics and Statistics* 146, pp. 821-874

Migration and the case for a higher National Minimum Wage in London: an emerging discussion

Ian Gordon

1. Introduction

Last winter, after 15 years of a (uniform) National Minimum Wage (NMW) something of a 'Routecluster'¹ of reports appeared – from the London Assembly's Economic Committee, the Resolution Foundation and the Centre for London - advocating (or at least contemplating) the idea of a separate, higher statutory minimum wage level for London (Ussher, 2013; LAEC, 2014 and Plunkett et al., 2014). None of these referred to immigration as a relevant factor², but their publication coincided with that of an LSE research paper claiming that increased migration from the late 1990s had substantially depressed wages at the bottom end of the London labour market, where the NMW did not offer real protection (Gordon and Kaplanis, 2014).

As part of the LSE HEIF initiative on London migration issues, a seminar brought together authors of three of these publications, a representative of the Living Wage Foundation, and a pair of researchers from Queen Mary University of London. Work by the QMUL group with migrants in low paid London jobs had contributed to the Mayor's adoption in 2005, of a Living Wage (LW) standard for London, significantly above both the NMW and LW norms for the rest of the country (Wills, 2013). A list of the contributors and titles of presentations is appended. This chapter reviews and develops key points from that discussion³, in relation to the question about whether the strong representation of migrant workers in London makes a difference to the case for a statutory higher London Minimum Wage (LMW).

Beyond the fact that Minimum Wages are statutory and extensively (if not perfectly) enforced, while the Living Wage is a normative standard voluntarily adopted by only a minority of (mainly London) employers⁴, there are differences of concept between

them which affect both how they are justified and the way in which rates are set. In the UK and other Anglo-American countries the notion of an LW relates to a Poverty Line, set in terms of the cost (for households of various kinds) of maintaining a minimum decent standard of living, to which all in the society should be entitled, whether able to work or not. On the premise that fully employed people and their families should certainly not fall below this line, the LW is meant to represent the required minimum wage for workers with a family to support. The MW on the other hand is set in relation to labour market implications, rather than either personal circumstances (except age) or living standards. In the UK case (as operationalised by the Low Pay Commission) it came to reflect the highest figure that research evidence showed as safe from untoward economic repercussions.

The Resolution Foundation (RF) report argued for adopting a more far-sighted and assertive approach to the NMW, with an explicit target to first recover ground lost during the downturn and then bring the share of workers earning under two thirds of the median wage down to 17%. Additionally, however, it advocated active efforts to establish, through public debate, sectors and places where a rather higher rate could be afforded. Primarily this was conceived in terms of sectors, but it also said that “a similar case could be made for London” – via specification of a non-mandatory London weighting, to go on top of the NMW.

In her report for the Centre for London, Kitty Ussher is substantially more assertive about the London case, offering evidence that London employers could initially actually bear a (mandatory) LMW of at least 7% above the NMW, rising to 20% above in the long run. Power to set the actual rate should in her view be devolved to the GLA, acting on the basis of recommendations of the Low Pay Commission.

Coming at the issue, from the other end – reviewing the London LW, as an existing locally-defined but non-mandatory standard – the London Assembly's Economic Committee (LAEC) focuses on ways of increasing its coverage, to meet the Mayor's declared aim that it should become the (effective) norm among London employers by 2020. The committee's judgement was that without a major new effort this will not be achieved; and it makes a series of recommendations in terms of the necessary effort, though distinct doubts are evident as to whether they would be adequate. If progress towards the Mayor's goal proved too slow, there was a division of opinion on party lines in terms of the measures proposed. The majority, who saw such failure as likely, would then want the Mayor to push for the MW in London to be progressively raised to the LW level. The Conservative group, however, opposed any statutory involve-

ment – not least because many small firms could not afford the LW - and wanted efforts to be focused on persuading firms that the LW made good business sense.

Despite this difference in their recommendations, there was substantial agreement between the two London reports on the existence and character of a London low pay problem. This started from the fact that workers receiving the NMW in London were substantially worse off in real terms than those in other areas – while many Londoners with earnings in excess of the NMW would also be worse off than those in receipt of the NMW elsewhere. A reasonable inference is that, in those terms, the poorest among the legally employed/paid workers in the country would be found in its richest city-region.

Beyond this, both reports note that the problem is concentrated in certain low-paying activities, notably caring, cleaning, and catering. An implication (picked up by the LAEC) is that the impact of a national minimum wage with lower purchasing power in London would also tend to be heavily concentrated among particular (more vulnerable) population groups, for whom it would be a major source of poverty. Not spelled out, these groups would be expected to include many of those arriving in London recently from poorer countries, from both the global 'south' and the European 'east'.

The rest of this chapter focuses on a pair of issues which are key to the question of what should be done. One involves the connection between low pay in London and the role of these migrant groups (section 2); and the other about how far economic affordability should be a constraint on setting a wages floor in the London economy (section 3). A short conclusion then suggests directions for taking this forward towards firmer action (section 4).

2. The migrant connection

The salience - and indeed urgency - of the London 'low pay' issue now partly reflects developments since the financial crises, combining the employment downturn, continued increases in housing costs and the curtailment/restructuring of in-work benefits, notably housing allowances. But it also reflects the transforming impact on the London labour market, over a longer time frame (stretching back into the 1990s), of unprecedented levels of international migration.

The arrival of large numbers of migrants from poorer countries (in particular) is relevant for two reasons. One is that on arrival many of the migrants can only find employment in low paying activities, where they are particularly vulnerable to exploitation. But also, their crowding into this segment of the labour market means that pay

levels there are liable to be depressed – exacerbating exposure to poverty among all those who can only access these kinds of work.

The migrant division of labour and migrants' work experience

Intensive research on migrant workers' experience of low paid work, alongside other London office cleaners, during the boom years showed the migrants to be occupying very specific roles, within a division of labour shaped by the combined effects of de-regulation/out-sourcing, on the one hand, and tightening up of entry controls and welfare availability, on the other (Wills et al., 2010).

Since the downturn, migrants from poor countries have continued to arrive, finding a resilient demand for their labour. But, as Datta and McIlwaine reported, the conditions they faced had clearly worsened. Their interviews with migrants in London suggested that they continued to come – and to stay here, because economic opportunities were still better than at home and/or because migrants were moving on from other EU destinations (e.g. Spain) that had been hit by worse economic downturns. Post-crisis flows were more likely to involve secondary and/or irregular moves, adding to the vulnerability of migrants in the workplace. Reductions in pay rates and available/paid hours were reported, together with downgrading from more skilled jobs, and heightened fears about job security. Tensions between groups of workers within the low pay sector had also increased – e.g. between legals/illegals and migrants/British-born – and stresses had spilled over into personal lives and relationships. Despite the UK recession, exploitable migrant labour still appeared crucial to the functioning of the low-paid servicing element in London's global city economy.

Impacts of migration on pay and work incentives in lower tier jobs

At an aggregate level, the insertion of a large number of new migrants from poor countries into the bottom tier of the London jobs, can be seen to have had a depressing effect on pay levels right across this segment of the labour market. The lowering of pay has not been confined to (recent) migrants, though some others may have withdrawn from work rather than accept them. Such effects come about both because even quite well qualified migrants can find it very hard to access work opportunities above the bottom 20 per cent or so of jobs during their first few years in the UK, and because there is no effective 'floor' to the wage most will accept – other than the NMW. Even where this is enforced – which is not universal in this context⁵ – it represents a very low floor in relation to either living costs or previous pay rates in London.

The downward pressure on pay levels in these bottom tier jobs should be a one-off effect of increased inflows from poor countries, since most migrants do seem to escape from this tier after a bit (half of them within 7-8 years)⁶. But the statistical evidence is that it was a very powerful one in depressing bottom quintile wages in London, in the wake of the migrant boom of the late 1990s (Gordon and Kaplanis, 2014). Previously, London wages in this segment of the jobs market had been significantly above those in any other region. But the gap in relation to other southern regions very largely closed by 2000. This was partly because introduction of the NMW had very much less impact in London than elsewhere. Primarily, however, it was because of the greatly enlarged inflow of migrants from poor countries, which at its most intense seems to have lowered London wages for such jobs by some 15 per cent. That the effect of migration was so strong in London does, however, reflect the fact that the NMW was set so low in relation to London wages and prices. A higher minimum wage in London at that time would have provided a much more robust cushion against the depressing impact of an enlarged intake of migrants from poor countries.

3. Affordability and potential economic impacts of a higher Minimum Wage in London

As noted earlier, the practical difference between notions of a (normative) Living Wage and of a statutory Minimum Wage is that the latter is tempered by some notion of 'what the market will bear', in relation to potential negative impacts on levels of output, employment or worklessness. At UK level, a cautiously experimental approach by the Low Pay Commission led to the NMW being set at a level which is generally agreed to have avoided any significant deleterious effects even on employment levels. The absence of any evident trade-off between wage and employment levels in bottom tier jobs seems to be due not just to the elimination of some crude exploitation, but also because employers found value-adding ways of using their lower-paid workers (Metcalfe, 2008).

The London Mayor's ambition – to make the LLW the 'norm' across London, securing its application to the great majority of low paid jobs – seems to rest on the idea that employers can be persuaded that such benefits will actually cover the additional cost for them. That was certainly the basis on which the Conservative group on the LAEC supported the Mayoral aim. But it seems quite unrealistic for a couple of reasons. One is that the gap between the Living Wage and current market rates for lower tier jobs in London is much wider than was (successfully) faced with the NMW, in relation to such market rates elsewhere. The other is that net gains which may be achievable (e.g. through staff development) across a whole sector when all employers are

required to pay an NMW, may not be available for a single firm opting into the LLW. This is especially the case with high turnover labour markets (e.g. catering or cleaning in London) where firms pursue a low pay strategy effectively recruiting from a shared labour pool. On both counts it is hard to see the Mayor's target being achieved with the proposal by the Conservative group on the LAEC, that firms should be invited to sign up voluntarily. It also seems very unlikely however that the majority group's proposal for the LLW to be made mandatory – once voluntary efforts prove inadequate – could credibly be shown to be free of negative effects on London employment in those low paying activities.

The relevant question is rather whether, within the economically realistic frame of reference of the NMW, a persuasive case can be made that a separate higher London rate, reflecting the cost of living differences, would be not only socially just but also economically safe. Both the Resolution Foundation and Centre for Cities reports give weight to the issue of what the London economy could bear, though neither is explicit about what this might mean in practice. Ussher (2013) essentially – and very carefully – seeks to mirror for London the attributes of the Low Pay Commission's judgement of what was nationally feasible (at the points when NMW was first and last set), in terms e.g. of where it fitted into the wage distribution for relevant groups and activities. Plunkett et al. (2014) acknowledge this work, suggesting that 'it would be sensible' for the Low Pay Commission to carry out similar analysis, with commissioned research to secure its legitimacy, but rely on their 'instinct' to suggest that any rate judged to be bearable without adverse effects on London employment should still only be a non-mandatory reference point – unless employers turned out to disregard it! Until that point, the danger is, as Ben Rogers has pointed out⁷, that a second non-mandatory wage standard for London (inevitably set at a lower level) would simply 'muddy the waters' in relation to the Mayor's LW.

The Ussher analysis at least shows that there is no particular need to be nervous about setting a higher minimum wage in London, since its low wage sector is proportionately smaller than elsewhere, includes very little in the way of exporting activities, and largely services the needs of the city's high value-added businesses and their relatively affluent workforces. But, in determining an appropriate level for an LMW, there would need to be far more discussion of the appropriate criterion of economic safety – e.g. avoidance of adverse impacts on London employment (as the Resolution Foundation report proposes), or on 'the economy of the UK as a whole and on competitiveness' (as in current national legislation⁸). Recognising the openness of the London labour market, and the crucial role of migration in this segment of it needs to be part of these discussions.

On this point, it is significant that Ussher's two benchmark estimates of a safe London increment to the NMW, of 20 per cent and 7 per cent relate to the situations in 1997 and 2013 respectively. Oddly enough (and maybe perversely) this change seems to arise because over this period people in low paid occupations in London had generally become less well paid, relative to their counterparts elsewhere in the country. One simple indicator quoted by Ussher (2013 p.75) is that while in 1997 the lowest 10 per cent in London earned 25 per cent more than those in the lowest 10 per cent nationally, by 2012 this gap had shrunk to 13 per cent). Ussher ascribes this to the weak impact of NMW in London, but growing migration from poor countries has also clearly played a role (the dominant one according to Gordon and Kaplanis, 2014). Neither, however, would be good reasons for setting a lower London increment on the NMW – except maybe as a staging point.

Paying more direct attention to how migration has affected pay rates at the bottom end of the London labour market does seem important anyhow, because in this case there is some evidence of knock-on impacts from lower pay on both employment and worklessness in London. These impacts are not symmetric, however, as far as numbers of jobs are concerned. The evidence indicates that a reduction in wage costs for London's lower tier servicing jobs did actually have a positive effect during the early 2000s – by switching demand from neighbouring regions (Gordon and Kaplanis, 2014). Imposing a higher LMW would presumably reverse this change. Whether that would actually be a bad thing seems to depend on whether it led to significantly higher levels of worklessness (among disadvantaged groups in particular) offsetting the poverty reducing effect of improved wages for those in work.

However, looking at outcomes at the bottom end of the London labour market in the years of lowered pay levels after 2000, there is no evidence that an increase in the number of (lower tier) jobs then was accompanied by any reduction in worklessness. Indeed there actually seems to have been a reverse effect among those within the London population whose work prospects are effectively limited to such jobs. Amongst this group specifically the proportion reporting that they were not even interested in seeking work grew by about 3 per cent in the years after the downturn in London pay for jobs in the bottom quintile. This development seems to have been unique to London, and to have had similar effects on both the UK-born and migrants who had been in the country for at least 5 years (Gordon, forthcoming). Apart from the most recently arrived waves of migrants, it appears then that low pay (in terms of purchasing power) represents an important disincentive to labour market engagement for a significant proportion of those in economically weak positions. The prospect of

receiving the current (uniform) NMW when they gain work did (and does) not provide a sufficient incentive to keep many marginal workers in London attached to the labour market – and out of continuing poverty.

Conclusions

Despite the very welcome cluster of recent reports opening up the issue of low pay in London, and the inadequacy of the NMW as a means of securing basic living standards in this high cost city, the debate as to what exactly should be done about this still has some way to go. Since their roles are complementary there seems a good case for both ratcheting up the Living Wage campaigns and establishing a London weighting for the statutory Minimum Wage to reflect both the housing cost premium and employers' ability to pay.

Beyond this, there is a need to look more closely at the links between low pay, and processes which crowd too many workers into a bottom tier of poorly-paid service jobs, when many ought to be able to do better in this dynamic economy. Understanding what the barriers are to their progression, and following this through with more vigorous application of equal opportunity and relevant HR policies, could help substantially both in easing the low pay problem and making more productive use of the potential of London's working age population.

The beneficiaries of such action would include recent migrants (particularly from poor countries) who are among those most at risk of exploitation by low-paying service employers. But it is important also to recognise that the arrival of particularly large waves of such migrants plays an important short-medium term role in overcrowding such jobs - with knock-effects on both pay and work motivation among others whose immediate job prospects are also restricted to such jobs.

Not everyone in London gains equally from the flexible and diverse labour supply which the larger migrant flows have provided. And those who most directly compete with the new arrivals are very likely to have lost out economically in the process, with significant real wage cuts for many, and others apparently retreating from the labour market. This can be a quite reasonable source of social grievance, running against the general tendency in London for residents to be supportive of migration. But it is one that is particularly likely to arise here, not simply because of the higher rate of arrivals in this city, but also because the current uniform NMW provides very much less protection against working poverty in London than anywhere else in the country.

Endnotes

¹i.e. the appearance close together of three (or more) London-oriented reports on a recently neglected topic – each offering an open platform for a waiting public to jump on

² A parallel report from the Centre for London, addressing weaknesses in enforcement of the NMW, did however, discuss significant problems stemming from the powerless position of some migrant workers, with London examples (Hull, 2013)

³ It also draws on material from an unpublished LSE London consultancy report for a public agency in London considering adopting a Living Wage standard (Gordon et al., 2011)

⁴ with a coverage (excluding Olympic staff) running at something under 5% of low paid workers in London

⁵ As Hull (2013) shows and the LAEC (2014) recognise, there are substantial compliance problems with small firms in such low level trades/services. The MAC (2014) have recently commented both on weak enforcement of protective legislation and the particular vulnerability of migrants to exploitation. The irregular status of a significant proportion of London migrants (Gordon et al., 2009) is a particular has also been an issue: indeed the official position is that the NMW simply does not apply to illegal workers.

⁶ Though wage levels would only actually recover when rate of inward movement was reduced.

⁷ Ben Rogers 'London's Minimum Wage', Centre for London blog, March 13th 2014: <http://centreforlondon.org/londons-minimum-wage/>

⁸ The 1998 Minimum Wage Act, quoted by Ussher (2013), p.18

⁹ As with the support for skills progression advocated by the LAEC

References

- Gordon, I.R. (forthcoming) 'Migration, low pay and work incentives in London'
- Gordon, I.R. and Kaplanis, I. (2014) Accounting for big-city growth in low-paid occupations: immigration and/or service-class consumption, *Economic Geography*, 90, 67–90
- Gordon, I. R., Scanlon K., Travers T. & Whitehead, C. (2009) *Economic impact on the London and UK economy of an earned regularisation of irregular migrants to the UK* London: Greater London Authority
- Gordon, I.R., Travers, T. & Whitehead, C. (2011) *Alternative Approaches to a Living Wage for London: a methodological review*, London: LSE London
- <http://www.lse.ac.uk/geographyAndEnvironment/research/london/pdf/LondonLivingWage-report-2011.pdf>
- Hull, A. (2013) *Settle for Nothing Less: enhancing national minimum wage compliance*

and enforcement London: Centre for London

London Assembly, Economy Committee (2014) *Fair Pay: making the London Living Wage the norm* London: Greater London Authority

Metcalfe, D. (2008) 'Why has the British National Minimum Wage had Little or No Impact on Employment?' *Journal of Industrial Relations*, 50, 489-512

Migration Advisory Committee (2014) *Migrants in low-skilled work: the growth of EU and non-EU labour in low-skilled jobs and its impact on the UK*

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/333083/MAC-Migrants_in_low-skilled_work_Full_report_2014.pdf

Plunkett, J., Hurrell, A. & D'Arcy, C. (2014) *More than a minimum : Review of the Future of the National Minimum Wage, Final Report* (chair: G. Bain), London: Resolution Foundation

Ussher, K. (2013) *London Rising: The Case for a London Minimum Wage* London: Centre for London

Wills, J., Datta, K., Evans, Y., Herbert, J., May, J. & Mcllwaine, C. (2010) *Global cities at work: New migrant divisions of labour* London: Pluto Press

Wills, J. (2013) *London Living Wage Research* Geography Department, Queen Mary University of London, online at: <http://www.geog.qmul.ac.uk/livingwage/index.html>

Contributors to the seminar

Kavita Datta and Cathy Mcllwaine, School of Geography, Queen Mary University of London

*Low paid work and resilient geographies of a migrant division of labour in London**

Ian Gordon, Geography/SERC, London School of Economics

*Migration, Low Pay and Work Incentives in London**

Conor D'Arcy, Researcher, Resolution Foundation

*The National Minimum Wage, low pay and London**

Sarah Vero, Partnerships Manager, Living Wage Foundation

Campaigning for a Living Wage in London and nationally

Stephen Knight, Chair, Economic Committee, Greater London Assembly

Making the London Living Wage the Norm

* slides available at:

<http://londonmigration.org/2014/06/10/migration-and-low-pay-in-london-2/>

Immigration and the UK economy: interaction between policy and economic research since the mid-1990s

Jonathan Portes

Introduction

The first part of this chapter offers a personal overview of what happened to UK policy since the mid-1990s that led to the huge expansion in migration to this country; what economic research has contributed to that; and what research has learned from it. It then turns to some of the broader questions about the dynamic effects on the economy, which economists expect to be substantially more important, but to which we don't yet have answers.

Economic analyses and migration policy shifts after 1997

Migration wasn't really a big issue in this country politically from about the late 1970s to about 1997, as it had been in the late 1960s and early 1970s. At that time, it was not framed as an economic issue but it was primarily about race and the social issues that result from that. As a consequence, there were relatively few economists in this country working in this field, and very little quantitative analysis. When I came to this subject as a civil servant in about 1999, there were maybe one or two papers that actually did quantitative analysis of the impacts of migration on the UK economy and labour market. We knew very little indeed.

When we in government tried to set out to fill that gap (Glover et al., 2001), we didn't fill it through quantitative analysis but rather we tried to describe what was going on, highlighting the fact that something was really happening in the UK (especially in London) in the late 1990s. There was some sort of regime shift in relation both to actual migration flows and in terms of how the policy framework facilitated them. In his IPPR post-mortem on migration policy in the first 10 years of the Labour Government, Will Somerville (2007) said that in the late 1990s/early 2000s there was really a comprehensive shift in policy towards migration, and in particular economic migration. A previous policy model — benign or malign depending on your perspective — was

replaced with a framework that was much more proactively identifying how migration could have positive impacts on the UK economy. This then led to a period of really rapid policy development that was very much informed by, and developed in conjunction with economists inside and outside government.

The really big policy changes that took place in the early 2000s included:

- The work permit system was modernized, reformed, streamlined, made much more business-friendly, much more based on the presumption that businesses ought to hire workers from outside of the EU if they wanted.
- The highly skilled migrant programme was introduced which, for pretty much the first time, allowed people with some qualifications to come here without having a job to go to.
- The framework for international students was not only liberalised, but universities were very much encouraged to recruit international students, not only because it was seen as a way to alleviate the pressures on university and public finances, but also because it was perceived to have wider positive economic spin-offs. That in turn led to an expansion of the post-study work route under which students were allowed to stay on and work after graduation.
- The biggest single policy change or policy development of all was the decision to give unrestricted labour market access to nationals of Poland, the Balkans, and the Baltic states in particular when they joined the European Union in 2004.

Now, there were lots of little rule changes that went into this huge expansion of the work permit system. It's quite difficult to separate out which precisely drove what, but there's no doubt that the overall impact was huge. We had about 30-40,000 people a year coming here on work permits a year between 1995-1997. By 2002-2004, however — pre-EU enlargement—the Government was giving well over 100,000 work permits to people outside of the EU every single year. That's a pretty big shift. Then came labour market access for the A8.

I want however to dispel at least one particular myth, that the decision to grant access was driven by the forecast from academics at University College London, that the numbers would be very small (Dustmann et al, 2003). It goes much wider than that. It does need to be seen not in the context of one particular set of economists producing a gravity model which spat out a number and ministers just saying 'oh, okay that's alright then. We'll just liberalise immigration policy on that basis.' It was driven by a

set of factors which really say quite a lot about the tradeoffs and challenges that migration policymakers face.

First – and this is often forgotten – was geo-political and foreign policy. The A8 countries were allowed to join the EU in large part because the UK government wanted them to, and expended a great deal of diplomatic capital enabling them to sign up. That was particularly the case with Poland. Tony Blair had a close relationship with Polish politicians. He wanted them in the EU — and the British foreign policy establishment in general felt that this was a big win for the UK and that they would be an important ally in various debates within the EU. That's largely proved to be true. The downside of forgetting that, was apparent very recently with the reported critical remarks about the UK from the Polish Foreign Minister. He really ought to be one of the UK's closest allies in Europe across a whole range of debates about liberalisation of the single market, about foreign policy etc. Yet, we've managed to comprehensively alienate him because of a perfectly reasonable complaint about things like child benefit going to Poland, which is really not a big issue in the wider foreign policy debate. Immigration policy debates really cannot be separated out from some of the wider geo-political discussions.

The second which is even more frequently forgotten is an administrative and practical issue, but again is relevant to current debates. We did not have the option of saying to Polish people: "oh, you can't come here on May 1, 2004". They came as citizens of the EU as free movement meant they were entitled to come here without any border controls. The question was whether we were going to let them work here legally. The strong view of most people within government was that in a relatively flexible, relatively lightly regulated labour market, where there aren't great corps of labour inspectors going around, that Poles and others would come, and they would work. The question then was whether they would work legally or illegally. This is often forgotten in such debates.

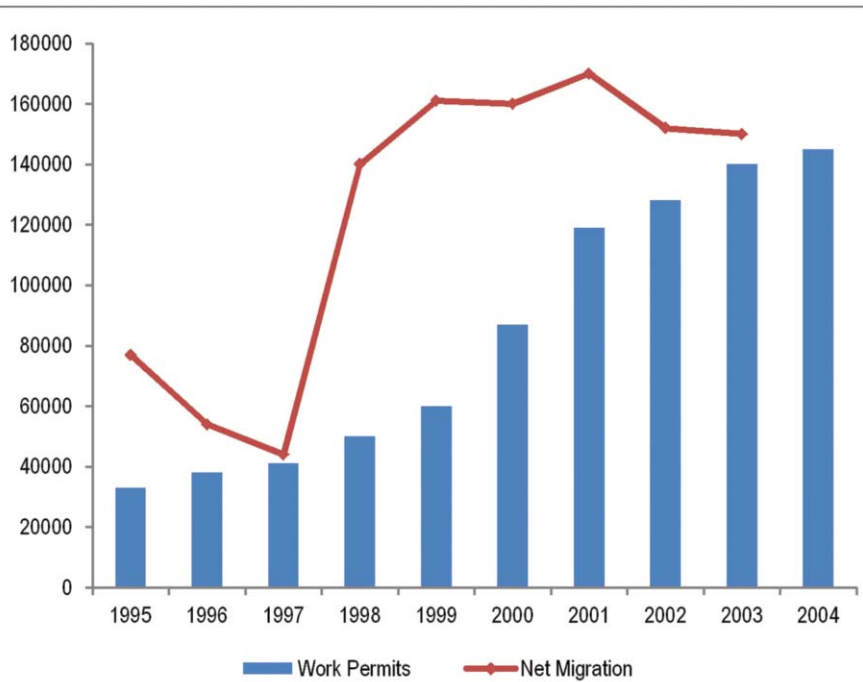
And then finally, there was the more economic view that the labour market impacts would largely be benign.

As it turned out, the in-flows were considerably bigger than anticipated, as can be seen in figures 1 and 1a, for the UK as a whole. For London, in particular the upturn was even bigger – about 3 times larger in proportionate terms. What do we know about the impacts of this migration?

Labour market impacts

The one field in which we know a great deal is that of labour market impacts, where quite a bit of econometric analysis has been done - including some of my own work. We haven't found significant negative labour market impacts, and that there aren't big negative impacts has become pretty much conventional wisdom among economists. Sadly, there hasn't been the sort of detailed evaluation of the specific policy changes that allowed particular categories of immigrants to move in, which would answer some of the very sensible questions about the heterogeneity of effects. Thus we can look at the overall impact of immigrants on the labour market, or even of some very big slices. However, we cannot, unfortunately, look at, for example the impact of people who come through the highly skilled migrant programme, who are a very interesting group. It is possible to have wildly different views on whether they're likely to have had a large positive impact, a small positive impact, or even a negative impact on various indicators. Yet that hasn't been done, and there isn't the data to do it - and that is a shame.

Figure 1 The rise of work permit issues and net migration in the UK 1995-2004

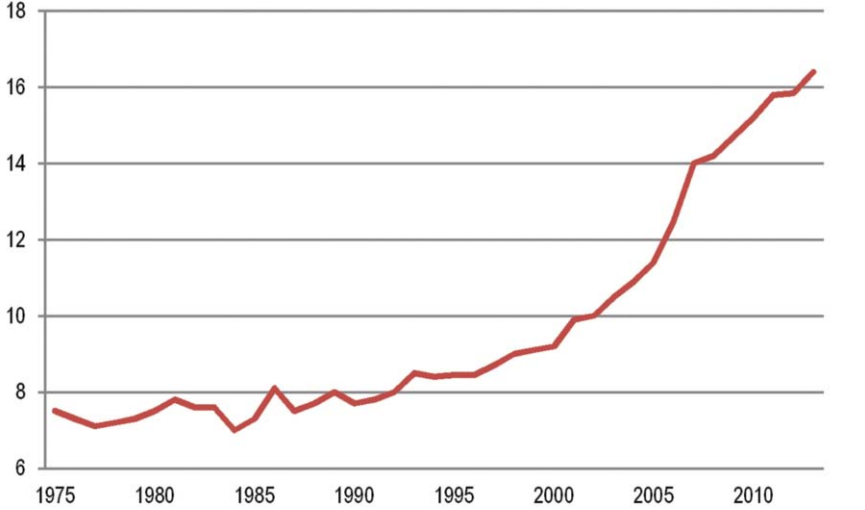


There has been a huge upsurge of research on labour market impacts (e.g. Wadsworth, 2010; Lucchino et al., 2012; MAC, 2012). Most of the papers (including my own) show that looking at labour market impacts in a standard way, plotting on a graph some indicator of labour market outcomes such as unemployment or employment against the immigrant inflows, gross or net, you come up with a bunch of dots that suggest basically there is no relationship at all. You draw a line through it and it comes out flat. Even if you then fiddle around with some fancy econometrics, the results are still that there isn't much of a big impact if you look at immigrants as a homogenous group, and the impacts in terms of those sort of headline indicators.

So where does that leave us? There's a general consensus that there is little or no impact on unemployment, in other words immigrants create about as many jobs as they take. Some probably make a relatively small negative impact on wages at the bottom end of the wage distribution, and in London it might be bigger because there are more and because the impact on the structure of labour markets is greater.

Impact on public services is however pretty significant. Benefit tourism is largely mythical, but there clearly is a big impact on public services, in particular schools and hospitals in London. Again, it's on both the supply and the demand side. It affects tax revenues and public expenditures. The balance is quite difficult to assess and perhaps - despite a lot of discussion about this—it's probably not actually the most interesting

Figure 1a Percentage of immigrants in the UK's working age population 1975-2013



question. There has recently been some estimates of the long term fiscal impacts (OBR, 2013, Lisenkova et al, 2013), which suggest that there are, in the grand scheme of things some dramatic numbers — tens of billions of pounds, several percentages of GDP over very long periods. The numbers look quite dramatic, but are still fairly modest impacts compared to other issues affecting the economy over 30 or 40 years.

Research on longer run dynamic effects

A reasonable summary verdict on the evidence from this body of research was that:

immigration has very small impacts on GDP per capita, whether these impacts are positive or negative. This conclusion is in line with findings of studies of the economic impacts of immigration in other countries including the US (House of Lords, 2008).

This led many in the policy community to the view that migration was a political not economic issue. But this was, in my view, profoundly wrong —especially in relation to London.

Leaving aside the analysis of labour market impacts, there are other more interesting questions about the wider impact of immigration on economic structures, on innovation, on productivity — for example how does immigration or particular types of immigrants actually change the structures of production? And there are several different routes by which immigration might impact on other, more complex economic outcomes. These include:

- Increased competition
- Human capital spillovers
- Transnational networks
- Complementarities (O-ring effects)
- Segmented labour markets (may be negative..)
- Impact on innovation, patents, start-ups etc

Some of these relate very clearly to the analysis in the economic literature about the wider impacts of trade. So for example, the benefits of trade with the EU do not come mostly because of comparative advantage. It is not clear that we have an inherent comparative advantage over the French or the Italian in making cars or vice versa. However, we think that because of the increased competitive pressures applied both

to our car industry and the Italian, French, and German ones over the last 20 years, we have all become considerably more efficient. And there is plenty of economic literature, which illustrates that. Is that true of immigration as well?

Well, there are certainly ways in which that might be the case. There are spillovers and complementarities in the operation of human capital. It's not just that we have more skilled workers, but it is also about the possible interaction between workers with different characteristics and different skills. A lot has been written about transnational networks, mostly on the positive side, although there are obviously some potentially negative impacts of transnational networks. There are effects around the segmentation of labour markets, particularly at the bottom end of the labour market. We understand very little about this. Why is it, for example that most parking attendants at least in my part of north London seem to be West African? Why is this happening? Is it a good thing? In some cases, individuals who appear relatively well educated are probably doing jobs that they aren't terribly happy doing and are overqualified for. What's going on there? What are the wider impacts of that? And there are other labour markets in London with similar features. There are plenty of interesting research questions here, which some of this aggregate econometric analysis doesn't really answer.

So, what evidence do we have? There are a range of papers now which seek to address some of those questions both in the UK and abroad, about these broader, not direct labour market questions. There are a number of studies by Jennifer Hunt and others in the US about immigration and innovation and patenting. They look at innovation as measured by the numbers of patents and consider whether that's associated with immigration, particularly high-skilled immigration or particular immigrations. Max Nathan (at LSE and NIESR) has done some similar work on the impact of ethnic diversity within management and company founders on patenting. And this again finds some positive evidence, though leaving aside the questions about, for example, whether patents are really a good measure of innovation. There are the beginnings of some suggestive evidence there, but none of this is entirely convincing yet.

At a more macro level, what do we know about immigration and productivity? Some recent papers, notably one by Giovanni Peri at University of California Davis, and his co-authors suggest positive impacts (Ortega & Peri 2013). This, again, is quite similar to the trade literature, and I am not a great believer in cross-country regressions myself. But again, as a sort of stylized fact, the association of — at least in some countries— of high levels of immigration and high levels of GDP growth per capita is notable. And certainly in the UK, London's outstanding performance is clearly related to its reliance on immigration.

Cinzia Rienzo at NIESR has also looked at the association between levels of immigration or numbers of immigrants within industry sectors and productivity changes within those industries. Again, this shows some suggestive evidence of a positive association. Though we've got some firm level data on immigrant shares, we don't really have any evidence on a longitudinal basis yet; so it's quite difficult to conclude anything about causality. Obviously, anecdotally, we know there are many high growth, high productivity sectors in London. Many of those sectors employ large numbers of immigrants. Many of the companies in those sectors will tell you that they are very much dependent on immigrants and regard the diversity of the backgrounds of their staff as an important asset. Is it possible to show that quantitatively? Can we describe how policy change influences that either positively or negatively? It's tough to answer those questions. For a recent review of this literature see Nathan (2014).

Finally in relation to education in the UK, there is some evidence of significant positive effects on London schools. The remarkable success at least as measured by quantitative outcomes (test scores etc) of London schools is really one of the most interesting social policy developments in the UK in the last 15 years. I understand that London is now the only capital city in the developed world where students significantly outperform the rest of the country, and that is particularly true for disadvantaged students. Success has many fathers. London local authorities, such as Tower Hamlets which is a particularly notable example of this transformation, can reasonably claim some of the credit. It clearly has something to do with immigration and also with many other developments in the policy environment in education over this period. There has been research by Charlotte Geay and Sandra McNally, (2012), and the Institute of Fiscal Studies has recently written on this (Greaves et al, 2014). There isn't a definitive answer. It's difficult however to think that immigration and diversity haven't contributed somehow, interacting with some of these other policy developments.

Conclusion

This leaves us with a huge research agenda, but it has certainly advanced compared to a few years ago. We're however only scratching the surface of some of these more complex aspects of the impact. These matter especially in the London situation. You can think of the impact of immigration on Berkshire, or on Devon, where it's only a small fraction of the population. But London is immigration and immigration in this country is London; the two are inseparable. We still have to try to frame some of these connections. It's a fascinating topic with plenty of scope for future research – on issues going far beyond those of numbers, jobs and fiscal effects on which the earlier debate and analyses largely focused.

References

- Dustmann, C., Casanova, M., Fertig M., Preston, I. & Schmidt, C. M. (2003) *The impact of EU enlargement on migration flows* Home Office Online Report 25/03
http://eprints.ucl.ac.uk/14332/1/14332.pdf?origin=publication_detail (accessed 11/09/2014)
- Geay, C., McNally S. & Telhaj, S. (2012) *Non-native Speakers of English in the Classroom: What are the Effects on Pupil Performance?* Discussion Paper No.137
 Centre for the Economics of Education London School of Economics, March
<http://cee.lse.ac.uk/ceedps/ceedp137.pdf>
- Glover, S., Gott, C., Loizillon, A., Portes, P., Price, R., Spencer, S., Srinivasan, V. & Willis, C. (2001) *Migration: an economic and social analysis* RDS Occasional Paper No. 67, London: Home Office
- Greaves, E., Macmillan L., & Sibieta L. (2014) *Lessons from London schools for attainment gaps and social mobility* Research Report Social Mobility and Child Poverty Commission
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321969/London_Schools_-_FINAL.pdf (accessed 11/09/2014)
- House of Lords (2008) *The Economic Impact of Immigration* Select Committee on Economic Affairs, 1st Report of Session 2007–08, HL Paper 82-I
- Lisenkova, K., Mérette, M. and Sanchez-Martinez, M. (2013) *The Long Term Economic Impacts of Reducing Migration: the Case of UK Migration Policy* NIESR DP No. 420, National Institute of Economic and Social Research, London
- Lucchino, P., Rosazza-Bondibene, C. and Portes, J. (2012) 'Examining the Relationship between Immigration and Unemployment Using National Insurance Number Registration Data' *NIESR Discussion Paper* 386, National Institute of Economic and Social Research
- Migration Advisory Committee (2012) *Analysis of the Impacts of Migration* London: Home Office
- Nathan, M.A. (2014) 'The wider economic impacts of high-skilled migrants: a survey of the literature for receiving countries', *IZA Journal of Migration*, 3:4. Germany: Bonn
- Office for Budget Responsibility (2013) *Fiscal sustainability report* Office for Budget Responsibility, London
- Ortega, F. & Peri, G. (2013) *Migration, Trade and Income* Institute for the Study of Labor Bonn Germany <http://ftp.iza.org/dp7325.pdf> (accessed 11/09/2014)
- Somerville, W. (2007) *Immigration Under New Labour* Bristol: Policy Press.
- Wadsworth, J. (2010) 'The UK labour market and immigration' *National Institute Economic Review* 213, no. 1, R35-R42

Section 3. Migration, communities and local services



Image: Robert Kloosterman

“Not just Amsterdam, but many other cities in the world are also displaying ever more diverse faces of migration spanning low-paid cleaners to high-flying CEOs of multi-nationals”

Faces of migration: migrants and the transformation of Amsterdam

Robert C. Kloosterman

Multicultural markets: the street and the financial species

The daily Dappermarkt street market is clearly a meeting place for people from almost everywhere in the world with its sights and sounds and smells of all kinds of food being sold. The market, in the eastern part of Amsterdam, built in the 19th/early 20th century, is an urban renewal area with a highly diverse resident population in terms of their place of birth, length of stay, family status, education, socio-cultural orientation and life prospects. There are members of what used to be the ‘traditional’ (white) working class, migrants from less-developed countries who came as guest workers and their descendants, migrants from the former colonies and their descendants, political refugees and asylum seekers and young urbanites, mostly students or recent graduates from the Netherlands and increasingly from abroad.

Only a few kilometres to the south, there is a quite different type of street life. In the Zuidas business district with its gleaming office towers, there are people who work in advanced business services sitting outside posh cafés. Their more or less uniform dress style and conversation often in English, the lingua franca of their trade, belies their diverse national backgrounds from the Netherlands, the US, the UK, Germany, France, Japan, China and many other countries.

Both city snapshots are images which reflect the presence of migrants in Amsterdam. Not just Amsterdam, but many other cities in the world are also displaying ever more diverse faces of migration spanning low-paid cleaners to high-flying CEOs of multinationals (Vertovec, 2007). In addition, ethnic diversity associated with migration tends to overlap with socio-economic fault lines resulting in segmented urban societies. To put the Amsterdam experience in perspective, I briefly sketch the relationship between the emerging production system and social stratification. After that, I set out very briefly recent migration trends in Amsterdam. I then explore how this diverse migrant population has fared in socio-economic terms using quantitative data from the local

Migration and London's growth

Amsterdam office (O+S) Dutch and the national statistical office (CBS). I conclude by trying to draw out more general lessons.

A new wave of urbanisation

Cities are always changing but I want to distinguish between the different phases of urbanisation under industrial capitalism and to focus on the more enduring generic characteristics, specifically those concerned with the production system: the dominant technology, the leading industrial sectors, the key products, the prevailing labour practices and managerial strategies, the locational patterns, and the main cleavages in the social division of labour. The current phase, labelled cognitive-cultural capitalism by Allen Scott (2008 & 2012), is first and foremost characterised by a production system in which 'highly qualified human capital' constitutes the crucial input and more customised products are an increasingly important output (Scott, 2012: p.x). Within the leading sectors, then, the key input consists either of highly formalised knowledge - as in advanced producer services and high-tech industries - or of a less-formalised form of aesthetic, cultural or craft knowledge as in creative industries such as fashion design or music making. Both forms of human capital may enable firms to compete more on quality than on price. Thus they are able to find or create a particular niche and focus on a limited range of products, and escape, at least temporarily, cut-throat competition from other firms.

These leading activities tend to thrive when, on the one hand, firms are able to reap agglomeration economies by being concentrated in local clusters, and, on the other, when they are able to tap easily into global networks to maintain contacts with suppliers, customers and others. Those cities or city-regions with the right conditions have benefited and seen employment and population growth. They have a certain critical mass and diversity, an orientation towards advanced producer services, high-tech industries and/or creative and cultural industries, and a tradition of openness and global linkages and a supportive infrastructure. In general "... capitals demonstrated a striking ability to recover, aided by their dominance of national and international business and transport networks. The upturn in world banking and finance since the 1980s consolidated their primacy." (Clark, 2009: p.242) Global cities such as New York (not a political but certainly a financial capital) and London evidently belong to this category, but on a more modest level, smaller cities like Amsterdam have displayed similar dynamics achieving an urban renaissance with strong growth of cognitive-cultural activities, a resurgence of their inner-cities and widespread gentrification (Engelen, 2007; Fernandez, 2012; Kloosterman, 2013). Amsterdam's economy is currently dominated by producer services which provided 39 per cent of the city's total

Migrants and the transformation of Amsterdam

employment in 2013, (O+S, Jaarboek 2013) and creative and cultural industries which provided 10.5 per cent of total employment in 2012 (O+S, Jaarboek 2013; <http://www.rotterdam.nl/sectorenenclusters>).

While the competitiveness of the evolving urban production system hinges on the leading sectors, these activities do not exist in a vacuum, but "are almost directly coupled with an adjunct penumbra comprising a flexible low-wage employment segment ... focused on jobs like housekeeping, child care, health care, food preparation and serving, janitorial work, taxi driving, and home repair" (Scott, 2012: p. 43). Their labour market position is not just characterised by low pay but also tends to be more insecure, and, moreover, are dead-end jobs in terms of opportunities for upward social mobility. Given the often precarious situation these workers find themselves in, they belong to a new vulnerable group, the 'precariat' (Scott, 2012: p.101). Migrants from non-western countries are typically overrepresented in this class of servile workers.

Accordingly, with this new phase of urbanisation, a central fault line is emerging between those who work in cognitive-cultural activities and those in supporting activities (Sassen, 1991/2001; Scott, 2008 & 2012). Both poles of the labour market are, in principle, able to attract migrants, especially in global cities with already firmly established linkages with various parts of the world. However, given the diverging requirements for the jobs in both segments, multifaceted sorting processes in the urban labour market create a complex mosaic along lines of human capital, social and cultural capital, and, often ethnicity. This mosaic is also spatially articulated as the position in the labour market is strongly related to the status in the housing market resulting in neighbourhoods with very different ethnic compositions. Migration, hence, is not just about those who live close to the Dappermarkt, but also about those who live in the expensive parts of the Canal District in the historical centre of the city.

This is, of course, a highly schematic rendering of what is happening in advanced urban economies. It does, however, provide a few key reference points for positioning a city and its migration experience. Before locating Amsterdam in this broader scheme of contemporary processes of urbanisation, we first consider the migration trends and some key indicators of the socio-economic position of the migrants.

Migration trends

In 1959, Amsterdam's population peaked at about 872,000 inhabitants and the nadir was in 1985 at just under 676,000. Without the arrival of migrants from abroad this decrease could have been much larger, as the birth rate had declined and, moreover, many people, especially middle-class families with children, left the city in droves for

Migration and London's growth

the green promise of suburbia (Kloosterman, 1994). Migrants from Turkey and Morocco came as guest workers to fill low-skilled jobs and later as part of family reunion schemes. There were also migrants from Surinam who left when the former Dutch colony became independent in 1975. These migrants partly replaced those leaving for Purmerend, Hoorn, Almere, and other smaller cities in the vicinity of Amsterdam (Mak, 1995: p. 328). The socio-economic effects of this relatively rapid change in Amsterdam's population became painfully evident in the 1980s when a deep recession hit the Netherlands and Amsterdam in particular. Deindustrialisation rapidly pushed up unemployment, especially among migrant workers. When employment started growing again with an expansion of the service sector in the second half of the 1980s, the local labour force in Amsterdam turned out to be less well qualified for the new jobs. It was not just that the educational qualifications of many members of the labour force were deemed inadequate, employers preferred workers from outside Amsterdam who they saw as better educated and more eager (Kloosterman, 1994). As a result, a significant part of the Amsterdam labour force found itself at the end of the hiring queue and, consequently, the overall rate of unemployment in Amsterdam went up to about 25 per cent – one of the highest in the country – with even higher rates among migrants. Amsterdam in the 1980s, with its riots, squatters, and highly visible population of junkies close to the Central Station seemed on its way to becoming an intractable urban mess (Bosscher, 2007a,b and c).

In retrospect, however, we can now observe that, although unemployment remained very high throughout the 1980s, the signs of an urban renaissance were already there. A period of economic and demographic decline, of sharp political, social and cultural turmoil ended more or less in 1985.

Geert Mak (1995: p.326), in his history of Amsterdam, has dubbed this period from 1965 to 1985 the 'Twenty Years Urban War'. It was not just that after two decades of deindustrialisation, the urban economy picked up again in the mid-1980s with the expansion of the services sector and growth of employment, but city life itself had become more popular among large numbers of higher educated young people who, instead of leaving the city soon after graduation, stayed in the more central parts of the city even when they had children (Boterman, 2012), and widespread processes of gentrification started to alter the outlook of the city. The Jordaan, a rather dilapidated and deserted neighbourhood in the 1970s, became a prominent playground for the new urbanites. Teachers, academics, and increasingly people working in the producer services had become the successors to the indigenous working-class Amsterdam residents who had left the city (Mak, 1995: p. 326). The fear expressed in the 1970s

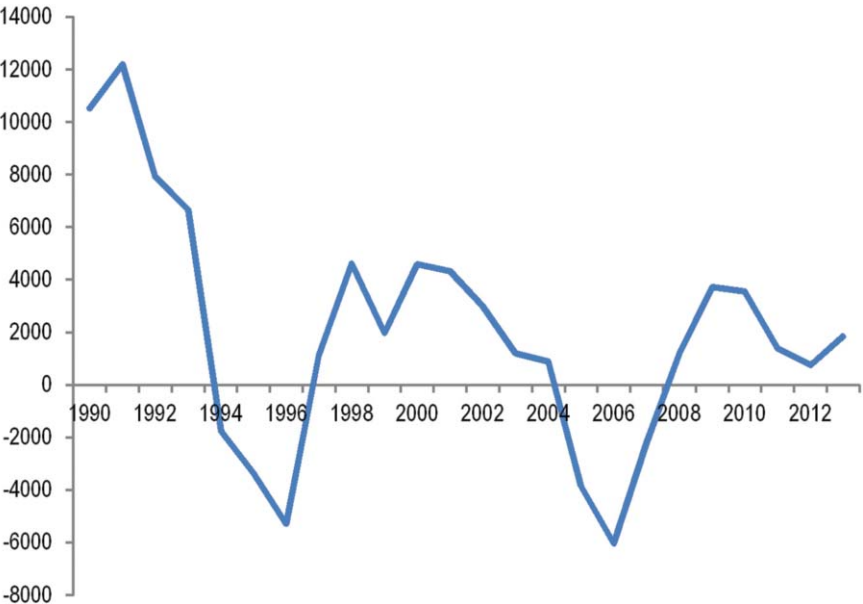
Migrants and the transformation of Amsterdam

and early 1980 that Amsterdam would be stuck with a lower educated labour force, did not materialise. Instead, in 2007, Amsterdam ranked second, only behind much smaller Utrecht, in terms of the proportion of higher educated workers in the city's labour force with slightly more than 50 per cent (Marlet, 2009: p. 121). Indeed, a new phase of urbanisation had set in, driven by an unfolding production system strongly oriented towards cognitive-cultural activities. Amsterdam benefited greatly from the combination of a production system dependent on proximity because of agglomeration economies and connectivity because of global linkages with the shift in the residential preferences of high-skilled workers towards urban living.

These changes are reflected in the demographic trends of the Dutch capital. In 1985, after almost three decades of continuous decline, the Amsterdam population started growing again. After 1985, the birth rate in Amsterdam exceeded the death rate and has remained positive ever since so contributing to the population growth. Even more important at least until the late 1990s was the decline in net domestic outmigration, while the net international migration surplus remained until 1993 when outward migration temporarily exceeded inward (see Table 1; O+S, 2014). After 2008, all components contributed to population growth and at the beginning of 2014 (Latten and Deerenberg, 2013), the Amsterdam population went over the 800,000 mark again for the first time since 1971 (O+S, 2014a) (see figure 1).

International migrants from roughly 1965 until 1985 were mainly relatively low-skilled non-western guest workers and their family members or they came from Surinam. From 1990 onwards they were far more diverse (Obdeijn and Schrover, 2008; Latten and Deerenberg, 2013). There were political refugees, asylum seekers from the former Yugoslavia, Iraq, Iran, Ghana, Afghanistan, Somalia and other countries. They tended to be generally better educated than their predecessors. Moreover, with the liberalisation and extension of the European Union, citizens of other EU member states have acquired the right, in principle, to settle in the Netherlands. The migrants from notably Great Britain, Germany, Spain, Belgium, France, Italy come mainly for work, study or to join a family member and are typically relatively highly educated (Obdeijn and Schrover, 2008 p.339). Amsterdam, with its expanding economy, its cosmopolitan atmosphere, its two universities and other higher education institutions, and its already sizeable population of western migrants, unsurprisingly, has the largest number of non-Dutch citizens of all Dutch cities (O+S, 2014). Whilst Dutch citizens make up about 695,000 of the city's 799,500 population, figure two shows that the remainder come from a wide range of countries. Non-Dutch citizens in Amsterdam

Figure 1: Net international migration to Amsterdam, 1990-2013

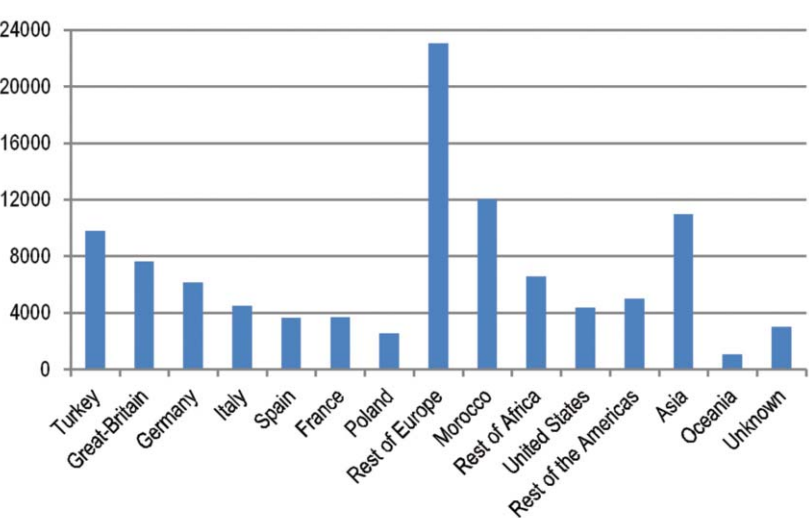


Source: O+S (2014a), <http://www.os.amsterdam.nl/feiten-en-cijfers/#>

(from all EU member states, the rest of Europe and the Americas), total about 60,500 persons, which is about 7.5 per cent of the overall population (see Figure 2).

Figure 2, however, grossly underestimates the diversity of the city's population as many people of Turkish, Moroccan or Surinam descent and other countries (and especially their offspring) have Dutch nationality. Table 1 shows a more nuanced picture of the share of migrants and their offspring in the population of Amsterdam. This table reveals that Amsterdam has become a majority/minority city in that people of Dutch origin have become a minority. Migrants from non-western countries have the largest share, with about a third of the total Amsterdam population. Migrants from western countries constitute about 16 per cent of the total Amsterdam population. The second generation (those born in the Netherlands of parents born elsewhere) count for little less than half of the population of non-Dutch origin Amsterdam.

Figure 2 Amsterdam's non-dutch population by nationality, January 1, 2013



Source: O+S (2014), Jaarboek 2014

Amsterdam in the 21st century has again become a city of migrants just like it was in its Golden Age, the 17th century, when people from Germany, Belgium, Spain, Portugal, among them many Huguenots and Jews, flocked to a booming and tolerant, or to put it more cynically, indifferent city. Many migrants encountered difficulties in finding their way and historical studies have shown that substantial numbers of migrants were part of a pre-industrial underclass living separate lives from the rest of the Amsterdam population (Obdeijn and Schrovers, 2008 p.59-63). Other migrants, though, were crucial in boosting the competitiveness of the Amsterdam economy by bringing knowledge of products and production processes (e.g. Huguenots and woollen cloth, Prak, 2002: p.158-159) and trade networks (e.g. Sephardi Jews, Israel, 1987 p.73). What can we say about their contemporary counterparts?

Migrants and the new wave of urbanisation

A comprehensive overview of the role of migrants in the Amsterdam economy is beyond the scope of this contribution. Instead, the focus is on the labour market position of migrants in Amsterdam. I will look at the unemployment trends among specific groups of migrants and especially among the youth, the differences between men

Migration and London's growth

Table 1 The Amsterdam population by country of origin and generation

Country of origin	Actual figures				%		
	1st generation	2nd generation	Netherlands	Total	1st generation	2nd generation	% of total Amsterdam population
Surinam	37393	30097		67490	55.4	44.6	8.3
Dutch Antilles	6877	5211		12088	56.9	43.1	1.5
Turkey	21921	20290		42211	51.9	48.1	5.2
Morocco	34115	39196		73311	46.5	53.5	9.0
Other non-western countries	57047	29920		86967	65.6	34.4	10.7
Total non-western countries	157353	124714		282067	55.8	44.2	34.8
Western countries	73531	55494		129025	57.0	43.0	15.9
Netherlands			400093	400093			49.3
Total	230884	180208	400093	811185	28.5	22.2	100.0

Source: O+S (2014), Jaarboek 2014: 218. Figures at January 1 2014
and women in groups of migrants and the nature of their work contracts and consider whether a 'precariat' is emerging along ethnic lines.

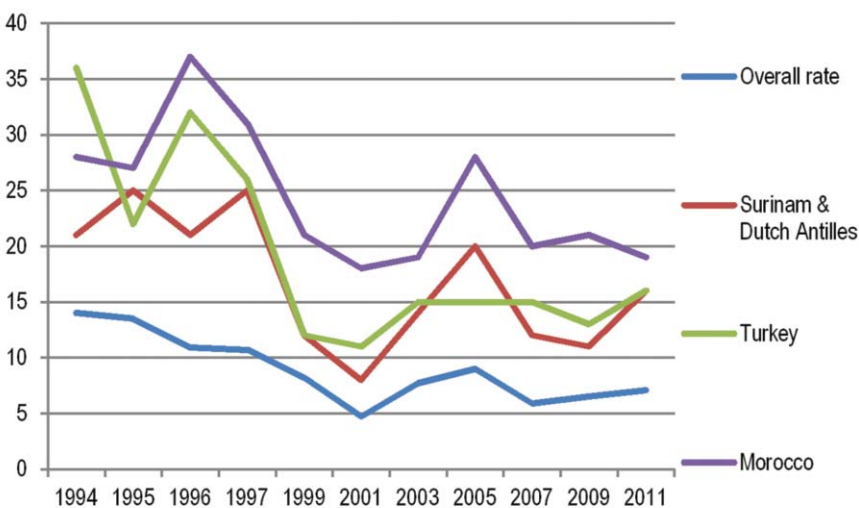
The recovery of the Amsterdam economy after 1985 first benefited highly educated young workers who to a large extent came from outside the city and largely bypassed the local pool of lesser educated unemployed (Kloosterman, 1994). As a result, the overall rate of unemployment in Amsterdam remained relatively high for quite some time (Kloosterman, 2013). Only after 1997 did the rate drop below 10 per cent and reached friction level in 2001 (see Figure 3). After that, the rate of unemployment remained relatively modest and even the credit crisis in 2008 did not affect the rate very much – at least until 2011. The picture for migrants and their descendants from Surinam, the Dutch Antilles, Turkey and Morocco, however, is rather different. Their

Migrants and the transformation of Amsterdam

unemployment rates are consistently higher and, in some cases, much higher than the overall rate. These rates also appear to be more erratic, but this might be due, at least partly, to problems with data collection. Whatever the quality of the data, it seems beyond doubt that unemployment rates among 1st and 2nd generation migrants are much higher than those of indigenous Dutch (and western migrants). The data also suggests that these migrants from non-western countries are among the first to lose their job and the last to be hired.

If we focus on the labour market situation of young people up to the age of 26, these differences become even more salient. Recently, the municipality of Amsterdam published a Factsheet which gives a detailed picture of the labour market situation of young people in Amsterdam in 2014 (Monitor jeugdwerkloosheid Amsterdam 2014, 2014). This report shows that unemployment rates among young people of respectively Moroccan descent (48 per cent), Surinam and the Dutch Antilles (38 per cent) and Turkey (33 per cent) are considerably higher than the overall rate for young people in Amsterdam (24 per cent). These differences can only be partly explained by differences in educational qualifications as even highly educated young people from non-western countries are twice as likely to be unemployed as their counterparts of

Figure 3 Unemployment rates in Amsterdam by country of origin, 1994-2011 (%)



Source: O+S, Jaarboek 2013

Migration and London's growth

Dutch descent (19 per cent compared to 8 percent; Monitor jeugdwerkloosheid Amsterdam 2014, 2014 p.2).

The same pattern is evident across all the working population. Table 2 shows the unemployment rates and the net labour market participation rates among different ethnic groups. Again, there are much higher rates of unemployment among migrants from non-western countries and, accordingly, much lower rates of net labour participation than among those from western countries and the Netherlands itself. Even more striking are the differences between women of the different groups. Unemployment among women from Surinam and Dutch Antilles (24 per cent), Turkey (27 per cent) and Morocco (a staggering 36 per cent) are much higher than among women from western countries and those of Dutch descent (both 5 per cent). These figures are very much in line with those mentioned by Vertovec (2007:1040) for

Table 2 Labour market participation and unemployment in Amsterdam by country of origin and gender, 2013.

	Men		Women		Men and women	
	Labour participation net rate (%)	Unemployment rate (%)	Labour participation net rate (%)	Unemployment rate (%)	Labour participation net rate (%)	Unemployment rate (%)
Surinam & Dutch Antilles	54	20	51	24	52	22
Turkey	57	18	24	27	41	21
Morocco	51	26	29	36	40	30
Other non western countries	54	22	42	23	48	22
Western countries	76	7	72	5	74	6
Netherlands	77	7	69	5	73	6
Total	69	12	59	11	64	11

Source: O+S (2014), Jaarboek 2014: 214

Migrants and the transformation of Amsterdam

London: "Employment rates are especially low for women born in South Asia (37 per cent) and the Middle East and North Africa (39 per cent)". The high unemployment rate for women of Turkish and Moroccan descent in Amsterdam partly explains the very low rates of net participation, but they also reflect the fact that a much smaller number enter the formal labour market in the first place. The figures for workers of Dutch descent and those from other western countries, both men and women, are comparable but contrast sharply with that of migrants from non-western countries.

Labour market position is not just about rates of unemployment but also the quality of the jobs. The pay, security, how dangerous and/or dirty they are and whether they offer possibilities for upward social mobility are also key issues. There is no data on most of these characteristics, but there is a breakdown according to job security for different groups of workers for 2013 (see Table 3). This gives only a very limited insight into the nature of the jobs, but still marked differences are revealed between the various groups. It indeed seems the case that migrants from non-western countries are more likely to have flexible contracts, which is one of the defining characteristics of the 'precariat'. The proportion of migrants on flexible contracts from Morocco and Surinam and the Dutch Antilles at 40 per cent and 30 per cent respectively stands out. Interestingly, we do find a gap here between workers of Dutch descent and those

Table 3 Labour market position of the active Amsterdam labour force broken down by country of origin as a percentage of the total group, 2013

	Tenured (%)	Flexible contract (%)	Self-employed (%)	Combination of self-employed and job (%)
Surinam and Dutch Antilles	62	30	6	3
Turkey	50	24	26	1
Morocco	56	40	2	3
Other non-western countries	45	31	21	4
Western countries	48	31	18	3
Netherlands	55	21	18	6
Total	53	26	17	5

Source: O+S (2013), Jaarboek 2013, 4213

Migration and London's growth

from other western countries. The proportion of workers from the latter group on flexible contracts is 10 percentage points higher than for those of Dutch descent.

Among workers from non-western countries, there are marked differences regarding self-employment with a very high rate of self-employment among those from Turkey with one in four being self-employed. This contrasts sharply with the self-employment rates among Surinamese and Dutch Antilleans and a significant proportion of Moroccans are on flexible contracts. From the data, it is impossible to tell to what extent this self-employment is out of necessity - pushed towards self-employment because of obstacles in the labour market - or out of choice (pulled) for reasons of higher remuneration or self-esteem (Kloosterman, 2010a). It is also unclear to what extent self-employment fits the description of the 'precariat' and thus could be described as a highly uncertain and low-paid activity. However, research seems to indicate that the recent rise of self-employment is intimately related to the increasing flexibilisation of the economy and that part of the self-employed can be characterised as a kind of buffer, or even a contemporary version of Karl Marx's Reserve Armee of workers who can easily be called upon when demand is high.

The demographers Jan Latten and Ingeborg Deerenberg (2013) have shown that Amsterdam, as an international centre of producer services and creative and cultural industries, attracts most of the workers from western countries within the Netherlands. These workers are, on average, relatively well paid (e.g. expats working with multinationals) thereby significantly contributing to the local economy.

Conclusions

Amsterdam has shown a similar development pattern to many other (capital) cities. The population decline which started in the 1960s as manufacturing shed jobs and middle-class people left the city was partly countered by the arrival of lesser educated migrants from non-western countries seeking work and a better life in the west. With the transformation of the production system after 1985 and a shift towards cognitive-cultural activities requiring highly skilled workers, the city changed significantly. Central urban locations became attractive again for both firms and residents thereby altering the face of many urban neighbourhoods. The emerging production system also fostered contacts and ever more flows of highly skilled workers between different advanced urban economies. Migration before 1990 was confined to people from less-developed countries, but after that increasing flows of mainly highly skilled workers (and students) came from other advanced economies between global nodes.

Migrants and the transformation of Amsterdam

Amsterdam, a second or third-tier global city, but nonetheless a global player in particular producer services, creative and cultural industries, and tourism (recently ranked, together with the rest of the Dutch Randstad as the 16th most influential city in the world (Kotkin, J. 2014), basically fits this pattern. The city can be labelled as a highly developed cognitive-cultural urban economy with a very diverse population.

A closer look at the relationship between migration and the processes of urban transformation suggests that there are no simple, clear-cut answers to the questions regarding this relationship. The more generic structural economic changes intersect with existing more specific local socio-cultural and institutional contexts. The labour market statistics revealed a city with very evident ethnic fault lines especially between, on the one hand, migrants from non-western countries and, on the other, those from western countries and the Netherlands itself. Surinamese, Turks and especially Moroccans, although the majority were born or have lived most of their lives in Amsterdam, still find themselves at the end of the hiring queue. This is also true if they have higher educational qualifications. The deeply rooted division between insiders and perceived outsiders, a dominant trait of Dutch corporatist society for much of the post-war period, apparently still holds sway (Kloosterman, 1994). Moreover, it is very hard not to suspect discriminatory practices on the part of employers towards these groups. Even at the height of the economic boom, unemployment rates among these categories were still significantly higher than among native Dutch and migrants from western countries who do not seem to suffer from negative stereotyping. The danger then exists that some may become less attached to the labour market and develop subcultures, which are even less conducive to getting a job. The process might then feed off itself and create an ever greater distance between these detached subcultures and more mainstream ones. A self-reinforcing process is initiated which is in many ways similar to what William Julius Wilson (2011) has described regarding unemployed Afro-Americans in American cities, but in this case (a specific interpretation of) religion (Islam) rather more as a defining characteristics than race as such.

Within the highly diverse migrant population, then, a continuum can be found comprising the top-end of highly paid bankers, consultants, lawyers, managers mainly from other western countries and a bottom end with long-term unemployed migrants originating from non-western countries - the Zuidas and the Dappermarkt. What is in between, is less clear; there are some indications of the emergence of a precariat along ethnic lines but the jury is still out, as flexible, low-paid jobs are not confined to ethnic minorities and time may tell who is getting stuck in which jobs.

Migration and London's growth

It is clear, though, that migration and migrants are here to stay. Amsterdam as a minority/majority city is testimony to that. Insertion processes of migrants are obviously dependent on the trajectory of the urban economy which is partly a function of a city's place and role in the global urban hierarchy. They are also determined by the national regulatory framework regarding migration as well as labour and welfare. In addition, the specific history of a city as embodied in the minds of people, its local traditions and its built environment also impacts on processes of insertion (Kloosterman, 2010b). These factors determine the variations on a common theme of migration and transformation and the more idiosyncratic characteristics of the Amsterdam case can contribute to them.

The analysis above has shown that the pocket-size global city of Amsterdam is increasingly benefiting from migration especially from other western countries. Some groups are however tending to be left behind. Migrants and their descendants from non-western countries who came in the 1960s, 70s and 80s have alarmingly high unemployment rates which point to the existence of an unemployed, ethnic outsider population, which may be even worse than the emergence of a precariat. The costs and benefits of migration are, then, quite unequally distributed. There are clear winners, those working in high-paid jobs, but there are also losers: migrants barely able to get a decent job, but also established citizens who feel they face unfair competition from newcomers or who feel alienated by the rapid demographic changes in their neighbourhoods. It would be hard for a compact and open city like Amsterdam to afford sharp socio-spatial divisions.

The former mayor of Amsterdam, Job Cohen, talked about "keeping the city together". This in a nutshell captures the huge task faced not just by the current mayor of Amsterdam, but probably by also by mayors of other cities. It obviously requires creating the conditions for a thriving urban economy, but it also needs to go beyond seeing it in purely economic terms. Cities should be seen as more than just localised machines of commodification and accumulation. Cities also have, according to Aristotle, a *telos* or goal beyond the economic realm and should provide a home and a haven to its citizens (Sandel, 2010). This requires at the very least some sense of a shared destiny as well as considerable collective action to balance the different claims and to pursue policies of integration. Given the increasing fragmentation of urban (and national) societies along various lines (not just ethnic) and the retreat of the state in the domain of social policies (Streeck, 2014), urban policymakers in Amsterdam and elsewhere face an uphill struggle.

Migrants and the transformation of Amsterdam

References

- Bosscher, D. (2007a) 'De oude en de nieuwe stad', In: P. de Rooy (ed.), *Geschiedenis van Amsterdam; Tweestrijd om de stad, 1900-2000*. Amsterdam: SUN: 337-397
- Bosscher, D. (2007b) 'Een stad van en voor wie?'. In: P. de Rooy (Ed.), *Geschiedenis van Amsterdam; Tweestrijd om de stad, 1900-2000*. Amsterdam: SUN: 399-449
- Bosscher, D. (2007c) 'Geen woning, toch een kroning; Herwonnen zelfbewustzijn'. In: P. de Rooy (Ed.), *Geschiedenis van Amsterdam; Tweestrijd om de stad, 1900-2000*. Amsterdam: SUN: 451-493
- Boterman, W.R. (2012) Residential Practices of Middle Classes in the Field of Parenthood. Dissertation Universiteit van Amsterdam: Amsterdam
- Clark, P. (2009) *European Cities and Towns 400-2000*. Oxford: Oxford University Press
- Engelen, E. (2007) "'Amsterdamned"? The uncertain future of a financial centre', *Environment and Planning A* (39: 6): 1306-1324
- Fernandez, R. (2011) Explaining the Decline of the Amsterdam Financial Centre; Globalizing Finance and the Rise of a Hierarchical Inter-City Network. Dissertation Universiteit van Amsterdam: Amsterdam
- Israel, J.I. (1989) *Dutch Primacy in World Trade 1585-1740*. Clarendon Press: Oxford
- Judt, T. (2010), *Ill Fares the Land; A Treatise On Our Present Discontents*. Londen: Allen Lane
- Kloosterman, R.C. (1994) 'Amsterdamned: The rise of unemployment in Amsterdam in the 1980s', *Urban Studies* (31:8): 1325-1344
- Kloosterman, R.C. (2010a) 'Matching opportunities with resources: A framework for analysing (migrant) entrepreneurship from a mixed embeddedness perspective', *Entrepreneurship and Regional Development* (22:1): 25-45
- Kloosterman, R.C. (2010b) 'This is not America: embedding the cognitive-cultural urban economy', *Geografiska Annaler: Series B, Human Geography* 92 (2): 131-143
- Kloosterman, R.C. (2013) "The Amsterdam Economy and Its Impact on the Labor Market Position of Migrants, 1980-2010." In: N. Foner, J. Rath, J.W. Duyvendak, and Rogier van Reekum (eds.) *Immigration and the New Urban Landscape, New York and Amsterdam*. New York: NYU Press: 107-121
- Kotkin, J. (2014) The world's most influential cities in New Geography 15th August <http://www.newgeography.com/content/004475-the-worlds-most-influential-cities> accessed 28/08/2014
- Latten, J. and Deerenberg I. (2013) 'Nieuwkomers grote steden per saldo economisch sterker', Bevolkingstrends 2013. Centraal Bureau voor de Statistiek,

Migration and London's growth

<http://www.cbs.nl/NR/rdonlyres/14C473A8-FDDD-4A9D-A485-58746C39AA1D/0/20131004b15art.pdf>

Mak, G. (1995) *Een kleine geschiedenis van Amsterdam*. Atlas: Amsterdam/Antwerpen

Marlet, G. (2009) De aantrekkelijke stad; Moderne locatietheorieën en de aantrekkingskracht van Nederlandse steden. Dissertation Universiteit van Utrecht: Utrecht

Monitor jeugdwerkloosheid Amsterdam 2014 (2014) Factsheet Nummer 6, juni 2014: Gemeente Amsterdam

Obdeijn, H. and M. Schrover (2008) Komen en gaan; Immigratie en emigratie in Nederland vanaf 1550. Uitgeverij Bert Bakker: Amsterdam

O+S (2013) *Jaarboek 2013*. <http://www.os.amsterdam.nl/publicaties/>

O+S (2014a) <http://www.os.amsterdam.nl/feiten-en-cijfers/#>

O+S (2014b) *Jaarboek 2014*. <http://www.os.amsterdam.nl/publicaties/>

Prak, M. (2002) *Gouden Eeuw; Het raadsel van de Republiek*. Uitgeverij Sun: Nijmegen

Sandel, M. (2010) *Justice. What's the Right Thing To Do?*. Penguin Books: London

Sassen, S. (1991/2001) *The Global City. New York, London, Tokyo*. Princeton University Press, New Jersey

Scott, A. J. (2008) *Social Economy of the Metropolis: Cognitive-Cultural Capitalism and the Global Resurgence of Cities*. Oxford University Press, Oxford

Scott, A.J. (2012) *A World in Emergence; Cities and Regions in the 21st Century*. Cheltenham (UK)/Northampton (US): Edward Elgar

Streeck, W. (2014) 'How will capitalism end', *New Left Review* (87): 35-64

Vertovec, S. (2007) 'Super-diversity and its implications', *Ethnic and Racial Studies*, 30(6), 1024-1054

Wilson, W. J. (2011) *When work disappears: The world of the new urban poor*. Random House LLC

The impact of migration on London's housing

Christine Whitehead

Introduction: tensions in the housing market

Housing is one of the most important factors generating tension between migrants and local populations because migrants are seen as taking away one of the scarcest resources from those with prior rights. Regular media stories suggest migrants are given priority in social housing allocations and that they are pushing up house prices. They point to international buyers being given first refusal on new developments, especially in London so local households cannot compete. Some of these stories are myths but, because of long term issues of undersupply and the impact of the financial crisis on new build, there are very real issues of in-balance between demand and supply which inherently impact most directly on newly arriving households.

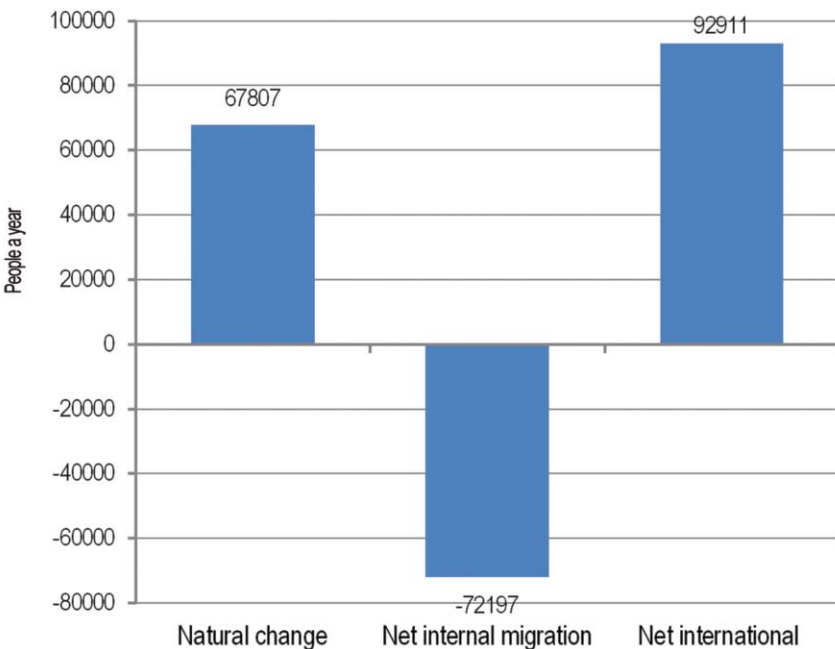
London's housing affordability crisis arises from, on the demand side, massive increases in population but also from re-emerging economic growth and other factors such as currency rates, the quality of higher education and even London's role as a safe haven. On the supply side, decades of low levels of housing investment and completions mean that the demands can only be met by increased densities of occupation and higher prices. Many of the specific issues - such as priority access to social housing, the effect of non-EU working migrants and their dependents and the impact of overseas investors are overstated. However they are symptoms of increasing concern which is now putting housing at the top of the political agenda. I start by looking at the reasons for the worsening housing situation since the turn of the century and then set out some of the evidence on these three specific issues before drawing some conclusions about the future.

Housing demand in London

First, what is making London grow so fast? The basic reasons are: natural change, ie births versus deaths and increases in net international immigration and particularly reductions in outmigration to the rest of the country have all added to London's population. Figure 1 gives the annual averages for the decade 2001–2011 emphasising the importance of outmigration to the rest of the country.

London has a young population compared with the rest of the country which means that there are many more births than deaths. This 'natural change' added 68,000 to London's population each year between 2001 and 2011. Past migration has some impact on this figure because migrants are generally young - and often unattached when they arrive, but if they settle they have children like households of a similar age. So children of migrants make up a significant proportion of this net increase – but do

Figure 1 London: average components of change 2001-2011



Source: ONS

not require additional homes for a couple of decades. The issue is more that older people are living longer and not vacating their homes as quickly as in the past.

Second, there has been a substantial net inflow of international migrants into London over the last two decades. They added an average of 93,000 a year to London's population between 2001 and 2011- rather higher in the later part of the decade, although now starting to fall a little.

Together natural change and international migration drove the population up by over 160,000 per year (far above expectations). However an average net outflow of 72,000 a year to the rest of the country, brought population growth down to 88,000 per annum. Importantly the net outflow to the rest of the UK, which until this century, had often more than offset international in-migration has been much lower since the financial crisis and the following recession. This put massive additional pressures not only on housing but also on education and other social services. Whether this reduction will be reversed as the economy improves is not yet clear – although there was some increase in outmigration in the last year.

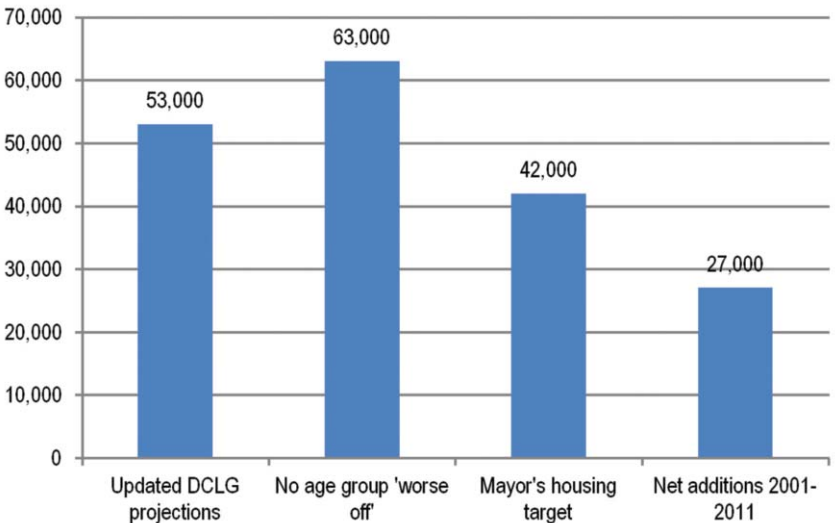
Housing supply

Housing conditions have worsened in London at least since 2001 because not enough homes have been built for the growing population. House building has fallen far below expected household growth during the last decade, resulting in higher densities, more sharing, larger households, higher house prices which have meant that people cannot afford to set up home separately and more overcrowding.

This situation is not set to improve. The latest official projections suggest that London requires an average of 53,000 additional homes a year over the next ten years – but these are based on past trends which incorporate the lower standards of the last decade. To avoid any groups being worse off than in 2011, it is estimated that at least 63,000 extra homes are needed per year.

The problem, as illustrated in figure 2, is that we will almost certainly not build 53,000, let alone 63,000 annually. The Mayor's housing strategy has a target of 42,000 – although new estimates of land availability suggest that 49,000 could be built in the early years, albeit at higher densities (Mayor of London, 2014). The household projections also assume that over the 20 years to 2031, 15 boroughs will be able to accommodate more than a third more households, including Tower Hamlets where the number of households is expected to grow by more than 50%.

Figure 2 Housing requirements to meet projected household growth



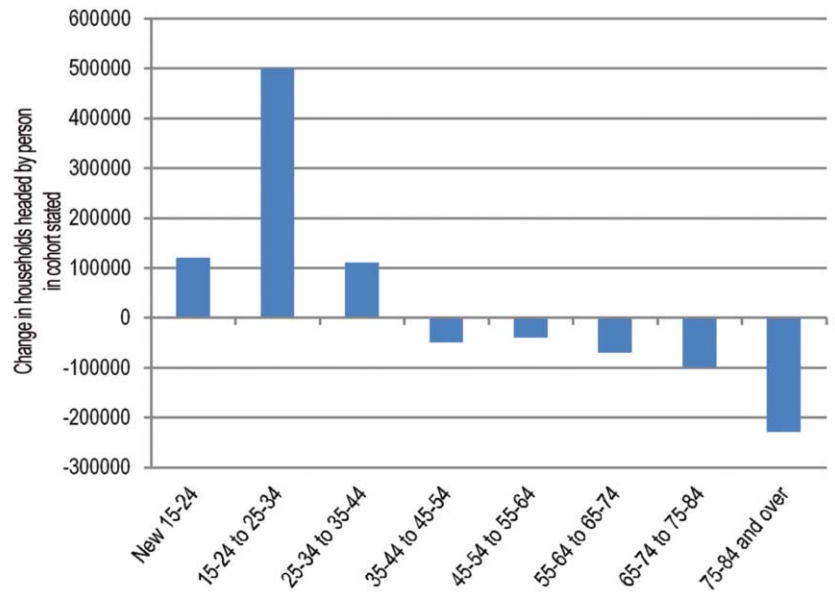
Sources: DCLG; GLA; own calculations; McDonald and Whitehead, (forthcoming)

Yet London only added an average of 27,000 extra homes to its stock each year over the period 2001-11 and current output levels are well below that figure. Indeed London has only built on the scale needed for a short time in the 1930s. The likelihood is that around 30,000 will be built each year if the economy remains buoyant – perhaps half of what is needed.

An issue particularly affecting migrants is who is in need of the additional housing. Figure 3 shows that the largest group of new entrants into the market is those aged between 25 and 34 – the most usual age for immigration. Over the decade from 2001 – 2011 over half a million additional younger people entered the London housing market – and many of them were unable to find the homes they wanted. The result was far fewer single person households and far more multi-adult households – including large proportions of migrants.

London's housing situation is getting worse and this will almost certainly continue unless the economy goes back into recession and London loses its competitiveness. Migrants by definition are new entrants to the housing market so face higher costs and also have fewer choices than average.

Figure 3 Cohort change in London: 2001-2011



Source: McDonald and Whitehead, (forthcoming)

The housing impact of non-EU working immigrants

One of the government's reasons for seeking to limit immigration to less than 100,000 by constraining non-EU immigration has been the impact additional migrant households have on access to housing for existing residents. Indeed some reports regard this as the most important negative effect when estimating the net benefits of migration (House of Lords, 2008; Dustmann and Frattini, 2013). An important question is therefore whether non-EU employment based migration does have a significant impact on housing markets. Work by LSE London suggests that there is an impact – but it is limited, concentrated in specific areas, notably London, and becomes greater the longer the migrant remains in the country (Whitehead et al, 2012).

Non-EU migrants with Tier 1 and Tier 2 status are the most important groups who come in specifically for work purposes. Their numbers are small in comparison to overall migration flows – and the quotas have not been filled, which implies that the impact of controls is mainly indirect – companies may not sponsor potential employees because of the hassle and uncertainties involved. If the current visa regime

Migration and London's growth

remains in place, LSE London estimated, when intra company transfers were taken into account, that in 2011 about 30,000 new entrants per annum could be expected to enter the UK on Tiers 1 and 2 visas and to remain for more than one year. Including dependants, the total number of migrants in these categories would be about 45,000 because the average number of dependants per main migrant is only 0.5.

These migrants are not spread uniformly across the country. Almost a half is likely to work in London while there are also concentrations in other parts of the South East – notably Reading, Milton Keynes, Ipswich, Aberdeen and Edinburgh. Even in those local housing markets where they are concentrated, such migrants are likely to account for only a small percentage of local demand for housing. The highest percentage is in London, where they might account for about 3.5 per cent. In the rest of England the figure is likely to be below 1 per cent in any local market.

Migrant households are overwhelmingly likely to rent housing when they first arrive, although the longer they stay in the UK the more likely they are to purchase a home. Those migrants who arrive without dependants (the majority) usually either live alone or share with other adults, but over time more live separately, form larger households and require more space (Holmans, 2013). Their immediate effects are undoubtedly strongest on the private rented markets in those areas where migrants cluster—and indeed, estate agents confirm that migrants are often competing for private rented housing not with UK tenants but with other migrants. Even so, over time there will be increasing demand for owner-occupied housing, which may affect the market in certain areas of high migrant concentration. Equally, over time some households move into the wider housing market reducing concentrations and pressures. Finally, many will leave – including almost all those who come, particularly from India, on intra company transfers which are time limited.

The demand from Tier 1 and 2 households is clearly only one part of the story with far more EU migrants entering the housing market. Even so, because migrants in general have lower propensities to form households and there is a much greater likelihood that they will live in the private rented sector where densities are higher, their impact on demand is initially disproportionately low. If more workers are required, migrants are a relatively good way of limiting the impact on the housing market.

Extending the lessons to EU migrants

Over time however those who remain, from whatever source – EU, non-EU (or indeed illegal) – will increase their demands ultimately in line with indigenous households with similar attributes. They will form households, consume housing and may move into

The impact of migration on London's housing

owner-occupation. So a particularly important question when estimating the impact on the housing market, is what proportion and which type of migrants stay in the country into the longer term. Statistical evidence is extremely poor, but the material which exists suggests that those from richer countries make up a large proportion of the inflow of migrants but stay relatively short periods. Those that remain become more like the overall average. Those from poorer countries, and especially those from countries from which many asylum seekers come, make up smaller proportions of new entrants but on average stay much longer. This applies as much to EU as it does to non-EU migrants (Gordon et al, 2007 and 2009).

Initially migrants form fewer households consume less housing than their indigenous counterparts but come to resemble the general population over time. Non-EU workers coming in under the quota schemes are admitted only because there are jobs available which cannot readily be filled by established residents. The issues with respect to EU migrants are different not so much because of their housing decisions but because they are not always taking job vacancies that cannot be filled locally.

The allocation of social housing

A second major area of concern is that migrants are often thought to get priority over the indigenous population in the allocation of social housing. In this context most of the evidence quoted is around race and ethnicity rather than migrants – but that does not detract from the concerns. The evidence that exists contradicts this interpretation.

First, with respect to eligibility, the only non-EU migrants immediately eligible for assistance are refugees who now go through entirely separate procedures and are accommodated outside the capital usually in temporary or private rented housing.

Secondly social housing providers will only accept households who are eligible for Housing Benefit even though the household is able to pay the rent themselves. Those ineligible include any non EU migrant who has neither UK citizenship nor permanent right to remain in the country. In practice, on the basis of Labour Force survey evidence, only about 8 per cent of migrant households, defined as anyone born outside the country, including British citizens and those who came decades ago as well as those who have only just arrived, are formally excluded. These are basically households from outside the EU with no British family member who have been in the country less than 5 years. On the other hand there is no formal entitlement to social housing for anyone, and migrants who meet the eligibility rules are treated like any other UK resident in line with the local authority's allocation criteria. On 25 March 2013 the

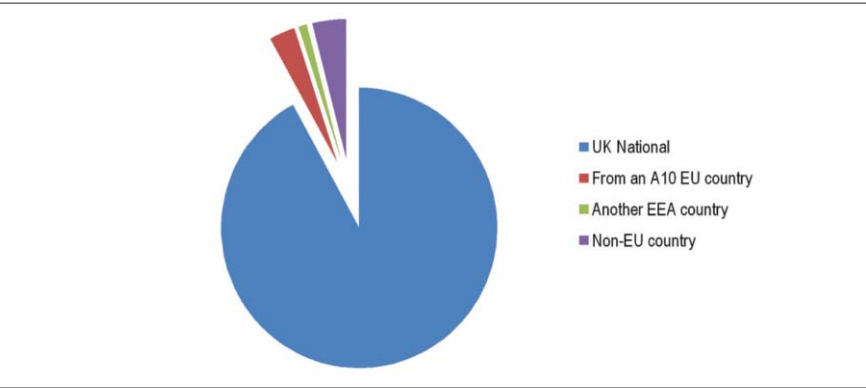
Migration and London's growth

Prime Minister announced plans to “introduce an expectation” on local authorities to use local residence tests. He stated: “The Government will introduce an expectation on councils to introduce a local residency test in determining who should qualify for social housing. This would mean someone would have to live in an area for say 2 or 5 years before they could even go on the waiting list” (Prime Minister’s Office, 2013).

Econometric analysis by the Centre for Economic Performance at the LSE using Labour Force Survey 2007–2013 data found that EU migrants were much less likely to be in social housing than natives and that, controlling for household structure and economic circumstances, those from outside the EU were similarly less likely to be in social housing (Battiston et al, 2014). However, after ten years those from outside the EU are somewhat more likely than average to be in social housing. This is in line with earlier findings that in London those from poorer countries, who had been here for sometime, were more likely to be in social housing than the average Londoner (Gordon et al, 2007).

The relevant issue for many is not who is already living in the social housing stock but who gains access to new lettings. Administrative data on this topic are not particularly detailed but DCLG data show that in 2012/13, 92 per cent of new social housing lettings in England went to households with an household head (technically known as an HRP) who was a UK national (figure 4). 3 per cent were let to households with an HRP from an A10 country, while households with an HRP from another European

Figure 4 Allocation of social housing 2012/13 by origin of head of household



Source: DCLG

Note: The European Economic Area (EEA) includes EU countries and Iceland, Liechtenstein and Norway

The impact of migration on London's housing

Economic Area (EEA) country accounted for 1 per cent of new lettings. Finally 4 per cent of new lettings went to a household with an HRP from a non EU country. As many of these households will have other UK members – eg a wife or partner - these figures hardly suggest that migrants are given priority.

Foreign buyers

A further issue is the perceived increase in the number of foreign buyers purchasing housing in London. In other spheres, international investment in the UK economy is highly prized but their investment in residential property is at best regarded with suspicion and at worst seen as a disaster.

The majority of statistics on the role of international investors in the residential property market come from large estate agents and concentrate mainly on prime central London locations. One important issue in understanding these statistics is that the definition of prime changes over time so longer term comparisons are problematic. So, when the agents say the proportion of overseas buyers in prime locations was around 38 per cent in 2013 and it is exactly the same as in 1990 and perhaps lower than the 1980s, they are not comparing like with like. It is true that the proportion rose rapidly after the financial crisis – in part this is because the total number of sales dropped dramatically, as UK buyers withdrew from the market.

The proportion of new-build in central London sold to international buyers is far larger than for existing homes. Savills suggest that re-sales account for nearly 80 per cent of the overall prime market and that over 60 per cent of these buyers are from the UK. In the new-build market however they assess the proportion of international buyers at over 70 per cent - some other estimates are lower. Within this group the majority are purchased to let; nearly 30 per cent for main residences and 16 per cent as second homes (Savills, 2014).

Other figures suggest that perhaps 40 per cent of new-build in central London was purchased by Asian buyers who are generally looking for a rental return. As importantly a clear majority of international buyers are resident in the UK and large numbers who are non-resident have strong economic and social ties. This and other evidence suggests that the ‘lights out in London’ issue is mainly confined to a relatively small part of the highest end areas of central London – where indeed there are clear signs of changing patterns of ownership and declining demand for local services.

Outside central London the proportion of international buyers even of new build property is very much lower – at perhaps 20 per cent for inner London and well under 10

Migration and London's growth

per cent in outer London. As the vast majority of new-build is outside central London and the proportion of total sales of new-build properties is well under 20 per cent, the proportion of international sales is probably little more than 5 per cent - and falling as total housing transactions rise. Even so the story of international investment, as clarified in our research last year is not a straightforward one (Whitehead and Travers, 2013) - there are good as well as bad aspects to it.

The bad aspects have been stressed in the media:

- International money pushes up demand and therefore prices so excluding UK residents from the market. The evidence suggests that there have been big effects at the most expensive end of the market in prime locations within central London – but the impact on the London market overall, while real, is small;
- International money increases vacancies. As noted above, this is certainly true in some parts of prime central London but the vast majority of internationally owned properties are occupied. Vacancy rates in central London have been high since records began in the mid nineteenth century. There is little evidence that they are higher;
- International money may leave as fast as it has come if the value of the currency changes and confidence in the UK economy and the stability of the system is seen to be at stake. Such a scenario would impact equally on UK buyers, although the volatility in central London probably be greater.

The good aspects are mainly concentrated on the impact of international money on housing supply:

- International money saved the development industry after the crisis not only because it increased demand but because international buyers were used to off-plan sales and therefore supported the cash flow necessary for development. The evidence on this is strong – but it was mainly limited to central London and to large-scale apartment developments;
- International money has helped maintain the flow of affordable homes by unlocking market development. Again the evidence suggests that some thousands of affordable units have been brought forward – but it is also true that the proportion of affordable homes in these large developments is often quite small;
- International money is leading the surge in investment in large scale private rented developments with the emphasis on longer term leases and predictable rent

The impact of migration on London's housing

increases. Again it is clearly true that much of the early interest came from institutions based in countries with experience of this type of renting – but few large scale private rented developments are yet on the ground.

- International money is looking for good management of the buildings and the environment and will help professionalise management of both private renting and leasehold developments. The pressures for this are undoubtedly there but the real impact cannot be judged in the short term.

Conclusions

Housing is clearly an important issue both for migrants and for local populations (Migration Observatory, 2014). Many of the concerns about migrants and indeed international investors crowding out established British households are clearly overstated. But in all cases there is some cause for concern particularly in areas where new migrants tend to concentrate. The scale of the impact that new non-EU working migrants and their dependents have on house prices, rents and availability is quite limited overall but while investment levels remain so low there will be some observable effect. From the point of view of the economy as a whole there are also benefits because this group is offsetting labour shortages. The costs to some households in a small number of localities are however real. Over the last few years EU immigration has had a more significant but still small impact. Similarly with respect to social housing very few non-refugee households are able to enter social housing soon after they come to Britain, let alone in London. Over time they do become eligible if they are in recognised housing need, They then put additional pressure on waiting lists and the allocation of scarce housing – even though they still generally have a lower chance than average of entering social housing. And again with respect to international investors only if their interest in new house building adds more to supply than to demand – eg by unlocking stalled sites – is there no negative impact.

So the first fundamental lesson is simply that additional households, wherever they come from, add to the demand for housing - although migrants add less than the indigenous population. If supply responsiveness is inadequate then house prices and rents are affected. The second fundamental lesson is therefore that we must improve supply responsiveness as rapidly as possible.

References

Battiston, D., Dickens, R., Manning, A. & Wadsworth, J. (2014) *Immigration and the Access to Social Housing*, CEP, LSE

Migration and London's growth

DCLG (2013), *Social housing lettings in England: April 2012 to March 2013* - tables, see table 3d, 3 October

Dustmann, C. and Frattini, T. (2013) *The Fiscal Effects of Immigration to the UK*, CReAM Discussion Paper CDP No 22/13, London, University College

Gordon, I., Travers, T. & Whitehead C (2007) *The impact of recent immigration on the London economy*, Corporation of London

Gordon, I., Scanlon, K., Travers, T. & Whitehead, C. (2009) *Economic Impact on the London and UK economy of an earned regularisation of irregular migrants to the UK*, LSE London

Holmans, A. (2013) 'New Estimates of Housing Demand and Need 2011 – 2031', *Town and Country Planning Tomorrow Series Paper 16*

House of Lords (2008) *The Economic Impact of Immigration*, 1st Report of Session 2007-08, Volume 1, HL82.1, April

Mayor of London (2014) *Homes for London The London Housing Strategy – Draft for the Assembly*

McDonald, N. and Whitehead, C. (forthcoming) *Housing in London: who loses out?*, London: Family Mosaic

Migration Observatory (2014) *Migrants and housing in the UK, Experiences and Impacts* <http://www.migrationobservatory.ox.ac.uk/briefings/migrants-and-housing-uk-experiences-and-impacts>

Prime Minister's Office (2013) *Immigration speech* March 25

<https://www.gov.uk/government/news/immigration-speech-by-the-prime-minister>

Savills (2014) *London's overseas buyers have been overstated*, says Savills 3 July http://www.savills.co.uk/_news/article/0/177606-0/7/2014/london-s-overseas-buyers-have-been-overstated—says-savills

Whitehead, C. (2011) 'Migration and its impact on housing costs' in Marsden D (ed) *Employment in the Lean Years* Oxford: Oxford University Press

Whitehead, C., Edge, A., Gordon, I., Scanlon, K. & Travers, A. (2012) *The impact of migration on access to housing and the housing market* Migration Advisory Committee. January

Whitehead, C. & Travers, A. *Creating the Conditions for Growth* London: Berkeley Group

Wilson, W. (2014) *EU Migrants Eligibility to apply for social housing*, SN/SP4737, London: House of Commons

London's churning

David Goodhart

London is currently winning many plaudits, whether it is as top 'city of opportunity' (PwC, 2014) or global city where most global professionals want to work (Boston Consulting Group, 2014). The idea of London as the most popular and successful city in the world is, naturally, a message relentlessly promoted by the London Mayor and the main London media outlets. But for the majority of people who actually live in the city it is at best a half-truth.

London is certainly a phenomenon. It is a city that has partially outgrown its country and sometimes feels more attached to the rest of the world than to its own national hinterland. It is the apotheosis of the transactional, market society—a wonderful place to have as a bolt-hole if you are a rich foreigner, a good place to come and live and work for a few years if you are an ambitious young incomer from provincial Britain or from another country. Yet it is also the most economically, politically and ethnically polarised part of a Britain that has come to regard it as 'the great wen' of William Cobbett's famous denunciation¹.

Its population is now standing at 8.2m according to the 2011 Census having grown at a bit less than 1m over the last decade, partly as a result of immigration and is now more than three times larger than the next largest city in Britain. This is a ratio more commonly found in the developing world than in Europe or North America. Moreover, of the eight next largest cities in Britain only one (Bristol) has a per capita GDP higher than the national average. That makes for a very capital-centric country.

¹ The Great Wen is a disparaging nickname for London. The term was coined in the 1820s by William Cobbett, the radical pamphleteer and champion of rural England. Cobbett saw the rapidly growing city as a pathological swelling on the face of the nation.

Migration and London's growth

Last year around 45 per cent of all advertised graduate jobs in the country were London-based. And despite more public debate about 'rebalancing Britain' since the crash of 2008 the gap is getting wider. As Tim Hames, director general of the British Private Equity and Venture Capital Association, has pointed out: "As far as the professional middle class is concerned, London has become a form of gigantic black hole dragging everything into it. In England at least it is often London or bust" (Hames, 2013). As Hames implies this is not a positive state of affairs for Britain or even for most people in the capital itself:

It makes London an incredibly expensive city in which to live and work, with the property market distorted by its status as an international enclave... Moreover, it can make the rest of the country feel inconsequential. This despite the fact that cities like Aberdeen, Bristol, Cambridge, Edinburgh, Glasgow, Manchester, Newcastle and Oxford are world leaders in certain fields" (ibid).

London has a high proportion of Richard Florida's 'creative class' – highly educated, mobile people for whom rootedness is not a high priority. And it has a relatively small proportion of the middle income/middle status people, who form the core of any country. Some of those people – especially those on modest incomes from the white British majority – have in recent years felt themselves squeezed out both financially and culturally between affluent professionals and the growing ethnic minority presence. This is one reason for the rapidity of white population decline in London.

White British desert the city

As recently as 1971 the white British made up 86 per cent of the London population. In 2011 it had fallen to 45 per cent, down from 58 per cent in 2001; that means 17 per cent of London's white British residents left the city in the decade after 2001. Nobody, including the academic experts, expected London to become a 'majority-minority' city by the 2011 census. Politicians were also caught unawares. Ken Livingstone, the former London mayor, told me in an interview with Prospect magazine in 2007 that London would not become a majority-minority city in my lifetime. It had probably already become one as he was speaking (Parker, 2007).

White British net migration from London (around 500,000 a decade) has actually been pretty constant since the 1970s. Yet there was no white British 'return' when the city began to thrive once more in the 1980s after a long period of decline. Just when we would have expected the city to start attracting white British residents again, the rates

London's churning

of outflow remained flat and even rose somewhat in the 2000s — at a time when newcomers were pouring in to transform the city.

There are a few places in outer London like Barking and Dagenham where speed of change suggests a strong element of 'white flight' but in general the reasons for white exit are many and complex, to do with wanting fresh air and greater space to bring up children as much as discomfort with the ethnic composition of neighbourhoods. (See Eric Kaufmann and Gareth Harris's (2014) brilliant Demos pamphlet on this issue, *Changing Places*). But if ethnic change plays no role at all in the flows, why is it that white British people are significantly more likely to leave London than ethnic minority citizens and are also more likely to move to whiter areas - as Kaufmann and Harris show? And, more generally, if London is such a wonderful place to live, why do so many native Londoners, white and non-white, want to get out?

One reason for wanting to leave is the scale of churn itself which makes stable communities increasingly rare. According to the UCL publication *London 2062* London's 'revolving door' saw total inflows/outflows of 6.8m in the period 2002-2011 (Bell & Paskins, 2013). In around one third of the 33 London boroughs, the equivalent of half their populations move in or out every five years. There is churn in all big cities, but not normally on this scale (at least in the developed world). There are many factors behind the churn – a large number of students, changes to family structure, the cost of living in London and, of course, the highest level of immigration the city has ever experienced.

Infrastructure provision

Infrastructure development – transport, schools, health, housing etc – cannot, in the main, keep pace with the inflows. Liberal societies with rights and legal protections and due process are not designed for the sort of rapid infrastructure development that London requires. The very thing that attracts so many people to London (and Britain as a whole) – the stability, the rule of law, democratic due process – are the very things that make it so hard to accommodate them! It is true that transport capacity in London is expected to expand by almost 50 per cent between 2001 and 2021 but housing is a much less encouraging story. It is widely agreed that the city needs between 40,000 and 50,000 new homes a year to keep up with population growth, yet in 2012/13 only 21,000 homes were completed and in most years the completion rate is similarly below half of what is needed.

Migration and London's growth

The result of this undersupply of new infrastructure is, of course, greater congestion and rising costs. In a less trumpeted recent report Savills, the estate agent, declared London the world's most costly city partly thanks to rising rents (Sharman & Noble, 2014). In housing, the newest immigrants often live in conditions more associated with sprawling third world favelas. As Eric Kaufmann and Gareth Harris (2014) said in *Changing Places*: "Incomers are willing to trade room size and amenities for proximity to co-ethnic networks and employment." Ian Gordon of the LSE calculates that 40 per cent of London immigrants from poor countries in the 2000s have been accommodated through an increase in persons per room.

Rapid immigration has also impacted social housing, which still makes up about one quarter of London's housing stock. This is, in general, no longer available to ordinary Londoners on modest incomes but rather to the poor/unemployed or those with special needs of some kind. About one in six of the social housing stock is occupied by foreign nationals, which suggests a much higher proportion of new lets is going to newcomers (DCLG, 2013).

Meanwhile, a Financial Times investigation discovered that, as a result of rapidly rising house prices in the capital, members of the professional middle class – architects, engineers and academics – could no longer contemplate buying a house in whole sections of London: the City of London, Kensington, Westminster, Wandsworth, Islington, Camden and Hammersmith. In fact in only three London boroughs is home ownership affordable to people on median incomes.

There are, of course, many reasons for the London housing crunch apart from the immigration-driven increase in demand in recent decades. One big reason, according to Matt Leach, head of the housing think tank HACT, is poor land planning which has restricted growth and turned London into an international store of wealth.

So, contrary to the 'greatest city in the world' boast, for the middling classes of all ethnic backgrounds London does not offer a good quality of life. Indeed it is one of the least good places to live in Britain on most counts. According to the ONS, London has the highest anxiety levels and lowest life satisfaction levels of any region in the country (ONS, 2013). In the latest ONS report published in September, London's mood improved but it stayed bottom of the league. It also has the highest crime levels in the country (though declining) and the worst air pollution in western Europe (ibid). According to an Ipsos MORI poll, 85 per cent of Londoners think that England is overcrowded, higher than any other region. And according to a poll commissioned by the Yorkshire Building Society in 2013 only 13 per cent of Londoners trust their neighbour

London's churning

– again the lowest figure in the country and one third the level in Scotland and Wales (Wind-Cowie, undated).

Of course the story is not as bleak as such a list implies — and some of those issues apply to any big first world city. London has enormous attractions too, not just economic. It has a rich public realm and much of it is free: museums, parks, the South Bank at a weekend. Its schools are the most improved in the country, especially for poorer pupils. Its cultural life is wide and impressive. And it is, of course, a city of opportunity albeit overwhelmingly for the affluent and the young. Indeed, it is increasingly a mono-generational city designed for people to work in for a few years and then move on, not a place to lay roots. As the UCL *London 2062* report points out, London sucks in large numbers of people in their twenties and thirties from the rest of Britain and the world and tends to expel everyone else. London loses population in all age groups except those aged 20-29. As *London 2062* puts it: "London acts primarily as a city for work and play where all other aspects of the life-cycle are hard to sustain" (Bell & Paskins, 2013).

London is still living off the social capital of the past but another generation of churn on today's scale and, on current trends, it can only become an even more unpleasant place to live except for the affluent. Let me now consider the trends in two areas: London's economic life and ethnic integration.

Inequality

London is, of course, one of the most economically dynamic regions in the entire developed world. It is home to many of the country's and world's, leading companies, financial markets and universities. But it also exhibits the drawbacks of a laissez-faire, transactional form of capitalism: economically unequal, a polarised labour market and little investment in training especially at the bottom end. London has both the richest and poorest communities in the country – of the 20 places in Britain with the highest levels of non-employment/unemployment half are in London. Two of its boroughs, Hackney and Tower Hamlets, are among the ten most deprived in England. According to the Centre for London, 28 per cent of Londoners are classified as poor which comes down to 16 per cent if housing costs are excluded (Theseira, 2014).

There is also greater ethnic inequality in London than elsewhere in Britain: in London 40.5 per cent of white British adults are professionals but just 25.5 per cent of minorities are. In the rest of England and Wales the gap is only eight percentage points. Part of the reason is that the average white Briton in London is more affluent than whites elsewhere in the country (Kaufmann & Harris).

Migration and London's growth

London remains, of course, the central hub of Britain's hub economy as well as the political, administrative, cultural and media capital of the country. Yet more than any other region it pays little heed to national social contracts; London employers have no special loyalty to Londoners let alone British citizens. According to the Centre for Research on Socio-Cultural Change, more British-born citizens leave London every year than enter it from the rest of the country; the population increase is driven almost entirely from abroad. And London's universities now generally admit more people from abroad than from the rest of Britain outside London.

London has the lowest apprenticeship figures of any region in the country; only 3 per cent of employers recruit direct from schools, and youth unemployment is the highest in the country at 25 per cent - and higher for many ethnic minority youths. The Living Wage Campaign is a valuable counter to London's often ruthless market economy but despite much noise about it from the London Left and the Mayor, the living wage is only paid by 400 companies in the capital.

Many of these factors have been exacerbated in the past 20 years by exceptionally high levels of immigration, both at the top and bottom of the labour market. At the top end a global 'war for talent' ideology takes for granted that London's top institutions must be free to attract whomever in the world they want. Of course London needs to be relatively open, and many of the people it attracts help to generate economic activity and create new jobs. But when one third of all graduate jobs in London are taken by people born abroad there is also bound to be some displacement of British citizens, either in London itself or people who would have come to the capital from other parts of the country.

Displacement

At the bottom end, the displacement story is even clearer, and that is without even considering illegal immigration in the capital. Around 20 per cent of low-skill jobs are taken by people born abroad and, according to Ian Gordon of the LSE, wages in the bottom 20 per cent may have been depressed by as much as 15 per cent in periods of peak inflow. Until the big immigration surge started in the late 1990s there were fewer people in London employed at the very bottom end of the labour market than elsewhere in the country, and they were better paid. Mass immigration has expanded the numbers at the bottom and reduced the pay gap. Why would you employ a local school leaver for a low skill service sector job when you can hire a better motivated graduate with modest wage expectations from eastern or southern Europe?

London's churning

This is not just about coffee shops. According to Peter Carter of the Royal College of Nursing nearly one third of new London nurses have been recruited from abroad in the past year, mainly from Africa and Eastern Europe. Yet over the same period NHS London axed nearly one quarter of its training places (Howie, 2012).

A dynamic city needs immigration, especially at the top end of the labour market where some people from abroad really do have unique skills that are vital to a company or cultural institution. But you can have too much of a good thing, especially for the middling and poorer people of London, many from ethnic minorities, who have experienced greater pressure on public services and housing, longer commuting times, downward pressure on wages, greater competition in the job market as well as large increases in core living costs.

The integration of newcomers

Any decent community needs time to absorb newcomers, time to establish the connections of familiarity and continuity that make for solid communities that together make for a great city, not just a place to make a quick buck. But despite the melting pot rhetoric the sheer scale and speed of the recent inflows into London means that it has become a more ethnically segregated city than is often realised. I detailed some of the figures on white British decline earlier, and this has left five boroughs where less than one third of the population are white British – Tower Hamlets, Newham, Harrow, Ealing and Brent. Across Britain nearly half of the ethnic minority population live in wards where the white British are less than half of the population, and this proportion has risen sharply since 2001. There is no reason to believe London has bucked this trend, indeed the speed and scale of demographic change in the capital may have made it even worse.

A major recent survey by the Social Integration Commission asked people about their friendships and contacts across ethnic boundaries and found that relative to its ethnic minority population London is actually the least integrated region in the United Kingdom. It also found London to be the least integrated by age and class. It is often pointed out that public housing and expensive private housing nestle next door to each other in many parts of the capital, but that does not mean that the people in the different forms of housing have significant social contact (CSI, 2014).

London is a relatively tolerant city – with about 90 per cent of people saying people from different backgrounds get on with one another. That does not mean there is much common life being forged across ethnic boundaries. Walking around the centre

Migration and London's growth

of London or travelling on public transport one has the impression of a mixed up, colour-blind city, at ease with its ethnic diversity. And that is true of some neighbourhoods, but there is also a reality of 'sundown segregation' with many Londoners returning home to live in parallel, monocultural communities. In 13 per cent of London households no one has English as their main language, and 40 per cent of pupils in London schools speak a language at home other than English (ibid).

Schools everywhere tend to be more segregated than the neighbourhoods that they serve and that is as true in London as anywhere else. Around 60 per cent of South Asians live in majority white areas but only about one third of South Asian primary school children are in white majority schools. Chris Hamnett of King's College and the author of a report on ethnic minorities in London schools concluded: "There are very high levels of ethnic minority segregation in London schools" (Bentham, 2011).

A polarised city

Finally, the belief that Londoners are more progressive and liberal than the 'backward shires', as David Aaronovitch puts it, is only partly true (Aaronovitch, 2013). In fact London is more politically polarised than any other part of the country. There is less hostility to immigration, reflecting the fact that more than half of the population are immigrants themselves or the children or grandchildren of immigrants – though not much less hostility, 60 per cent of Londoners think that immigration has been too high or much too high. There is also a tilt to the Labour party in the capital thanks to the Labour voting bias of ethnic minority Britons.

But the last Euro-election results in London also revealed an electorate sharply divided along ethno-cultural lines. Two out of three visible minority voters voted Labour, while two out of three white voters backed the Tories or UKIP. In fact UKIP, which won 17 per cent of the vote in London, outpolled Labour by almost two to one among white voters in the capital (Phillips & Webber, 2014).

So, in part thanks to the immigration of the past 20 years, London has become more economically and politically divided, and for ordinary families it is probably the least good place to live in Britain: it has the highest crime, pollution, congestion and anxiety levels and lowest levels of trust and neighbourliness. And it is only for the rich that these drawbacks are compensated for by greater wealth – according to Danny Dorling the median Londoner is not much better off than the average citizen of the country as a whole (Dorling, 2014).

London's churning

How then does London get away with perpetuating such a powerful myth about itself while telling the rest of the country how dependent it is on the urban superpower? One could argue that there is a sort of 'contract with the capital' in which the rest of the country pays to raise children who then as graduates move to London where they are more productive and then pay higher taxes to repay the rest of the country. London does generate proportionally more tax income than any other region because it has so many high earners and successful companies, but it also sucks up a disproportionate amount of public spending. And the idea that London does not need the rest of the country did not survive the financial crisis: the capital could not have supported the London based banks without the national tax base to draw upon.

The London media, above all the Evening Standard, is understandably wedded to London 'boosterism' as, of course, is the mayor's office and to a lesser extent the Labour-dominated London Assembly. And the 'greatest city in the world' story does partly reflect the experience of affluent professionals living in pleasant parts of the capital, networking with interesting colleagues from all over the world, and with the financial cushion to buy themselves out of some of the congestion and pressure described earlier.

The voices of those in the bottom half of the income spectrum do not get heard much in the London media and many of them are in any case recent immigrants who, fresh from poorer and more chaotic places, happily endorse a London story that is partly about celebrating their arrival.

Although London is essentially a left-wing city the 'old left' issues of pay, jobs, public services, community and public housing get drowned out by 'new left' issues of diversity and minority rights – Doreen Lawrence rather than the late Bob Crow. This makes it hard to mount a case from the left for more social and employment protection – more fellow citizen favouritism – for London's school leavers and young unemployed.

There is a bigger reason too why London gets away with telling itself and the rest of the country (and the world) such half-truths. It is true that the London ideology largely overlaps with, and indeed contributes to, the wider liberal ideology that dominates the country as a whole – the ideology of much of the upper professional class, both centre left and centre right. It is an ideology for the successful but caring, favouring individual autonomy, geographic and social mobility, openness, diversity and equality in most things apart from income.

London's liberal ideology does not like immigration caps or favouritism towards long-established Londoners. It has little understanding for popular hostility to needy new-

Migration and London's growth

comers jumping queues in social housing or the NHS. Similarly, it cannot comprehend white ambivalence about the ethnic transformation because it involves sentiments of group identity and affinity and a desire for familiarity in neighbourhoods that are not generally felt by more mobile elites, and are therefore too often dismissed as xenophobic. Londoners born and bred in the city, of whatever ethnic background, are thought to have no special claim on the place. As Peter Whittle of the New Culture Forum has pointed out "claiming Londoner status now is rather like claiming citizenship of the World" (Whittle, 2014).

And the London ideology simply ignores what does not fit its worldview. It was striking how little coverage the news of London becoming a 'majority-minority' city received when it was first announced by the ONS at the end of 2012. The Evening Standard did not even put the news on its front page, tucking it away on page 10. And the BBC London television news had it as its seventh item. Boris Johnson's usually ubiquitous blond bob was nowhere to be seen.

According to the Financial Times columnist Janan Ganesh, demographic and social trends are remaking Britain in the freewheeling image of its capital city. He argued in a recent FT column that Britain is becoming more urban, more diverse, more atomized, and altogether more like London. And he concluded: "If the future points to a rootless, postmodern society in which nothing is sacred, then London got there long ago" (Ganesh, 2014). Ganesh evidently approves of the London-isation of Britain. But a rootless, postmodern society "in which nothing is sacred" is not, given a choice, where most people want to live (ibid).

Yet for many of its inhabitants, both old and new, London has indeed become an insecure, congested, transit camp. The biggest single reason for this has been the unmanaged mass immigration of the past two decades. The challenge to London politicians is to somehow reduce those inflows and make it a more decent place for the middling majority – less 'rootless and post modern' – without losing the economic dynamism and cultural vigour that mass immigration has contributed to.

Sources

- Aaronovitch, D. (2013) 'Unshackle London from the backward shires' *The Times Newspaper* 16 May
- Bell, S. & Paskins, J (eds). (2013) *Imagining the Future City: London 2062*. London: Ubiquity Press

London's churning

- Bentham, M. (2011) 'More ethnic pupils than whites in London schools' *London Evening Standard* 16 November
- Boston Consulting Group (2014) *Decoding Global Talent 200,000 Survey Responses on Global Mobility and Employment Preferences* https://www.bcgperspectives.com/content/articles/human_resources_leadership_decoding_global_talent/
- Department for Communities & Local Government (2013) 'Tough new housing rules to control immigration' – *News Story March* <https://www.gov.uk/government/news/tough-new-housing-rules-to-control-immigration> (accessed 16/09/2014)
- Dorling, D. (2014) 'The London problem: has the capital become too dominant?' *New Statesman* 4 September
- Ganesh, J. (2014) 'A censorious creed that gnaws away at the Conservative vote' Comment *Financial Times* 11 August
- Hames, T. (2013) 'Britain's capital punishment' *Progressonline* 7 November <http://www.progressonline.org.uk/2013/11/07/britains-capital-punishment/> (accessed 9/09/2014)
- Howie, M. (2012) 'Third of hospital nurses in London are foreign as training is cut' *London Evening Standard* 27 February
- Kaufmann, E. & Harris, G. (2014) *Changing Places* Demos
- ONS (2013) *Personal Well-being Across the UK*, 2012/13
- Parker, S. (2007) Interview: Ken Livingstone *Prospect Magazine* May
- Phillips, T. & Webber, R. (2014) Labour's new majority *Demos Quarterly* Summer <http://quarterly.demos.co.uk/article/issue-3/537/> (accessed 15/09/2014)
- PWC (2014) Cities of Opportunity 6 London marches to the top <http://www.pwc.com/us/en/cities-of-opportunity/>
- Sharman, A. & Noble, J. (2014) 'London ranked most expensive city globally, Savills report shows' in *Financial Times* 23 September
- Social Integration Commission (2014) *How integrated is modern Britain?* http://socialintegrationcommission.org.uk/SIC_Report_WEB.pdf (accessed 10/09/2014)
- Theseira, M. (2014) *Changing incomes and spending behaviours of London's Households* Centre for London
- Whittle, P. (2014) 'Londoners are leaving' in *Standpoint* November <http://standpoint-mag.co.uk/whittles-london-londoners-leaving-peter-whittle-immigration?page=0%2C0%2C0%2C0%2C0%2C0%2C0%2C0%2C1>
- Wind-Cowie, M. (undated) *Trust thy neighbour?* Demos <http://www.demos.co.uk/blog/trustthyneighbour> (accessed 9/09/2014)

Section 4. Migration and urban politics



“Key sectors such as culture, fashion, media and cuisine directly thrive on a fulsome supply of newcomers and outsider influences, and this has some purchase in shaping the growth of new jobs in parts of the city.”

London as a migration city in the context of UK politics

Shamit Saggar

Introduction

The emerging image of London as a crossroads capital encapsulating a cross-section of the globe is unmistakable. The story of London as a capital city is intertwined with the story of migration. Within living memory two waves of migration (postwar, post-colonial and following the accession of the eastern European nations to the EU) have transformed the nature of the capital. The impacts are ubiquitous – in commerce, fashion, street culture, education, social relationships and beyond.

Forty years ago, migrants were too few in number, struggled to enter the mainstream and were marginal to political leadership. Much of that has changed dramatically. Liberal markets and social trends have driven an intake of additional numbers on a large scale. Demographic twists have occurred with the younger migrant age structures being concentrated in the optimal years for child bearing and rearing. Settled migrant communities have started to navigate – some more successfully than others – opportunity structures in education, housing and employment. Significant gains for some have resulted, but with patterns of disadvantage for others. But the scale of population growth and churn has overwhelmed parts of the city and with it the capacity for public bodies to cope. Long-standing, white Londoners (and some black and brown

ones too) have left the capital in disproportionate numbers, in part fuelled by fears about the pace of change (Kaufmann, 2014).

London has built a new spirit of cosmopolitanism that increasingly flavours, if not defines, its identity domestically and internationally. Almost all ethnic groups sit in a minority bracket and are unable to dominate either at borough (save for Tower Hamlets) or pan-London levels. The city's cosmopolitan identity is founded on it being a place for global exchange both between and across distinctive groups but also features new, dynamic multi-dimensional identities. And civic boosters in some quarters see this as a form of competitive and comparative advantage, commercially and socially, branding London as the de facto 'capital of the world'.

Yet London's migration narrative is not that of the country at large. Admittedly, important echoes of the capital's migration dynamic are increasingly heard in major regional cities such as Manchester, Leeds, Birmingham and Bristol. UK politics have been heavily shaped by migration politics in the postwar epoch and this creates a possibility of an important de-alignment between city and nation. Assessing the extent of that alignment of drivers and interests is therefore a key rationale for this chapter.

The chapter is in four parts. It begins by looking at the historic and political context; second, consideration is given to aspects of geography and demography that drive the key tensions that have arisen; third, the electoral dynamics of migration and ethnic identity are discussed; fourth, the implications for national public policy are reviewed. The chapter closes with some brief remarks that address London's migration identity in relation to the future trajectory of UK politics.

Historic and political context

The 1949 Royal Commission on Population initially mooted post-war mass immigration to the UK as a potential response to labour shortages during economic recovery. While non-European immigration remained rare and unusual at this time, the Royal Commissioners naturally remained cautious about the welcome that could be expected. They noted that, to succeed as an option, the migrants would need to be:

...of good human stock and not prevented by their religion or race from intermarrying with the host population and becoming merged in it. (Royal Commission, 1949).

Almost all subsequent official reports and academic surveys (Scarman, 1981; Swann, 1985; Runnymede Trust, 2000) have returned to three central questions that have dominated national political debates: "Are they like us?"; "Could they be made to be

more like us?"; and "Can we live together?" In other words, the national migration focus has been on the likely social and cultural fit between migrants and settled natives.

If migrants and natives are notably unlike, this can give rise to difficulties for long-term integration as well. But the characteristics of the migrants (in age, education, employment, skills and residential locale, etc.) will themselves be subject to change after arrival and initial settlement. In any case, these characteristics can and do vary considerably within different migrant groups – as they do among natives. But the larger point is that some of these characteristics are more amenable to change and influence through government policies than others. Certainly characteristics to do with faith and the social mores of particular groups are more embedded and rather harder to impact on, than outcomes in school attainment and vocational skills.

These are essentially challenges and dilemmas that stem from migrant integration, and they all involve a careful balancing of rights and responsibilities. In the UK's case, it was recognized early on that the odds of successful interaction, exchange and integration would be harmed if discrimination and prejudice remained unchecked. These discriminatory drivers and practices were initially quantified empirically through pioneering social research carried out by Social and Community Planning Research that informed *Colour in Britain* published in 1970. Subsequent surveys have pursued a similar purpose, and have provided a key impetus to the creation and extension of anti-discrimination legal frameworks in 1965, 1968, 1976, 2000, 2006, and 2010 (Spencer, 2011; Hansen, 2000).

Migration, meanwhile, has mostly remained contentious for somewhat distinct reasons over this long period. Public anxiety grew dramatically in the 1970s – providing a major plank to the appeal of a radical Conservative administration alongside issues of social welfare and trade union rights (Crewe and Sarlvik, 1983) – and then abated until the mid 1990s. From then onwards, the end of the Cold War in Europe affected UK immigration. Flows began to shift to become more European in nature particularly with the 2004 accession of a number of eastern European nations to the EU.

There are five key fault-lines that span the two main waves, first from the New Commonwealth and then from the EU over this long period.

Scale/quantum

Put bluntly, this refers to the heat generated from complaints that there are too many immigrants at any one time. In its purest terms, it refers to the absolute numbers and

is cast in intangible, nationwide terms. But in practice, it is about a quantum divided by time – i.e. the rate of flow of newcomers – and given a local twist – i.e. the rate of settlement in particular places.

Composition

Immigration gives rise to concerns as a result of the selection characteristics of those arriving and how these compare with those of natives and settled communities. In the past selectivity may have meant colour or ethnic identity as a key marker, such as Australia's overt immigration policies until the early 1970s. A more legitimate basis for selection involves the human capital characteristics of migrants, in order to ensure a good complementarity with the skills and capabilities of the existing population. London as a generally prosperous city has significant demand for relatively low skilled migrants to take up jobs that its natives are unwilling to perform.

Congestion

These are in part related to the concerns about scale and rate noted above. In particular, this enables a focus on isolating important bottlenecks in public services (compulsory education places, access to primary health care appointments, etc.), as well as in areas such as infrastructure (overloaded local transportation, inadequate housing supply, etc.).

Managerial capacity

The previous fault-lines relate to familiar axis of immigration politics and are thus almost essentialised into the debate. But immigration also sits alongside other issues and concerns, many of which display evidence suggesting growing public doubts about governments' overall ability to deliver on pre-stated goals. There is heavy discounting in public attitudes on a range of fronts that relate to competence. Political choice is increasingly presented as a managerial set of tasks that place emphasis on performance alone. In this respect, immigration is one of a set of matters found in the performance basket on which voters pass judgment (Clarke et. al., 2009).

Identity and cohesion

Finally, immigration as a political issue goes to the heart of concerns about differences and how these sit alongside sameness. As ethnic and cultural diversity has grown apace, it has become harder to articulate a defined narrative around homogeneity and solidarity. In some quarters mainstream political leaders have implied that a gradual Balkanised, fracturing of UK national identity can barely be contained. Others, by con-

trast, have pointed to using state authority and influence to underpin tiny, though vital, aspects of social cohesion. Neither of these viewpoints has thus far managed to gain sufficient credibility in the case of responding to the risks of Islamist-inspired extremism and pressure for separate development.

There is, perhaps, one further dimension to these fault-lines that arises in considering the politics of migration. This is the problem of sensitivities over matters of culture, difference, choice and relationships. These are each embedded in migration. Yet governments face difficult judgments about how far to extend themselves and for what purpose. In the mid 1970s, nervous politicians and public servants devised a programme to test the matrimonial claims of migrants' spouses. To do this they shaped a quasi-medical scheme to assess individual's sexual virginity at airport immigration interviewing facilities. It led to a public outcry when later revealed by an inquisitive press.

It was Pierre Trudeau, the former Canadian Prime Minister, who warned that miscalculation over policy ends could all too easily result in policy means that defied legitimate public sentiment about the reach of the state. He once declared: "The state has no business in the bedrooms of the nation." The Trudeau dictum is important because it is a reminder of the need in liberal democratic societies to maintain scale, privacy and proportionality – and this is readily apparent in current policy interventions that increasingly subsume universities, landlords, employers and GPs to detect and monitor the presence of illegal migrants. Illegality of status remains a major aspect of political debate, but it also highlights a balance that needs to be struck in the design of policy interventions.

Geography and demography

Post-imperial immigration gained momentum from the mid 1950s and peaked during the late 1960s and early 1970s. This long period saw the settlement of substantial numbers of primary and secondary migrants from the New Commonwealth, creating the initial drivers of much longer run demographic growth. Recent estimates have projected that the black and minority ethnic population is likely to grow dramatically from 14 per cent as shown in the 2011 Census (ONS, 2012). By mid century, this may touch 30 per cent across England and Wales (Policy Exchange, 2014).

Much of the UK in other words will continue to change its ethnic character and identity on a significant scale. Growing diversity of this kind is principally associated with the country's major urban areas and not just London. It also involves higher growth

rates among particular minority groups than others. Pakistani and Bangladeshi households in particular remain linked with higher fertility rates. Elsewhere large parts of less densely populated areas have thus far seen only very modest changes in their ethnic composition. Parts of the North East, East Anglia and South West stand out.

The minority ethnic communities that past immigration phases have delivered are far from a homogeneous bloc. The political lexicon of the UK has developed the term 'ethnic minority' as shorthand for these communities. However, the term today appears less than coherent. The principal reason for this is the contrasting objective social and economic profile of many of the groups.

For instance, some sub-groups such as Indians and Chinese have made significant gains in educational attainment, housing patterns, employment rates and returns, and asset gathering. Strands within each of these groups appear to have massively over-achieved as against the group average, and this has led to patterns of residential mobility and clustering in belts in outer north west London and the home counties to the north west and south west of the capital. Demographers such as Ceri Peach have talked of them as the new Jews, following recognizable paths away from ethnic strongholds in inner cities. The high attainment of these groups has meant that pertinent questions confront policymakers who in the past have equated ethnicity with disadvantage (Saggar, 2014a).

In human capital terms these groups have developed strength from a previously modest base. Indians and Chinese are twice as likely as all other groups to gain a degree according to the 2011 Census (Lymeropoulou and Parameshwaran 2014).

But there are groups that have fared much less well. Pakistani and black Caribbean groups have been cited in this regard with their much poorer (though modestly improving) educational attainment patterns and rates of entry into higher occupational categories. Indeed, there is a near continuous arc of poor achievements that underscore both of these groups in the compulsory education system, in access to higher education, in employment returns, in progression into higher white collar professions, and in self employment and entrepreneurial outcomes.

The result is that, in terms of the traditional ethnic minority groups originating from Britain's era of decolonization, it is no longer possible to treat their average experiences as being representative. Some of these five groups massively over-achieve, and others significantly under-achieve. Public policy prescriptions that target ethnicity therefore can lead to unintended blunders. In 1966 and 1969 Harold Wilson's Labour Government responded to the influx of New Commonwealth immigrants by creating

dedicated, sub-national educational and urban regeneration funding streams. Both used ethnicity as a marker for general deprivation and additional social need. Two generations later that approach looks dated and anachronistic at best.

Black and brown immigration from Asia, Africa and the Caribbean is now a residual chapter in UK migration. It is eclipsed by Eastern European immigration that gathered significant pace following the Accession in 2004 of 8 former Soviet satellite states to the European Union. The decade that followed witnessed one of the largest peacetime movements of people across national frontiers in modern Europe. Estimates suggest that around 1.5 million migrants from A8 countries migrated to the UK in the five years following Accession (Sumption and Somerville, 2010). "In the case of the UK, the Polish migration is the largest slice of recent European migration. The Poles have thus rapidly entered the country's popular cultural lexicon" (Saggar, 2014b).

These new white European migrants represent many points of contrast with earlier waves. First, their colour and common European ancestry have led to predictions that their arrival would lead to less public hostility than earlier non-white migrants. In reality, the levels of public and political rancor have been higher than anticipated although the explanation may lie in the rapid and concentrated movements of people and the flux in local communities that this has created. Second, the new migration differed in that the settlers chose to settle not only in major cities such as London but also spread beyond in regions that had traditionally experienced very little immigration. Some of this was linked with accessing manual work in labour intensive agriculture (East Anglia, the South West), but also in terms of the attractiveness of regions with lower housing and living costs. The new migrants in other words have been much more evenly spread than in earlier waves. Third, the characteristics of the new migrants are rather more heterogeneous: there are many women alongside men; they are driven by a variety of motives beyond economic betterment alone; there are large numbers engaged in some kind of temporary or circular migration; and cheap travel and communications means that migrating to the UK feels as if it is not a one-way voyage to a far and distant place.

Put together, the frictions of earlier migrations are now different and possibly more muted. But when it comes to integrating into British society, the new migrants display some of the traits of older, settled migrants. For instance, their characteristics and behaviours have a bearing on feelings of attachment and belonging. Circular and temporary Polish migrants have a diminished subjective orientation to Britain; they also perceive British natives to be more hostile to them; and objectively, they are likely to

have fewer British natives as friends and they also tend to live in neighbourhoods with higher concentrations of Poles (Luthra et. al., 2014).

But these aspects of integration are all dwarfed by the influence of employment. Those in work after migrating all report much higher levels of positive identification with Britain and lower levels of perceived hostility. And there are also spillover effects in terms of the perceptions of these migrants by natives and the migrant's own sense of wellbeing.

The political ramifications of the new migration waves are significant in several respects. For one thing, EU migration has highlighted, per force, the economic and social implications of the free movement of labour that accompanies the creation of a single European market. In Britain's case, these overlap with and fuel underlying anti-EU public sentiment. In addition, pressures from global migration exacerbate this. Whereas London's economy has a partial fit with the global supply of mobile, high skilled labour, it is much less obvious that this model applies to the country as a whole. The upshot is a non-alignment of interests between the capital and the South East on the one hand and much of the country on the other. In these circumstances, it is easy to see London's elected Mayor championing a more flexible approach to national immigration priorities and being adopted as a national champion for such an outlook.

Electoral dynamics

The electoral behavior of British black and Asian voters has long displayed a major preference for the Labour Party over its rivals. In all general elections going back to the mid 1970s, of those minorities eligible and registered to vote, between two-thirds and four-fifths have backed Labour. This is an impressive majority by any standards and has ensured that Labour enjoys a vital insurance against wholesale desertion. It is effectively an 'iron law' of British voting patterns - the attraction of Labour appears to cut across social class lines in a way that is relatively scarce among white voters. This creates many problems and dilemmas. The most obvious is that in reputational terms, black and Asian communities are typically seen as a safe constituency for Labour. The Labour Party may feel that the support it enjoys can be taken for granted internally and is thus devalued in its strategic significance. And externally among Labour's opponents, there is relatively little incentive to compete for voters who appear distant and perhaps hostile.

The latter is precisely the debate that has been raging in the Conservative Party since Mr Cameron's adoption as party leader in 2005. Modernist, reform-minded voices

have argued strongly in favour of engaging with middle class ethnic minorities who hold aspirational, bourgeois values. Indian groups are singled out to demonstrate the value of a fresh strategy given that this group is substantial in size, more likely to have drifted into marginal seats in the sights of Tory electoral strategists, and crucially, already exhibit the strongest levels of support for the Conservatives. 24 per cent of Indians versus just 16 per cent of all ethnic minorities cast a vote in favour of the Conservatives at the 2010 General Election (Heath et. al., 2013). These points of attraction for the party are further underscored by analysis that ethnic minority voters in general are emerging as disproportionately large components of the new first time voting cohort. This is mainly due to a demographic quirk as minorities are generally younger than their white counterparts, and so over-represented in the child bearing and rearing age cohorts. The result is large numbers born two decades or so ago are spilling over into the new voter cohort for the 2015 general election. One calculation shows they amount to more than half of all new voters in several of the party's 40 target constituencies along with its 25 existing marginal seats. Harrow West, Hendon, Hampstead and Kilburn are prime examples in the capital where minority first time voters are projected to account for more than one in two of all new voters (Warren, 2014).

The counter argument in Conservative circles retains a strong logic and a following of its own. This accepts that demographic drivers are altering the look and feel of the electorate at large, rather more rapidly than envisaged. But there is recognition that the Tories are starting from a low base statistically and in terms of reputation. Large groups of minority voters remain distant to the Tories. Voting support for the Conservatives in 2010 was very low among Pakistanis (13 per cent), black Caribbean (9 per cent) and black Africans (6 per cent). In terms of reputation, the party suffers from a sense of being indifferent or too distant from ethnic minorities as well as from everyday working class interests. The final hurdle seems most insurmountable, namely the long-standing bond that has grown between Labour and its minority backers. Heath et. al. (2013: 10) describes this as follows:

Most notably, the Labour Party's early espousal of ethnic minority concerns over inequality of opportunity, and the succession of Acts passed by Labour governments to outlaw racial discrimination (with Acts in 1965, 1968, 1976 and 2000 as well as the Racial and Religious Hatred Act of 2006) established Labour as 'the' party of minorities just as Labour used to be 'the' party of the working class.

This creates an awkward landscape for active political campaigning and disputes over issues. For instance, in terms of foreign affairs, Britain's relations with specific overseas nations, and its stance towards various global conflicts have all been cited as significant concerns for first generation black and Asian migrants. What is more surprising perhaps is how these issues have moved to the front burner among second and third generation groups, particularly those with origins in the Indian sub-continent. The Iraq War has undoubtedly inflicted electoral damage on the Labour Party but this has mostly been limited to the 2005 election and the success of the Respect Party as a de facto single issue protest party. And on the Conservative side, the 2012 and 2014 surges in open Israeli-Palestinian conflict have threatened the party's already weak profile particularly among British Pakistani and Bangladeshi citizens.

Thus far, other issues associated with social and economic problems facing ethnic minorities have generally failed to make any mark in party-specific terms. This is chiefly because, whilst the effects of say the 2008-13 economic recession have differed between whites and most ethnic minority groups, these impacts have been indirectly felt. It is thus hard to perceive these day-to-day political issues in openly ethnic terms. But other social problems may prove different. For instance, national concerns over organized child sexual exploitation have in the past few years given rise to allegations of the disproportionate involvement of Pakistani men in particular. This concern has inevitably been amplified by far right and anti-immigrant political groups such as the English Defence League, but it is possible that the major parties will develop a contrasting narrative around the causes and implications of this emerging problem.

A generation ago electoral analysts mostly wrote in downbeat terms about the overall prospects for ethnic minorities gaining attention and muscle in the British political system (Crewe, 1983). This view held that there remained too few such minorities, that they were too concentrated in Labour strongholds, and that major parties would remain shy at best in wooing such voters for fear of alienating white, racist voters. That orthodoxy now appears dated at best and questionable on several important fronts.

First, the intervening period has witnessed substantial growth in the absolute numbers of black and Asian Britons, with their younger profile and fertility rates. One set of estimates based on the UK Household Longitudinal Study suggests that by the mid-point of the 21st Century, the offspring of these two New Commonwealth-derived groups will account for one in three Britons. That is a far cry from the one in 20 or one in 10 proportions that applied through much of the period of first generation settlement (Policy Exchange, 2014). The bulk of the earlier settlement was concentrated in

Labour electoral strongholds, allowing opponents to take a relaxed or resigned view of the value of appealing to these electors. But this has also been accompanied by geographic internal mobility with second generation, socially aspiring minority groups such as Indians gradually spreading out into constituencies that are more naturally Tory battlegrounds (Warren, 2014).

Secondly, the past decade has seen substantial internal change within the Conservative Party. This formally gained pace following Mr Cameron's accession to the leadership in 2005 and was preceded by senior figures such as Theresa May (now Conservative Home Secretary) publicly warning in 2002 that the Tories were seen as "the nasty party". Granted, the party leadership has principally focused its modernisation efforts on improving its number of female elected representatives. Analysis commissioned by Lord Ashcroft has highlighted both the value of courting minority supporters in pivotal constituencies as well as the fears and concerns about Tory motivations held by many within this electorate sub-group. It is obviously too early to pass full judgment on these modernization efforts and there has been a number of controversies along the way. In summer 2014 for instance, Baroness Warsi, a former Party Chairman under the personal patronage of the Prime Minister, resigned spectacularly from the Coalition administration complaining bitterly of the party's inadequate commitment to embrace the concerns and interests of minority electors.

Finally, there is also evidence to question older assumptions about a racist majority society and electorate. The British Social Attitudes survey has collected findings over 30 years on the degree to which the white public does or might resent members of a black or Asian minority marrying into their family. This is dubbed as a form of social distance between ethnic groups, and recent analysis by Ford (2014) highlights the spectacular decline in such opposition: in 1989 this stood at 50 per cent and fell back to 35 per cent by 1996, and by 2013 this had shrunk further to 24 per cent. A halving in hardline oppositional sentiment in a generation is substantial by any standards. The change is attributable to two forces: first, the effects of intergenerational replacement - older, less accepting white generations have ebbed away and been replaced by their younger grandchildren who have become accustomed to a multicultural society from an early age; and second, the slow burn effects of rising educational levels, and particularly the spinoff effects of a large expansion of participation in higher education.

Public policy challenges

The steady growth in tolerant attitudes means that it is much harder for political parties to exploit latent hostility to minorities. It also means that voters are less likely to

directly punish parties that embrace minority interests and would-be representatives. Indeed the locus of political debate has also shifted away from explicit proposals to target such groups through public policy and towards larger, mainstream policy initiatives that can be calibrated to have larger or smaller disproportionate impacts on particular population sub-groups.

The rise of a multi-ethnic society and on-going mass immigration has meanwhile spawned a number of policy dilemmas and tensions. For the large part these have resulted in piecemeal adaptations to policy interventions in schools, hospitals, planning, prisons and so forth. State maintained schools have developed teaching and curricula to accommodate the needs of non-English speaking migrant children. Hospital wards have made use of translation services so as to respond to medical care needs. And prisons provide Halal and vegetarian food for relevant inmates. These are all examples of policy sensitisation whereby adjustments are made to implementation to maximise the chances of policy take up and positive outcomes.

But key challenges remain that are not so easily managed by a regime of policy sensitisation. Aspects of these are likely to expose differences between the position and interests of the capital city as against those of the country at large.

The most pressing challenge stems from the long-term picture of settled disadvantage among certain settled minority communities. Nationally this is found in the Pakistani and black Caribbean groups in particular, but it is clear that the former is largely concentrated in the Midlands and northern England while the latter is heavily concentrated in London and parts of the West Midlands. The Indian group, previously highlighted for their higher levels of achievement and progression, are notably concentrated in London and the South East. As that region's overall economic buoyancy recovers from the recent long recession, certain sub-groups are well positioned to enjoy the indirect benefits of higher labour market demand. Conversely, Pakistanis located far from such buoyancy are unlikely to gain such indirect advantages.

Settled disadvantage also carries risks of more serious social alienation and the potential for oppositional cultures to take root. In the case of black Caribbean and black African communities, considerable tensions and conflicts have arisen over many years in police-community relations stemming from disproportionately higher street searches carried out on these groups. For all minority groups in traditional professions, evidence points to disproportionately higher rates of disciplinary investigations by professional standards bodies and independent regulators. As previously mentioned, the rates of Pakistani male involvement in organised sexual grooming conspir-

acies and prosecutions appear to be disproportionately greater than for the broader male population – but this has not been irrefutably established. These and other examples of uneven patterns of behaviour and experiences across different ethnic groups, can all too easily give rise to social stereotypes about the reputation of groups generally. Significantly, these disproportionalities are not just found in respect of dysfunctional or unacceptable behaviours but are also evident in outcomes that command social esteem such as higher educational attainment rates (Indians and Chinese) and parity of earnings with whites (Indians).

Thus far, the patterns of settlement and integration experienced by eastern European migrants remain embryonic. It is hard to tell whether or how far certain sub-groups may be encountering barriers of a long-term structural nature. Some will undoubtedly progress further and more rapidly than others, as well as in relation to the indigenous white majority. Internal differentiation of this kind is distinct from a layer of settled disadvantage and alienation that is embedded and self-generating in its effects on individual motivation and social stigmatising by others.

The policy priorities introduced with the waves of recent, more European migrants are likely to focus on mechanisms to strengthen and accelerate social integration. Active integration measures of this kind were curiously absent in the case of earlier New Commonwealth immigration. It is difficult to piece together a convincing analysis to demonstrate the direct impact of those more limited integration policies, particularly in education and language fluency (Saggar and Somerville, 2012). In the case of recent migrants, the role of employment is likely to overshadow many other factors as a driver of both economic and social integration. This then underlines the importance of employment readiness for on-going and future flows of EU migrants in particular.

Concluding thoughts: London and national political priorities

This chapter has examined a number of key features of the national political context and consequences of mass immigration. This national picture gives rise to a framework for thinking about historic and even more recent forms of migration that are very familiar in the country's political traditions and in the lexicon of everyday political debate. For instance, Britain is a much more relaxed and tolerant society than it once was in terms of its responses to black and Asian migrant settlement. Older campaigns to resist and resent that migration have tended to give way to a more inclusive, liberal tone. Equally, some groups of settled migrants, but by no means all, have become indelibly linked, in political and public discourse, with serious social problems that are mostly resistant to modern policy interventions.

The national framework shapes priorities broadly but involves some areas of poor fit with the outlook and concerns of the capital city and its people. The first of these is that London has and will continue to have a more substantial appetite for high and low skilled migrants than Britain at large. This affects the orientation of key sectors and professions and ensures that business leadership is generally hostile to the current Coalition government's attempts to control the pace of migrant inflows and monitor migrants' status.

Another point of difference with the rest of the country is reflected in the younger, better educated and more affluent characteristics of the city's population. Each of these is a factor in softer public attitudes towards immigration. Key sectors such as culture, fashion, media and cuisine directly thrive on a fulsome supply of newcomers and outsider influences, and this has some purchase in shaping the growth of new jobs in parts of the city. The middle and low skilled service industries in the capital have also attracted large numbers of newer migrants, in part through the need for and supply of part-time, flexible labour.

Finally, migrants – old and new – combine with native communities in London to produce the clear outlines of a new identity that is informed and nourished by the immigrant experience. This is something that is only very loosely visible at a national level. London's push for, and embrace of, its own distinct model of cosmopolitanism means that one-dimensional identities and identity politics have much less traction than it might elsewhere.

References

- Clarke, H. et. al. (2009) *Performance Politics and the British Voter*, Cambridge University Press
- Crewe, I. (1983) 'Representation and ethnic minorities in Britain' in Glazer, N. and Young, K. (eds), *Ethnic Pluralism and Public Policy*, Heinemann
- Crewe, I. and Sarlvik, B. (1983) *Decade of Dealignment* Cambridge University Press
- Ford, R. (2014) 'The decline of racial prejudice in Britain' Manchester Policy Blogs – www.blog.policy.manchester.ac.uk/featured/2014/08/the-decline-of-racial-prejudice-in-britain
- Hansen, R. (2000) *Citizenship and Immigration in Postwar Britain* Oxford University Press
- Heath, A. et. al. (2013) *The Political Integration of Ethnic Minorities* Oxford University Press

- Kaufmann, E. (2014) 'Understanding White Flight', *Demos Quarterly*, January
- Lymeropoulou, K. and Parameshwaran, M. (2014) 'How are ethnic inequalities in education changing?' ESRC Centre on Dynamics of Ethnicity and Joseph Rowntree Foundation, *Dynamics of Diversity: Evidence from the 2011 Census* series. <http://www.ethnicity.ac.uk/medialibrary/briefings/dynamicsofdiversity/how-are-ethnic-inequalities-in-education-changing.pdf>
- Luthra, R. et. al. (2014) 'Migrant diversity, migrant motivations and early integration', ISER Working Paper 2014-18, April
- ONS (2012) *Ethnicity and National Identity in England and Wales 2011* <http://www.ons.gov.uk/ons/rel/census/2011-census/key-statistics-for-local-authorities-in-england-and-wales/rpt-ethnicity.html#tab-Ethnicity-in-England-and-Wales>
- Royal Commission (1949) *Royal Commission on Population* Cmd 7695 London: HMSO
- Runnymede Trust (2000) *The Future of Multi-Ethnic Britain The Parekh Report* London: Runnymede Trust.
- Saggar, S. (2014a) *Tough at the Top: the glass ceiling problem* London: Demos
- Saggar, S. (2014b) 'Is frictionless migration possible?' *Demos Quarterly*, July
- Saggar, S. and Somerville, W. (2012) Building a British Model of Integration in an Era of Immigration: Policy Lessons for Government, Washington DC, Transatlantic Council on Migration
- Scarman, L. Lord (1981) *Brixton disorders 10-12 April 1981: report of an inquiry by the Rt. Hon. the Lord Scarman, OBE*, (Scarman Report). London: HMSO
- Spencer, S. (2011) *The Migration Debate* Bristol: Policy Press
- Sumption, M. and Somerville, W. (2010) The UK's new Europeans: Progress and challenges five years after accession. EHRC Policy Report. Equality and Human Rights Commission
- Swann, C. Lord (1985) *Education for All: The Report of the Committee of Inquiry into the Education of Children from Ethnic Minority Groups* London: HMSO
- Warren, I. (2014) 'Adapt or die, the choice is clear' *The Times*, 26 August

The impact of migrants on London politics

Tony Travers

Greater London has been a politically plural city since its creation as a unit of government in the 1960s. From the first borough and Greater London Council elections in 1964, the Conservatives and Labour have both won substantial numbers of seats in most parts of the city. The major parties have seen their fortunes vary with the normal flow of democratic change. The Liberal Democrats and 'Others' have gradually increased their share since the 1970s. In the 2014 borough elections, Labour and the Conservatives won almost 90 per cent of the seats, albeit on a vote share close to or under 70 per cent (GLA, 2014). For much of the period from 1955 to 1997, general election vote shares in the capital were remarkably similar to those in the rest of the country, though since 1997 Labour has performed slightly better in London than its UK vote share and the Conservatives rather below their national share. Against this recent history of electoral pluralism, London has moved from being a largely 'white British' city to one with a majority 'non-white British' population. The effects, if any, of a change in the make-up of the London population would occur against the backdrop of a city-region where voting broadly mirrored national patterns. If migrant and/or ethnic groups tended to vote in different ways from the original population, this would show up over time in parts of the city where such migrants were concentrated.

The sections below look at the scale of in-migration over time and changes in the make-up of London's population and its possible effect on the share of votes.

Immigration trends

London has long been a city of international trade and diplomacy. Since the Romans, the movement of people and goods through the Port of London produced a small number of immigrant settlers in the city. British-born people remained by far the largest group until at least the arrival in 1948 of the Empire Windrush¹ when the city started to become a city with a visible 'minority' population. From this point, a succes-

¹ The SS Empire Windrush brought settlers from the Caribbean, encouraged by the prospect of employment in services such as London Transport and the newly-created NHS.

sion of waves of migration occurred, so that by the early 1990s, over 16 per cent of the population were defined as 'New Commonwealth' immigrants. In many inner London boroughs, the proportion was significantly higher.

Following the election of a Labour government in 1997, there was a substantial increase in immigration. The combined effect of sustained economic growth, particularly in Greater London, a more relaxed migration policy and the accession of new countries to the EU led to a sharp rise in international in-migration to London. Table 1 shows the proportion of the London population who were born in the 'New Commonwealth' from 1961-1991 and, from 2001 'non-white British'. By the 2011 Census, 55 per cent of the London population defined themselves as 'non-white British', by far the highest proportion of any UK region. Over a third of the population was overseas-born. According to the 2011 Census, 40 per cent of all non-UK born residents living in England and Wales lived in London (ONS, 2012). The London share would be higher as a proportion of the UK as a whole.

The world in a city

Based on the 1991 Census, the London Research Centre produced a research paper entitled *London's ethnic minorities: one city many communities* (Storkey, Maguire & Lewis, 1994), which mapped the diversity of the city. By the 2000s, London was one of the most cosmopolitan cities in the world. From 1948, in-migration came primarily

Table 1 London's changing population

	New Commonwealth/Non White British (%)
1961	3
1971	8
1981	14
1991	16
2001	42
2011	55

Note
1961,1971,1981 and 1991 = New Commonwealth and 2011= Non White British
Sources: Census data

from places such as Australia, New Zealand, the Caribbean, India and Pakistan. After the mid 1990s, the diversity of migrants' origins widened further coming from several regions of Africa, European Union accession countries, North America and Latin America in larger numbers than ever before.

By the 2011 Census, London had emerged as a city where 45 per cent were white British, and the other 55 per cent varied in terms of their nationality, ethnic origin and religion. This differentiation gained an additional degree of complexity by devolution within the UK. Scotland, Wales and Northern Ireland were each given devolved governments and became, to an extent, federal elements within the UK. Devolution heightened awareness of what constituted 'Britishness'. Intriguingly, non-white immigrant Britons were more likely to define themselves as 'British' than white and British-born citizens (Sunder & Katwala, 2012, p11; The Economist, 25 May 2013).

Geography

Within London, immigrants have both spread out across the city and also settled in enclaves. Earlier waves of migrants, from the late-1940s till the 1980s, had largely stayed within inner London. Apart from 'inner outer' boroughs such as Brent, Ealing Haringey and Newham, (and to some extent Hounslow) most outer London boroughs had minority ethnic populations of less than five per cent until the 1980s (Shepherd, Westaway & Lee, 1974 s4.2). As recently as 1971, the 'New Commonwealth' population of Barking & Dagenham was just 2.1 per cent and of Havering 1.1 per cent, with similar figures in Bexley, Bromley, Hillingdon, Kingston, Richmond and Sutton.

As London's migrant population has grown, so overseas-born and minority ethnic populations have moved outwards. Table 2 shows the minority population of each London borough in 1971 and 2011. The figures for 1971 are for people living in households where the head was born in the New Commonwealth, while the 2011 figures are for the 'non-white British' population. While these definitions are somewhat different, they reflect both statistical practice and contemporary ways of seeing the changing 'migrant' and 'minority ethnic' population.

In 1971, the largest concentrations of New Commonwealth (NC) immigrants were in Haringey, Brent, Hackney, Islington, Lambeth and Ealing, with significant numbers also in Hammersmith & Fulham, Newham and Wandsworth. Most outer London boroughs apart from Brent, Ealing, Hounslow and Waltham Forest had relatively few NC residents. By 2011, 22 boroughs have 'non-white British' populations of over 50 per cent. Table 2 shows the percentage increase (comparing the percentage in 1971 with

Table 2 London's minority population by borough 1971 and 2011

	1971 (%)	2011 (%)	Increase	Increase on base
Camden	7.8	56.0	48.2	7.2
City of London	4.5	42.5	38.0	9.4
Hackney	15.6	63.8	48.2	4.1
Hammersmith & Fulham	11.2	55.1	43.8	4.9
Haringey	18.3	65.3	47.0	3.6
Islington	14.3	52.3	38.3	3.7
Kensington & Chelsea	6.2	60.7	54.5	9.8
Lambeth	13.8	61.0	47.2	4.4
Lewisham	8.9	58.5	49.6	6.6
Newham	10.8	83.3	72.5	7.7
Southwark	8.8	60.3	51.5	6.9
Tower Hamlets	9.4	68.8	59.4	7.3
Wandsworth	10.9	46.7	35.8	4.3
Westminster	6.9	64.8	57.9	9.4
Barking & Dagenham	2.1	50.5	48.4	24.0
Barnet	5.6	54.5	48.9	9.7
Bexley	1.9	22.7	20.8	11.9
Brent	18.0	82.0	64.0	4.5
Bromley	1.9	22.6	20.7	11.9
Croydon	6.1	52.7	46.6	8.6
Ealing	13.6	69.6	56.0	5.1
Enfield	5.4	59.5	54.1	11.0
Greenwich	3.7	47.7	44.0	12.9
Harrow	4.2	69.1	64.9	16.5
Havering	1.1	16.7	15.6	15.1
Hillingdon	2.4	47.8	45.4	19.9
Hounslow	8.2	62.1	53.9	7.6
Kingston	2.1	36.9	34.8	17.6
Merton	5.6	51.6	46.0	9.2
Redbridge	3.7	65.5	61.8	17.7
Richmond	2.2	28.6	26.4	13.0
Sutton	1.6	29.1	27.5	18.2
Waltham Forest	8.6	64.0	55.4	7.4
London	7.8	55.1	47.3	7.1

Sources: 1971 figures [New Commonwealth] Storkey et al, 1997, Table 2.3 and Morrey, 1978, Table 2f) 2011 figures (ONS, 2012 Table KS201EW)

2011) in each borough and also the 'increase on base' (showing the 2011 percentage in relation to the 1971 percentage). The latter comparison shows that the biggest changes in 'minority ethnic' populations occurred in a number of boroughs where the NC populations were smallest in 1971. Among this latter group, Barking & Dagenham, Enfield, Greenwich, Harrow, Hillingdon and Redbridge saw not only a big increase from a very low base, but by 2011 their non-white British populations were close to or above 50 per cent of the total.

If migration were to have an impact on the political and electoral geography of London, one might expect the most pronounced effects in parts of the city where there had been a move away from a low base to a significantly larger proportion. But to test this hypothesis, it would be necessary to have some evidence about differential voting patterns within different ethnic and/or immigrant groups.

From immigrant to ethnic group and beyond

The above analysis of migration to and within London during the past 40 to 50 years has mentioned immigrants, the minority ethnic population and the contemporary Census definition of 'non-white British'. Public debate about 'immigration' often conflates different concepts, particularly as time moves on from the original point when a migrant arrived in the UK. The Caribbeans who arrived on the Empire Windrush in 1948, like the children of immigrants from India, Pakistan and Bangladesh, by now will have become British - though they will also be seen as part of an ethnic minority and probably black or Asian. However, in the past 20 years, immigrants have included large numbers of people from the European Union, North America and Latin America, many of whom are white and would not define themselves as part of a minority ethnic population. The 'non-white British' definition used by the 2011 Census includes both British minority ethnic citizens and anyone who defines themselves as not British, of whatever ethnicity. Responses to the Census are self-defined, so those within a category may vary for any group.

Any attempt to assess the impact of immigration and ethnicity on politics and voting in London has to take account of the complex overlaps between ethnicity and migration. Other countries, notably Canada, use their census explicitly to measure the ethnic or cultural origins of a respondent's ancestors as opposed to citizenship, nationality, language or place of birth (Statistics Canada). The ONS's reasons for collecting statistics about ethnicity have the primary aim "of enabling organisations to monitor equal opportunities and anti-discrimination policies and to allocate government

resources more effectively” rather than to measure ethnicity for less utilitarian reasons (ONS, 2009).

Voting and immigrants

Very little research has been undertaken about the voting patterns of new immigrants in London or elsewhere in the UK. Rather, there has been a growing interest in differential voting patterns among minority ethnic communities. While a proportion of new international in-migrants will fit within a minority ethnic definition, not all will do so. Some of those who are omitted from the minority population may nevertheless define themselves as not being British. The sections below consider the impact of ethnicity on voting.

Voting and ethnicity

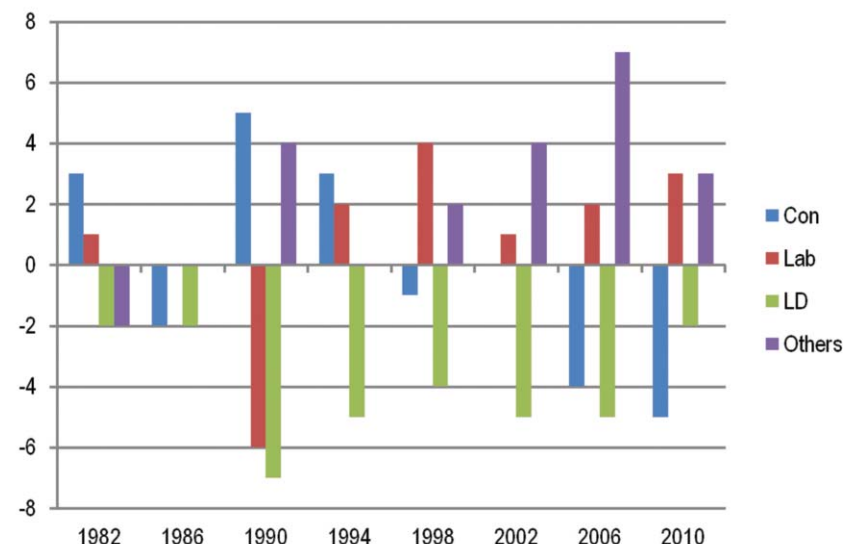
The changes in London's demography, outlined above, have been profound and have occurred since the Second World War, with the pace of change speeding up rapidly from the mid-1990s. The political and electoral impact of the arrival of millions of new people has never been researched in depth, though the subject is increasingly attracting attention.

There are London elections for the borough, the Greater London Authority, Parliament and the European Parliament with all but the UK Parliament taking place on four-yearly cycles. Londoners can expect to face perhaps 17 or 18 election days every 20 years. Occasionally, as in 2010, elections for two democratic institutions can take place on the same day.

As remarked above, the Conservatives and Labour have been the dominant parties and have remained capable of winning a larger proportion of local government seats in the capital than across the country as a whole (House of Commons Library, 2014 p6). However, there is some evidence that since 1994 the Conservatives have performed rather less well in terms of vote share and Labour slightly better than each party's respective position in the country as a whole.

Figure 1 compares the vote share of the major parties and 'others' in each of the borough elections from 1982 to 2010. The numbers on the vertical axis represent the share of the overall vote by which a party's share in London exceeds or under-performs the national figure. The London share is compared to the National Equivalent Vote Share, which is a calculation of the national vote share for each party adjusting for the pattern of local elections in a particular year. The Liberal Democrats have

Figure 1 London borough vote share compared to national equivalent vote share



achieved lower vote shares in London than the country as a whole in every year shown, while the Conservatives generally did better than nationally until 1998 and have thereafter under-performed. Labour did badly in 1990 but performed better than the national vote share in each election since. Others, including UKIP, have over-performed since 1998.

This chart suggests Labour has been achieving relatively larger vote shares compared to the national average since the mid-1990s, and the Conservatives have been falling back slightly. This is not to say that London is now a 'Labour city' — a Tory mayor was elected in 2008 and 2012, after all — but that electoral outcomes are tilting Labour's way. How far has ethnicity and thus, over time, immigration affected this change?

The university-based British Election Study (BES) looked at the voting behaviour of different ethnic groups in the 2010 general election. This research covered the whole of the country, though its implications are strongest for London. The analysis examined the propensity of individuals from different ethnic backgrounds to vote for the major political parties. The results are summarised in Table 3. 40 per cent of white British voters supported the Conservatives as compared to 29 per cent for Labour. However, voters with Indian, Pakistani, Bangladeshi, black Caribbean and black

Table 3 Voter choice by ethnic group, 2010

	Lab	Cons	Lib Dem	Others	N
White British BES	29	40	24	7	2095
Other White BES	21	56	21	3	30
Mixed B/W	66	20	14	0	48
Indian	62	24	13	2	439
Pakistani	60	12	25	3	458
Bangladeshi	73	16	10	1	191
Black Caribbean	79	9	11	1	380
Black African	86	6	7	1	313
All EM	69	15	15	2	1884

Source: Heath et al (2012)

African heritage were significantly more likely to vote Labour than Conservative. Indians, Pakistanis and Bangladeshis were more likely to vote Conservative or Lib Dem than black Caribbeans or black Africans, but Labour was still well ahead.

A Policy Exchange report, published in 2014, reached similar conclusions: "The degree to which all BME groups identify with and vote overwhelmingly for the Labour Party is striking. In the 2010 General Election, almost 70 per cent of minorities voted for Labour. However, this masks quite different levels of support for the Conservative party, who are most likely to attract the votes of the Indian community" (Sunak & Rajeswaran, 2014). The authors add: "This [the propensity to vote Labour] is the case regardless of class or association with Conservative policies and holds true even for recent arrivals"(ibid).

These analyses point in the same direction: non-white voters are far more likely to vote Labour than for any other party. This finding does not, of course, provide evidence about the voting habits of more recent immigrants from the EU and the Americas. But there is evidence that anti-immigrant political rhetoric has pushed some of the larger European migrant groups to vote Labour (Daily Telegraph, 2014). Overall, it appears that the vast majority of new migrants and their descendents since

the late-1940s have chosen to vote Labour. The Conservatives have failed to make significant in-roads into the minority ethnic or migrant vote.

The large scale of minority ethnic and migrant populations in London means that any effect observed for the country as a whole is likely to be magnified in the capital. An analysis of voting in the London borough elections of 2002 to 2010 suggests "a positive relationship between increased levels of diversity and increases to the Labour vote" (Spencer, 2014). As London's minority ethnic and immigrant population has rapidly increased, the differing propensities of such groups will have impacted on voting.

Borough effects

A number of outer London authorities have seen the largest increase in their non-white British residents but it would be simplistic to assume that all such boroughs have seen a large increase in Labour voting. Indeed, it appears that in some boroughs Labour may not have been the biggest beneficiary of minority ethnic and immigrant votes.

Figures 2,3 and 4 show the vote shares for the major parties in all borough elections since 1968 in Haringey, Redbridge and Tower Hamlets which are generally in line with the figures for the city as a whole (figure 1). Haringey already had a substantial New Commonwealth population in 1971, and by 2011 over 65 per cent were non-white British. Redbridge, by contrast, saw its minority population increase from about five per cent to 65 per cent. Tower Hamlets has a surprisingly modest NC population in 1971 but by 2011 the non-white British figure was approaching 70 per cent.

Figure 2 shows the change in the parties' vote in Haringey where Labour has over-performed compared to its London average vote in every election. The Conservatives performed slightly below their London average vote in elections until the 1990s. Thereafter their vote collapsed. In the years since the late-1980s, the Liberal Democrats came to replace the Conservatives as Labour's key opponent.

Figure 3 considers the same period in Redbridge, where the Conservatives have consistently polled a larger vote share than in London as a whole. But Labour, who used substantially to under-perform in terms of vote share, has seen its position radically improve to the point that the party now over-performs its London average. Redbridge has gone from being a safe Conservative council to one which is very marginal between the Tories and Labour. The picture is similar in Croydon. If recent trends were to continue, Labour might expect to win control in a majority of elections.

Figure 2 Haringey vote per cent by party, compared to London average

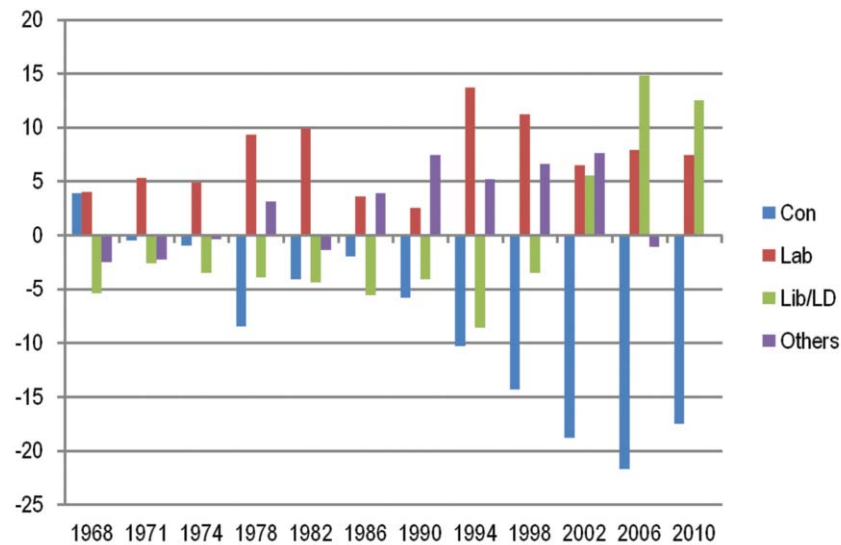


Figure 3 Redbridge vote per cent by party, compared to London average

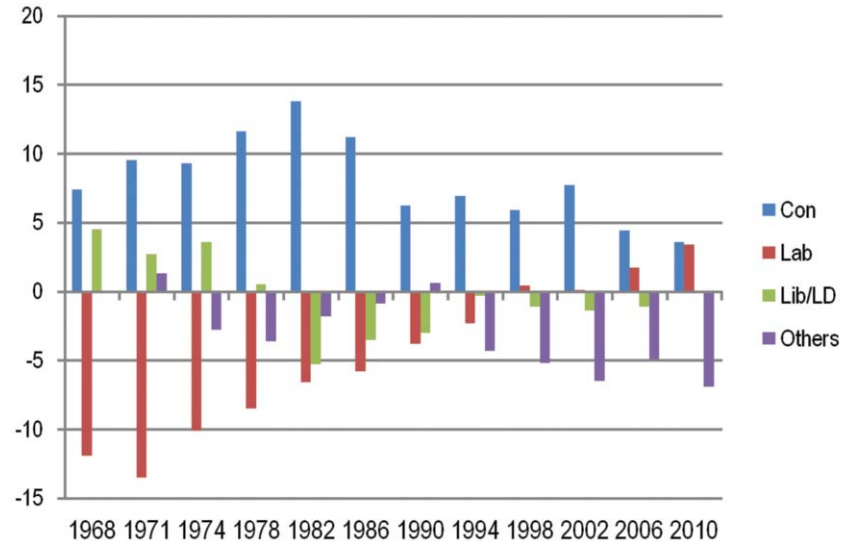
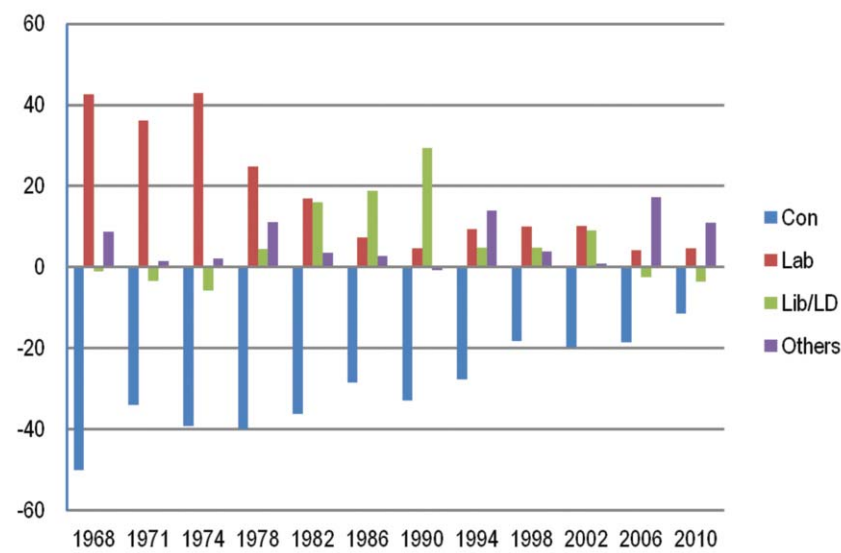


Figure 4 shows the voting trends in Tower Hamlets, which has seen a bigger change in its minority ethnic population than Haringey, though rather less than in Redbridge. Here, in the 1960s and 1970s, Labour had a very much larger vote than in London more generally and the Conservatives had very few votes at all. But since the 1980s, Labour's over-performance has declined while the Liberal Democrats and the Conservatives have significantly improved their relative vote share. Latterly, the Lib Dems have seen their relative vote share collapse. Tower Hamlets has seen a radical increase in its minority population, and at the same time, an increase in Conservative votes.

Since 1971, Tower Hamlets has changed in many ways in addition to shifts in the ethnic and national origins of its residents. The construction of Canary Wharf and the wider Docklands developments have brought a far more affluent population than previously into both Tower Hamlets and parts of Newham. Moreover, the complexities of the minority vote in Tower Hamlets have been such that many Bangladeshi voters have recently voted for either Respect or Tower Hamlets First. The Labour vote has fragmented, causing the end of the party's previous dominance. Here, migration and ethnically-based voting has damaged Labour.

Figure 4 Tower Hamlets vote per cent by party, compared to London average



Boroughs such as Hillingdon, Harrow and Ealing have also seen a move towards a much larger non-white British population than in the 1960s and 1970s but they have done so while retaining a relatively strong Conservative presence. Bexley has not seen a swing to Labour, although the increase in its minority population has been on a smaller scale than in most of London.

Overall, it would appear that a rising minority ethnic and non-white British population has been associated with a shift of voting from the Conservatives to Labour in a number of boroughs. But this phenomenon must be weighed against other factors such as changes in the relative affluence of a borough's population and the impact within a particular borough of new minority voting blocs. As with any analysis of this kind, the differences from borough to borough are such that it is impossible to be certain of the precise impact of an increased immigrant and/or ethnic population. However, the British Election Study does suggest that, as a rule, Labour will benefit from the growth in non-white and immigrant populations and the Conservatives, the Liberal Democrats and UKIP have the most to lose.

Responses to immigration and the rise of extremist parties

In the period since the arrival of New Commonwealth immigrants in London and other British cities, there have been political and electoral reactions to migration on a number of occasions. There were race riots in Notting Hill in 1958, and in Brixton and Tottenham during the 1980s. Public policy to improve the conditions of migrants and ethnic minorities started with the 1965 Race Relations Act, and has seen many further reforms since. The growth of minority communities in London, Birmingham, Leicester, Manchester and other cities led to active political responses both to discrimination and the development of racially-based, extremist, politics.

London saw fascist politicians between the 1920s and 1940, notably Sir Oswald Moseley's British Union of Fascists. But with the growth of a visible, non-white, minority population in Britain in the 1950s and 1960s a number of individuals created the anti-immigration (and pro-repatriation) National Front which grew rapidly after its creation in 1967 (Taylor, 1982). During the 1970s it won clusters of votes in a number of London boroughs and in parts of the West Midlands.

Elections in London during the late 1970s produced a spike in NF voting. In the 1977 Greater London Council election the NF put up candidates in all but one seat and won 119,060 votes, over five per cent of the total. In some GLC constituencies in Hackney and Newham, the party won between 15 and 20 per cent of the vote, causing a shock

to the major parties (GLC, 1977). In the 1978 London borough elections, the NF put up 602 candidates and received over 90,000 votes, about two per cent of the total. In parts of Hackney, Tower Hamlets and Newham, the vote shares were far higher (GLC, 1978). However, the arrival of Mrs Thatcher's Conservative Government in 1979 heralded the end of the National Front as a serious force.

In the 1980s, partly as a result of the splintering of the former National Front, the British National Party (BNP) emerged as a new anti-immigration extremist party. In 1993, at a by-election, a BNP candidate Derek Beackon won a seat from Labour on Tower Hamlets council. After a major political mobilisation effort, Beackon was defeated in the following year's London-wide elections. But the BNP took advantage of the substantial increase in immigration during the late 1990s and early 2000s to win a number of seats at the 2006 London borough elections. In Barking & Dagenham, the party won 12 of the 13 seats it contested, while in neighbouring Redbridge the BNP won one seat and in nearby Epping Forest on the London border, three (BBC, 2006). In 2008, the party won a seat on the London Assembly. They went on to win 4.9 per cent of the vote in London in the 2009 European Parliament election, not far below the 6.2 per cent achieved nationally.

In the 2010 borough elections, the BNP lost all the borough seats it held in London and in 2012, its single position on the Assembly was lost. The rise of UKIP, in particular, has made it possible for voters to register a protest, particularly about Europe and immigration, without having to resort to voting for the BNP. Although UKIP won a number of seats in the 2014 borough elections, it is significantly more of a mainstream party than those such as the National Front and BNP which have from time to time emerged to win votes in response to immigration.

It would appear that London voters are prepared from time to time, though only in a few places, to vote for extremist parties. In places where the National Front flourished in the 1970s, the BNP (or, for that matter, the more mainstream UKIP) would now find it hard to generate many votes. Inner London and neighbouring boroughs such as Newham, Brent, Ealing and Haringey are places where extremist parties now find it hard to win more than a derisory total of votes. But in some parts of outer London where immigration and minority ethnic populations are newer, there has been a propensity for voters from time to time to register a protest.

With the major increase in immigration since 1997, many parts of London and other larger English cities found themselves providing homes for new immigrants. The speed and scale of the change was not signalled by central government which was,

of course, responsible for the management of the UK border. Occasional manifestations of support for extremist parties such as the National Front and the BNP would appear to be a response to fear of the unknown: places in London where there have been migrants and minorities for many years are now less prone to resort to vote for such parties than when the migrants first arrived. Similarly, very affluent places such as Westminster, Kensington & Chelsea, Camden and Hammersmith & Fulham have never shown any willingness to vote for them (UK Polling Report, 2009). Perceived competition for public resources and housing in a large and crowded city like London also appears to have been a starting-point for extremist parties and voting.

Long-term impact on London politics

In an article on the longer-term implications of immigration for the British political system, Trevor Phillips and Richard Webber (2014) conclude that there will be “a rapid growth in the minority share of the population, from about 14 per cent now to somewhere between 20 per cent and 40 per cent in 2050”, that there is “a persistence of a strong Labour preference (around 70 per cent) amongst visible minorities” and that there will be a “moderate dispersal of visible minority families from the inner cities to the suburbs”.

Phillips and Webber (2014) included a table showing the behaviour of ‘visible minority’ and white voters in London in the 2014 European elections. Of Labour’s 37 per cent share of the vote in London, two thirds were minority voters (table 4). By con-

Table 4 London Euro-elections 2014: vote shares by ethnicity

	% of total vote	% share of vote from visible minority electors	% share of vote from White British electors	% share of vote from Other White electors
Labour	37	26	10	1
Conservative	23	3	18	2
UKIP	21	3	17	1
Others	19	9	9	1
Totals	100	41	54	5

Source: Phillips & Webber (2014)

trast, less than one in seven of the Conservative’s votes come from this group. As a larger share of the population becomes non-white British, it seems likely that unless there is a change in the propensity for minority voters to support Labour, the effects already observed in parts of London will intensify.

Conclusion

In a 2006 LSE London paper, the authors wrote:

London seems to have had a reasonable record in assimilating millions of new overseas-born residents. However, there have been radical changes in the number and origins of immigrants in the past decade. 2004 saw the highest level of net international in-migration ever recorded. Because such a large proportion of UK international migration is into London, it is inevitable that the global will meet the local far more frequently and more intensely than in most of the rest of the country. The changing numbers and profile of international migrants have led to intense political pressures on many London boroughs (Gordon & Travers, 2006).

Looking back on this conclusion eight years later, the challenge of the BNP has receded and London is, in most ways, a peaceful and successful place. The remarkable fact about the mass immigration and changes to the city’s ethnic make-up during the last 20 years is not the dramatic effect it has had on the city and its people, but rather the lack of any substantial negative impacts.

Of course, not everyone is of a similar view. David Goodhart, in an interview in 2013 for the Evening Standard, commented on the results of the 2011 Census:

I don’t want to use the phrase ‘white flight’ as it implies a racial element — which isn’t what it’s mainly about. It’s a desire for familiarity, it’s a desire not to have one’s world changed too fast, it is flight from diversity...You are used to living in a place where people like you set the tone. Many, if not most people, would be happy if there was a significant minority, 20 or 30 per cent — but if you find yourself living in a place where you are the minority, a lot of people don’t like that” (Sexton, 2013).

As the population has changed it does appear there have been political and electoral impacts on the city. The Labour Party has benefited from the arrival of migrants and a minority ethnic population, while the Conservatives and Liberal Democrats appear to have lost vote share. These impacts will continue to have an effect in the years ahead as the city’s population becomes less white British. But other effects may push in the opposite direction. Immigration and ethnicity are only one of many factors to influence the way people vote.

In a competitive democracy, the real challenge to arise from the propensity for new migrants to be attracted so disproportionately by the Labour Party is for the Conservatives, Liberal Democrats and other parties to become more successful in winning over these voters. The Conservatives, in particular, have palpably failed to do this so far. Many Conservative supporters have voiced such views and it would be healthier for the democratic system to have relatively plural behaviour by ethnic or minority groups and also for there to be competition for their votes.

London remains relatively politically plural and competitive, although a number of boroughs are now 'one-party states'. Migration and ethnicity are among the factors which influence voting. As the city grows rapidly in the coming years, the quality and competitiveness of its democratic system will be a key contributor to its good government.

Sources

BBC (2006) 'BNP doubles number of councillors' 5 May http://news.bbc.co.uk/1/hi/uk_politics/4974870.stm

Daily Telegraph (2014) 'Tories make ethnic minority voters feel like they are a mistake, MP says', 25 March

The Economist, (2013) 'Identity parade' 25 May

Gordon, I. & Travers, T. (2006) *Race, Immigration and Community Relations in Contemporary London* LSE London

Greater London Authority (2014) Borough Council Election Results 2014 <http://data.london.gov.uk/datastore/package/borough-council-election-results-2014>

Greater London Council (1977) Greater London Council election 5 May 1977 http://data.london.gov.uk/documents/GLCE_1977-5-5.pdf

Greater London Council, (1978) London borough elections 4 May 1978 http://data.london.gov.uk/documents/LBCE_1978-5-4.pdf

Heath, A. et al (2012) 'Ethnic Heterogeneity in the Social Bases of Voting at the 2010 British General Election' *Journal of Elections, Public Opinion and Parties* 21 (2), pp. 255-277 London: Taylor and Francis

House of Commons Library (2014) *Local elections 2014*, House of Commons Library Research Paper 14/33

Jolley, R. & Katwala, S. (2012) *Hopes and Fears, The British Future State of the Nation Report 2012* British Future

<http://www.britishfuture.org/wp-content/uploads/2012/01/Hopes-and-Fears-updated.pdf>

Morrey, C. R. (1978) *The Changing Population of the London Boroughs*, Research Memorandum 413, Greater London Council

Office for National Statistics (2009) Final recommended questions for the 2011 Census in England and Wales Ethnic Group

Office of National Statistics (2012) 'Table KS204EW, Country of birth, local authorities in 2011 Census' in *Key Statistics for local authorities in England and Wales*

Phillips, T. & Webber, R. (2014) 'Labour's new majority' *Demos Quarterly* Issue #3, Summer

Shepherd, J., Westaway J. & Lee, T. (1974) *A Social Atlas of London* Clarendon Press, Oxford

Sexton, D. (2013) 'Immigration: why the public is right', in *The Evening Standard*, 28 March

Spencer, E. (2014) 'The Effect of Ethnic Diversity on the Vote for Labour in London A Local Election Analysis from 2002-2010' in *The Public Sphere: Crossroads* LSE <http://www.lse.ac.uk/IPA/images/Documents/PublicSphere/2014/5-Spencer-Diversity.pdf>

Statistics Canada *Ethnic Origin Reference Guide 2006 Census* <https://www12.statcan.gc.ca/census-recensement/2006/ref/rp-guides/ethnic-ethnique-eng.cfm>

Storkey, M., Maguire, J. & Lewis, R. (1994) *London's ethnic minorities: one city many communities an analysis of 1991 Census Results* London Research Centre

Storkey, M., Maguire, J. & Lewis, R. (1997) *Cosmopolitan London Past, Present & Future* London Research Centre

Sunak, R. & Rajeswaran, S. (2014) *A Portrait of Modern Britain* Policy Exchange

Taylor, S. (1982) *The National Front in English Politics* London: Macmillan

UK Polling Report (2009) 'Who are the people who voted BNP last week' 9 June <http://ukpollingreport.co.uk/blog/archives/2172>

The impact of immigrants on city politics: comparing New York and London

John Mollenkopf

Immigrants and their offspring have clearly become a large, growing and permanent feature of the populations of the major cities of the advanced democracies of western Europe and North America and indeed in some major cities in the developing world like Riyadh, Dubai, and Singapore. New York ranks first among metropolitan areas in terms of the total number of foreign born residents, and London ranks sixth. Other metro areas with a million or more immigrants include Los Angeles, Toronto and Miami in North America and Paris in Europe (Price and Benton-Short, 2007 p109). Because these immigrants come from many parts of the world and in many cases are joining native born ethnic minority groups, scholars Steven Vertovec and Maurice Crul deem them 'hyperdiverse' or 'superdiverse' (Vertovec 2007; Crul, Schneider, and Lelie 2013).

This massive international migration is rooted in the economic inequalities between sending and receiving areas, their historical links of trade and colonialism and intensification of transnational activities. The emergence of large new immigrant minority communities poses many challenges for both the sending and receiving areas. In particular, it has created new and more complex forms of inter-group inequality and competition in 'superdiverse' metropolitan areas, including a cleavage between the native 'us' and the immigrant 'other.' Many members of native-born groups see the new immigrant communities as a burden – reliant on welfare and social provision – and associate them with poverty and crime, despite the fact that new migrants convey myriad economic benefits, as documented in other parts of this volume. Just as the American sociologist, historian, civil rights activist and Pan-Africanist W.E.B. du Bois described 'the color-line' as 'the problem of the twentieth century,' at the launch of his groundbreaking 1903 treatise *The Souls of Black Folk*, integrating the rising

new immigrant ethnic groups into our cities today is the civil rights challenge of the 21st century city.

Scholars and policy analysts have paid a great deal of attention to the economic, social and cultural dimensions of integrating these new immigrant communities, but much less to their political integration, which is arguably central to the whole process. For the receiving cities, the rise of these new immigrant minority communities poses acute questions of inclusion, membership, citizenship, and political influence. On the one side, the systematic exclusion or subordination of these groups would be deeply antithetical to our democratic (and sometimes social democratic) values. On the other, the newcomers have sufficiently different class positions, cultures, values, and everyday practices than the native born mainstream that the former sometimes wonder whether they actually want to integrate while the latter sometimes question whether they ever can. Yet, on the whole, despite substantial impediments and considerable variation across groups and contexts of reception, the new immigrant communities are melding into and contributing to their new neighborhoods, cities, and countries.

Given that the dilemma of the political inclusion of new immigrant minorities is posed most acutely in large multi-cultural cities like London and New York, their experiences shed important light on first attempts to 'bring the outsiders in.' They allow us to measure our progress and to begin to draw conclusions about what works best under which circumstances. The two cities are quite comparable in many respects. In 2013, London's population was estimated at 8.43 million, while New York's was 8.41 million. Minority groups (termed 'black, Asian and minority ethnic groups' or BAME by the Greater London Authority) made up 41.8 per cent of London's population, while they make up 67.2 per cent of New York City's residents. London's population was 36.7 per cent foreign born in the 2011 UK Census, while New York City's was 37.2 per cent in that same year. Both cities draw their immigrants from a wide range of sources, although each has a distinct mix. London, for example, does not have a large Hispanic immigrant population. The two cities have similar economic structures and labour markets. At the same time, their political structures, cultures, and dynamics are quite different, allowing us to make some tentative inferences about how different systems of political representation and competition may influence the progress of immigrant minorities. This makes the comparative study of immigrant political incorporation in London and New York an important focal point for social scientists from an analytic as well as from moral and practical standpoints.

Tony Travers in this volume, outlines trajectories of immigrant political mobilization in the UK and London, highlighting how the 'white British' who have become a minority of the city's population lean toward the Conservative Party, while the growing immigrant ethnic minority groups favour Labour, with those of Caribbean and African ancestry being most pro-Labour. Though less likely to vote, they are more trusting of political institutions and more feel 'British' than their native white counterparts. He cites Greater London Authority statistics for 2010 to show that whites make up 70 per cent of London's adult population, but hold 90 per cent of the 73 London-based seats in Parliament, 84 per cent of the seats on the 1,861 members of various borough councils, and 85 per cent of the seats on the 25 member London Assembly (GLA, 2012, p4). In other words, members of black, Asian, and minority ethnic groups make up 42 per cent of the population, but hold only 16 per cent of the Assembly seats which is roughly the equivalent of the New York City Council. In terms of a representation to population ratio, that would be a value of 0.381. By comparison, the 51-member New York City Council has 26 minority and immigrant members, a representatives-to-population ratio of 0.759. Interestingly, four of the 25 London Assembly members are South Asian, but only one is Caribbean, even though London's black population is somewhat larger than its South Asian population. Travers concludes that immigrant voters are indeed having an impact on London and that Labour has benefited. Although they are less likely to register and perhaps less likely to turn out, they are a growing influence, but they may not be so wedded to the Labour Party in the future, as they become more upwardly and outwardly mobile.

So what can we say about how the progress of immigrant political mobilization and incorporation in New York City stacks up against that of London? Does the fact that New York City's minority representation ratio is twice that of London's mean it has made more progress? Certainly, there are many steps between the presence of a population group and the election to local office of people who come from that group. Age, citizenship, voter registration, methods of representation, party identification, party competition, population concentration versus diffusion, and many other factors may affect this relationship. And what might account for any marked differences between the two that we conclude are significant? For example, Shamit Saggar tells us in his accompanying essay of an 'iron law' of immigrant politics, in which ethnicity trumps class. So might a difference between London and New York lie in differences in ethnic composition, differences in the ways parties or representation systems mobilize or demobilize voters along ethnic boundaries, or in differences in political geography? This short exposition will not be able to answer such questions, but it may be able to set out some ideas about how to explore them.

As Saggar reminds us in his essay, history is important. One can almost think of the ethnic dimension of political representation as a sedimentary rock formation, one ethnic layer slowly being laid down after another, sometimes deformed by the volcanic action of political eruptions. This has occurred in a number of politico-geologic epochs in New York City. From the early 19th century to 1898, New York consisted of the island of Manhattan and its northern offshoot, the Bronx. Brooklyn was a separate city, Queens was filled with small hamlets, and Staten Island was farm land. The city grew rapidly as commercial growth attracted immigrants not just from the surrounding areas but first from Ireland and Germany (in mid-century) and then from Italy and the Jewish and other communities of central and eastern Europe at the end of the century. By the time 'Greater New York' brought the five boroughs together in one jurisdiction in 1898, New York was a heavily immigrant city with an Irish-dominated Democratic party political machine, the fabled Tammany Hall which controlled Democratic Party nominations and political patronage in Manhattan from the mayoral victory of Fernando Wood in 1854 through to the election of John P. O'Brien in 1932. It was countered from time to time by reform efforts driven by middle class professionals, often with white Protestant roots. The Roman Catholic Archdiocese of New York was a prominent institution and various strands of Judaism also exerted influence alongside the waning, but still influential, Protestant elite. Facing the Irish hegemony in Tammany Hall and St. Patrick's Cathedral, Italians and Jews gravitated to other boroughs, especially Brooklyn, in the early 20th century, where they became the locally dominant political forces. African American migration to New York also started on a small scale in the 1910s and 1920s as World War I created new labour demands.

This period culminated in the tumultuous political changes of the Great Depression, the New Deal, and the La Guardia administration in the 1930s. La Guardia was a Republican reformer associated with the left wing American Labor Party. He was raised as an Episcopalian but spoke Yiddish and had an Italian surname. In opposition to the Irish Democratic establishment, he mobilized not only Jews and Italians to join with white Protestants, but was also backed by the emerging African American community and, with help from Franklin D. Roosevelt in the White House and Robert Wagner in the U.S. Senate, both products of New York politics, he dramatically expanded the size and scope of city government, in the process providing employment to many groups shut out by Tammany.

Anti-immigration laws adopted by Congress in the 1920s, the Depression, and World War II severely reduced international migration to New York between the mid-1920s and the mid-1960s. Nevertheless, the war-fueled economic recovery of the 1940s

and the broad industrial prosperity of the 1950s created a major demand for labour that was not fully fed by the children of the upwardly mobile European immigrant groups of the previous period – although New York still had plenty of Irish cops, Italian construction workers, Jewish social workers and teachers and German brewers and bakers. As wartime prosperity rekindled labour demand in the 1940s and prosperity expanded it in the 1950s, large scale African American and then Puerto Rican migration flowed into the city, triggering a new process of racial and ethnic succession.

These new groups entered an environment that was undergoing a policy-driven transition from a white, ethnic, blue collar industrial city into a multi-racial, white collar and service sector post-industrial city. The period from the mid-1950s to about 1980 was one of racial and ethnic conflict, white flight, deindustrialization, disinvestment and abandonment, and fiscal crisis. While the white ethnic succession process of the previous century was certainly conflictual, it took place in the context of overall economic growth and upward mobility, the Depression notwithstanding. The racial succession taking place from 1950 to 1980 occurred during a period of wrenching economic change and the decline of many sectors that had previously absorbed immigrant workers. It produced a considerable amount of latent and overt conflict. Demands for civil rights and minority empowerment were more racially charged than the successive attempts of the Irish, German, Italian, and Jewish communities to gain power. Measured by jobs, income, and population trends, as well as the near-bankruptcy of city government, the 1970s were the worst decade in New York City's history.

African Americans and Puerto Ricans made a considerable amount of political advancement in local legislative offices between 1941 - when Adam Clayton Powell was elected the first black member of the New York City Council - and the 1980s but it was not until 1989 that New York elected its first (and only) black mayor, David Dinkins. Before and after him, New York City mayoral politics remained dominated by an electoral and governing coalition largely based on votes from non-Hispanic whites who had reacted in relatively conservative directions to the racial turmoil and urban discontents of the 1970s and 1980s. Mayor Edward I. Koch, a conservative Democrat in office between 1978 and 1989, was a proponent of fiscal balance and an opponent of public employee unions, minority politicians and their base in social service programmes. Republican Rudolf W. Giuliani, mayor between 1994 and 2001, prioritised fighting crime and disorder and sought to lower taxes and reduce social programmes. His sometime-Republican successor Michael Bloomberg, between 2002 and 2013, was more liberal in some respects, but also stressed data-driven management

approaches, keeping crime rates low, and promoting investment. Still, minority representation within the city council and the New York City delegations to the State Assembly, State Senate, and U.S. Congress grew slowly but steadily, despite the failure of minority and white liberal voters to coalesce around and elect a Democratic mayoral candidate.

Remarkably, perhaps in part because a relatively conservative governing coalition remained in power, New York City survived and prospered in the face of forces that ravaged other old industrial cities like Detroit, Cleveland, and St. Louis after the late 1960s. Indeed, after losing one-eighth of its population between 1970 and 1980, falling to 7 million, NYC's population rebounded to 8.4 million by 2014, a record unmatched by any other old city in the north. International migration was a key factor in this remarkable rebound. In the contemporary period, African Americans and Puerto Ricans joined the gradual population decline that started among native non-Hispanic whites. Supplanting them was not only the Asian (Chinese, Korean, Indian, Bangladeshi, and Pakistani) and Latino (Dominican, Mexican, Ecuadoran, Columbian, and Peruvian) migration common to other parts of the U.S., but also black immigrants from the Caribbean and Africa and white immigrants from the former Soviet Union.

These new population streams softened and complicated some of the hard edges of black-white conflict from the earlier period, while taking place in a context of persistently high residential segregation between whites and blacks (and to a lesser degree between whites and Latinos or Asians). Demands for minority empowerment shifted from native born groups like African Americans and Puerto Ricans, who had won nearly every constituency where minority groups constituted a majority of the population, to immigrant-origin minority groups like Dominicans, West Indians, Haitians, Chinese, Koreans, South Asians, and Russians, and now Mexicans, the most recent large immigrant group to emerge in New York City. Their advent was eased by the enlargement of the New York City Council from 35 seats to 51 seats in 1990, with new districts being designated in 1991 to provide opportunities for minority advancement. The first West Indian and Dominican candidates won Council seats in 1991 - along with 11 African Americans and 8 Puerto Ricans.

Between that first election to the enlarged city council in 1991 and the current membership in 2014, minority representation has gone up somewhat, from 22 to 26, but the composition has changed even more. African American representation has fallen from 11 to 9, while West Indian and Haitian representation has risen from 1 to 4. Puerto Rican representation has fallen from 8 to 6, while Dominican representation

rose from 1 to 4. Two new groups gained representation, including two Chinese Council members and one of Mexican immigrant origin. A candidate from a Greek Cypriot immigrant background also won election. More importantly, the powerful council speakership shifted in 2014 from white Democrats affiliated with county party organizations to a Puerto Rican woman member backed by the progressive caucus, which counts many of the new immigrant council members in its fold. Finally, immigrant voters and their native born adult children, who now make up 48 per cent of the city's electorate, joined native minority and white liberal voters to elect a reform Democrat mayor, Bill de Blasio, in November 2013, completing a long effort to put someone in that office who relied heavily on minority voters to get there. While he is a non-Hispanic white with Italian and German ethnic roots, his spouse is a second generation West Indian.

The current demographic breakdown of the broad electorate is given in Table 1. This is drawn from a federal survey, the Current Population Survey that samples approximately 3,500 people monthly in New York City. Each November in an even numbered year, the survey asks respondents whether they were registered to vote and cast a ballot in the federal election - but not for whom they voted. The survey also collects demographic data, including age, citizenship status, place of birth, and parents' place of birth. This allows us to construct a detailed breakdown of the voters and turnout as a per cent of potentially eligible voters among voting age citizens, with a high degree of reliability. As Table 1 shows, native stock non-Hispanic whites, i.e. people born in the U.S. to two parents also born in the U.S. account for less than one in five of New York City's residents but this population is older, and tends to have higher socio-economic positions and therefore higher political engagement which means that they cast 24.8 per cent of the presidential vote in November 2012. The table also makes the point that immigrants and their children not only make up almost two-thirds of the city's population, they also make up almost half of its actual voters.

As in London, immigrant minority groups lean more towards the Democrats than native born non-Hispanic whites that overwhelmingly dominated New York City politics until recent decades. Table 2 presents results from a multiple regression equation estimating the Obama vote share as a function of each group's share of the total population in a given Census tract or enumeration district (of which there are about 2,200 in New York City). The equation is weighted by tract population, so that dense areas are counted more heavily than sparsely populated tracts. The non-Hispanic white population is excluded from the equation, which estimates that areas made up solely of this group would give 55 per cent of their support to Barack Obama. Since

Table 1 Population, Voting Age Citizens, and Voters by Immigrant Origin, New York City, 2012

Largest migrant groups	Population	% of Population	Voting Age Citizens	% of VAC	Votes Cast	% of VC	Turnout VC/VAC
White FB	659,584	8.0	424,101	8.6	211,210	7.1	49.8
White 2G	445,932	5.4	318,009	6.3	193,598	6.5	60.9
White NS	1,522,157	18.4	1,252,893	24.9	737,916	24.8	58.9
Ex-USSR*					132,900	4.5	
Black FB	751,790	9.1	470,332	9.4	333,167	11.2	70.8
Black 2G	405,902	4.9	168,270	3.4	106,765	3.2	63.4
Black NS	810,728	9.8	635,180	12.6	471,132	15.9	74.2
<i>West Indian*</i>					340,302	11.4	
Hispanic FB	948,838	11.5	301,186	6.0	170,601	5.7	56.6
Hispanic 2G	682,815	8.3	282,060	5.6	153,968	5.2	54.6
Hispanic NS	655,794	7.9	473,993	9.4	311,511	10.5	65.7
<i>Dominican*</i>					134,855	4.5	
Asian FB	785,483	9.5	383,630	7.6	166,456	5.6	43.4
Asian 2G	450,625	5.5	226,068	4.5	64,333	2.2	28.5
Asian NS	54,254	0.7	21,518	0.4	9,141	0.3	42.5
<i>Chinese*</i>					65,661	2.0	
Total FB	3,181,362	38.5	1,613,502	32.1	891,707	30.0	55.3
Total 2G	1,993,808	24.1	1,002,937	20.0	530,188	17.9	52.9
Total NS	3,083,200	37.3	2,406,340	47.9	1,555,317	52.0	64.6
City Total	8,258,370	100	5,025,779	100	2,972,222	100	59.1

Source: 2012 Current Population Survey November Election Supplement.

FB = Foreign Born, 2G = native born with 1 or 2 FB parents, NS = native born with two native born parents.

*Combined FB and 2G population. West Indian are Anglophone islands plus Guyana, but not Haiti. Italicized groups are included in the preceding totals. All Hispanics are grouped together, regardless of race, and are not included in the white, black, or Asian categories.

Obama won 78.6 per cent of the overall vote, these whites were clearly much less supportive than the various minority groups, although they still gave him a majority of their votes. The equation suggests that almost all of the native and immigrant minority groups lean more towards the Democratic Party than whites, except for voters in Arabic-speaking neighborhoods and Pakistani neighborhoods. The equation suggests for each group that a one per cent increase in population share will increase the Obama vote share by the fraction indicated in the relevant row. While we lack exit polling data that might allow us to decipher why voters in Arabic-speaking and Pakistani neighborhoods were so negative towards Obama, the war on terror and interventions in Afghanistan and Iraq probably account for this.

Table 2 Multiple Regression Analysis of Obama Vote Share, 2012 General Election, New York City (Unit of analysis = Census Tract)

Constant	55.06
	B
African American per cent	.526
Afro-Caribbean per cent	.440
Arabic speaking per cent	-.353
Puerto Rican per cent	.436
Dominican per cent	.493
Colombian, Ecuadoran, Peruvian per cent	.438
Mexican per cent	.468
Indian per cent	.572
Pakistani per cent	-.681
Bangladeshi per cent	.719
Chinese per cent	.186
Korean per cent	.493

All variables significant at .003; adjusted R squared .630; weighted by tract population.

Source: American Community Survey combined file 2007-2011 for demographic variables; New York City Board of Elections for votes cast.

As Travers suggests for London, the different immigrant and native born minority groups vary somewhat in their intensity of Democratic support. Blacks are more Democratic leaning than Latinos, who are in turn more Democratic than the Asian groups in this election. Within these broad groups, African Americans favoured Obama even more heavily than Afro-Caribbeans, but the immigrant Latino groups were more heavily Democratic than Puerto Ricans, except for voters in neighborhoods with a preponderance of immigrants from Colombia, Ecuador, and Peru, who tend to have higher incomes, somewhat more education, and lighter phenotypes than migrants from the Dominican Republic. Voters in Mexican immigrant neighborhoods, like those in Dominican neighborhoods, are particularly Democratic-leaning. Finally, as in London, the Asian groups differ, with voters in Chinese neighborhoods being least supportive of Obama and those in Bangladeshi neighborhoods the most.

These figures are for the last presidential election, which draws the largest turnout of any type of election. Turnout is much lower for mayoral elections, which do not coincide with national or state elections. And voting is much lighter in Democratic mayoral primaries, which choose the nominee who tends to win the general election, given that 69 per cent of New York City's voters are registered Democrats. Participation rates in these different types of elections vary across racial and ethnic groups, with the Democratic primary being more weighted to minority groups. At the same time, the (white) candidate favoured by the Republicans won office in every mayoral election between 1993 and 2009, so the Democratic mayoral nominee has generally not won in this context. This is due to the defection of white Democrats from party nominees favoured by minority Democratic voters as well as a lack of alignment between white liberal Democrats, black Democrats, and Hispanic Democrats. Mayor Bloomberg proved particularly adept at winning a share of the vote from these different groups. This makes the de Blasio victory in 2013 all the more remarkable.

Conclusions

This short overview of how the rise of immigrant minority communities has influenced political outcomes in New York City concludes with some brief reflections on the difference which the rising influence of these groups might make on public policies that are relevant to these communities and the possible reasons for the different patterns of outcomes observed in London and New York.

The de Blasio administration is just getting under way, but there are strong indicators that in partnership with the new progressive majority in the City Council, it will adopt policies favourable to these communities. The mayor has appointed many individu-

als from immigrant and native minority backgrounds to significant positions within his administration. The city has adopted new legislation on paid sick days that will help low wage workers, many of whom are immigrants, and it is taking measures to raise the wage floor in firms that receive government benefits. It has also vowed to increase the supply of affordable housing, a key problem facing immigrant communities. Finally, it is sensitive to language access, immigrant enforcement, and other issues specifically relevant to immigrant communities. For example, the city will issue an identity card to all city residents, including those without legal authorization, which can be used to access city services as well as prove identity in interactions with law enforcement agencies. While previous mayors have also taken a generally pro-immigrant tack in their rhetoric and policies, these go beyond what came before.

If we take as one basic measure of immigrant and minority empowerment the ratio of the share of elected officials to the share of population, New York seems to be doing substantially better than London. This no doubt reflects the far longer struggle for minority empowerment, which is at least seven decades old in New York, as well as the larger minority share of the population – and now electorate – that has been around for longer periods. Moreover, ethnicity is a primary organizing factor in New York City and American politics, as contrasted with the formerly more class-oriented political alignments of the UK, which might impede this form of organization in London. New York has been integrating immigrant groups into its political system since the early part of the 19th century. Indeed some observers have concluded that the ethnic division of the spoils is mainly what New York City politics is all about. This surely overstates the matter, because ideology, lifestyle, family form, class, education, and many other distinctions also play an important part in New York City politics.

Bibliography

- Crul, M., Schneider, J. & Lelie, F. (2013) *Super-diversity: A New Perspective on Integration* Amsterdam: VU University Press
- Greater London Authority (2012) *Equal Life Chances for All Measures of Success* Bulletin 6: Civic representation in London March
- Price, M. & Benton-Short L. (2007) 'Immigrants and world cities: from the hyper-diverse to the bypassed,' *GeoJournal* (68):103–117 Springer Science+Business media
- Vertovec, S. (2007) 'Super-diversity and its implications,' *Ethnic and Racial Studies* 29(6):1024–54. Routledge

Conclusions

Ian Gordon, Ben Kochan, Tony Travers and Christine Whitehead

London's population is growing rapidly in sharp contrast to the decline during the first four post-war decades and it is projected to increase further in the years ahead. International migration has been a major factor in this expansion, both directly among the working age population and indirectly, with the children of earlier migrants boosting the natural increase. It has also transformed the population mix, with the capital increasingly a city of minorities and the mix of migrant and minority groups also becoming much more diverse. This transformation of London's population seems to be having a number of effects. It is generating additional economic growth and greater investment, but at the same time putting increasing pressure on public services and housing - and, for some, making living in London a tougher experience.

If there is a single message from this book it is that discussion of, and responses to, migration and its impact within the London region need to be less based on broad generalisations and stereotypes than has been the case up to now. A more nuanced understanding of the different impacts of specific categories of migrants; migrants from rich and poor countries, highly skilled migrants, well established migrant groups and new arrivals, is absolutely necessary for London to reap the benefits and alleviate the costs of migration. This is also true if credible responses are to be made to those Londoners who feel that more migration has negatively affected their life chances.

In drawing together some of the threads from the contributions in this book, we focus particularly on issues which are contested and areas where the evidence still needs to be strengthened. We start with the impact of immigration on London's economic growth. Our earlier work stressed that, at least when they first arrive, migrants are often overqualified for the jobs that they can access, and are mostly young and with few dependants, they put relatively little pressure on public services. So if the jobs are there - and Jonathan Portes's chapter suggests that a job is created for each one

occupied by a new migrant - working migrants are currently usually net contributors to the Exchequer and help the economy to grow. Clearly this position changes over time as those who remain in the country become more like the local population of similar age and type in terms of their socio-economic position and their demand for housing and other services. In relation to the labour market this means that the contribution of the stayers to value-added in the city should grow, while their crowding in the lower end of the jobs market should be relieved. This is straightforwardly good news. In relation to the housing market, overcrowding among those migrants who stay should wane, but the effective demand for housing space in London and neighbouring regions could increase significantly. This will be less welcome to those seeking affordable homes and those with responsibilities for developing policies and strategies to meet London's housing needs. This simply reflects the normal additional housing requirements for the city's population which plans need to accommodate.

With these delayed effects and the evolving position of various groups within a diverse migrant population, a crucial element in improving the assessment of the impact of migration is to gain a better understanding of turnover. That is: who stays, for how long and who moves on out of the country. We know that migrants from poorer countries are more likely to stay longer, potentially putting some pressure on the Exchequer over the long run. The detail is still very imprecise; for example we do not know who is likely to remain into older age and be in need of support. This is particularly important when the social and physical infrastructure requirements of the growing population are being considered.

Many of the contributions to this book highlight the particular roles which migrants play in London's growth, innovation and economic structures. At the very least, migrants fill skill shortages in sectors that routinely experience large fluctuations in labour requirements or have rapidly increasing demands (eg for IT specialists). There are expectations, mainly based on the US experience - and there is some UK evidence - that immigration has added to London's entrepreneurial capacity, so contributing to its role as a global city. With government seeking to restrict immigration and questions being raised about the UK's continuing EU membership, new research and evidence on the value of different types of migrants to the London economy, and the UK as a whole, would make an important contribution to the debate.

Equally the impact of immigration controls on foreign students studying in London - both on the funding of higher education institutions and on the students' career paths - deserves further research. This is clearly an important area of opportunity as higher education makes a very significant contribution to the UK economy. It has been

growing rapidly and is projected to continue to do so - and the benefits are disproportionately generated in London. The mix of nationalities and the future demand for one of our strongest sectors could be adversely affected by increased visa controls and the often noted perception by students that they are made to feel unwelcome. The restrictions on the rights of non EU students to obtain post-study work experience, to build international networks and to strengthen relationships with London business are also seen as potentially highly damaging. Competition from rival higher education systems across the globe could attract students away from London. At an immediately practical level, working with the new regulations and maintaining student numbers has imposed significant costs on the institutions and little is being done to streamline procedures and make them more user-friendly.

Within the labour market, migrants appear strongly polarised; there are a large number of very rich and far more very poor, at least in their early years here. London attracts nearly half of all the skilled migrants admitted to the UK under Tier 2 of the points-based system. It is also where relatively less skilled migrants and their dependents help to fill the large numbers of service jobs necessary for the health of the London economy. It is doubtful whether London could function effectively without either of these migrant groups.

At the local level, the proportion of migrants in an area was once seen as a strong indicator of deprivation in that area but this relationship has become far weaker. At one extreme, there are migrants from rich countries, who are part of the global financial services employment market. Other groups who start poor when they first arrive, especially in the second or third generations, progress to better homes and neighbourhoods. But there are also groups who remain impoverished, less able to access decent jobs and who live in poor quality, overcrowded and expensive housing.

London, the South East and the East are effectively integrated in housing and labour market terms. The different groups of migrants have spread across London and the wider south east as part of a process of integration/settlement but also simply to find more affordable housing. Within London, some boroughs have received large numbers of migrants who are being displaced from central London. And increasingly London's poorer households, whether migrant or local, have little choice but to live in more crowded conditions in the private rented sector or to move further out.

Migrants from both poor and rich countries are also increasingly moving to towns beyond London's green belt. This all strengthens the argument for greater coordination across the regions. The Mayor's London Plan continues to emphasise that

London should accommodate its own growth – though what this really means is completely unclear. However the objective is defined, it is increasingly unlikely to be achieved, and spatial, land use and density planning should take place across a much broader area than solely Greater London. Yet, equally, inside the space-constrained market of Greater London, a carefully detailed and integrated approach remains of particular importance, given the competition between land uses and the need for continuing infrastructure investment.

There is an increasing need for services and the public finances to provide them, but the uncertainty about the likely levels of migration makes detailed planning difficult. This underlines the importance of understanding the factors which affect longer term migration trends. Politicians at a national and local level must take account of the local implications of national border control policies and their impacts both on both economic growth and public infrastructure requirements.

Understanding and addressing population changes, driven in part by migration, is particularly important if public policy is to limit impacts on established citizens. If London's population continues to grow faster than homes are built and the necessary infrastructure and services are not provided, the pressures on established communities will be increased. Existing populations may feel they face unfair competition from newcomers for jobs and services.

Many people also feel uncomfortable because of the rapidity of demographic change in their neighbourhoods. This can be reinforced by a sense of alienation with the loss of a 'British' identity – and by an apparent failure among a liberal establishment to recognise that there are negative effects, primarily among people already in weak social and economic positions. Yet evidence suggests that such concerns do not all relate to local experience and are actually more strongly felt in parts of the UK where proportions of migrants are much lower and the lived experience of migration and its impacts is less. In London, there is evidence that areas where migrants and minority populations have long lived together are less likely to vote for extreme political parties than they were 30 or 40 years ago when migrants were new to such places.

A cosmopolitan identity has emerged as London has become a global city with, arguably, more and deeper connections to other major cities across the world than to much of the rest of the UK. It is therefore vital that not just the economic but also the social and other impacts – the broader benefits from migrants as well as the potential costs and how they might be offset – are better understood and addressed. In this context it is important not just to concentrate on London but to understand better how the impacts on other parts of the country can be made more positive.

Migration has become a frightening issue within British politics. Opinion polling suggests that many people want much reduced levels of migrants coming to the country although this feeling is less strong in London, partly because many more residents here are either migrants or the children of migrant communities and partly because living together is the norm. There is a temptation for politicians, finding it hard in this context to make the case for immigration to Britain, to respond simply by professing support for this popular view. But there is evidence that public concerns are driven at least as much by frustration with politicians making unrealistic promises about cut-backs in levels of immigration – which they duly fail to deliver – as by any direct reactions to actual levels of inflow and the impacts of these on survey respondents.

This book does not suggest international in-migration is necessarily good of itself. A number of the authors are actually sceptical about the virtues of the scale and management of migration that has been experienced in recent years. And, while there is evidence that many Londoners benefit from migration, not all do, and some of the least advantaged seem to have lost out the most during the years of rising inflows. Rapid changes in the make-up of the city have also clearly been disconcerting for some established residents. Other commentators believe international in-migration is necessary and desirable to provide skills and simple growth in the workforce and because it makes for a more vibrant community for the 21st century. Short-term migration, by students and others, can directly boost demand, exports and service output.

Academics are naturally fond of saying both that 'more research is needed' and that more efforts should be made to disseminate what is already known much more widely. But, international migration is undoubtedly one area where both of these are true. One reason is because migrants are diverse and impacts are both much more complex and uneven in their incidence than is commonly recognised, either by the public or by policy-makers. Another is that myths are rife, and need to be scotched. One oft quoted boast is that London is now effectively the fifth or sixth largest 'French' conurbation, with the number of French nationals living there, implying that 800,000 French nationals lived in London, ten times more than the actual 2011 Census figure.

A third reason for the need for more research and wider dissemination of existing information is because confidence in the political classes, their judgements and policy decisions and public willingness to trust politicians' judgements appears increasingly limited. Public statements about the likely impacts of migration and of migration management rarely reflect solidly evidence-based analyses. This book is a modest contribution to the cause of disseminating more of the existing research base and stimulating demand for further work to enrich that base, and publicise its implications.

The Contributors

Kerwin Datu is the editor in chief of the *Global Urbanist* – an online magazine analysing urban development issues worldwide. Originally trained in architecture, he holds an MSc in urbanisation and development, and a PhD in economic geography from LSE on the role of global and regional networks in economic development.

Antoine Paccoud is a teaching fellow in human geography in the Department of Geography and Environment at the LSE. His interests are urban politics, social geography and continental philosophy. His recent work focuses on the relationship between gentrification and migration in the London context.

Ian Gordon is emeritus professor of human geography at the London School of Economics and a member of the LSE London Research Centre. His research interests include migration, spatial labour markets, urban governance/strategy, and metropolitan economies: publications include *Working Capital: life and labour in contemporary London* (2001, with Buck, Hall, Harloe and Kleinman).

Paresh Shah joined London Higher as research manager in 2007 and reports on data for the higher education sector in London. He has managed studies on social engagement and Green IT, he co-ordinates analyses relating to student visas, and works with HE stakeholders on student housing policy for the London Plan.

Jonathan Beaverstock is professor of international management at the University of Bristol. His research is on the role of highly-skilled international labour migration in the competitiveness of transnational banking and financial services firms and the City of London. His recent monograph is *The Globalization of Executive Search: Professional Services Strategy and Dynamics in the Contemporary World*, (2014) Routledge.

Aymo Brunetti has been a full professor at the Department of Economics of the University of Bern, Switzerland since 2012. Before then, he worked for more than a decade at the Swiss Federal Department of Economic Affairs as chief economic adviser to the Swiss government. The third edition of his book *Volkswirtschaftslehre - Eine Einführung für die Schweiz* came out in 2013.

Jonathan Portes is director of the National Institute of Economic and Social Research. Previously, he was chief economist at the Cabinet Office. He was the lead author of the 2001 Home Office report *Migration: An Economic and Social Analysis*, and since then has been closely involved in both immigration policy formulation and economic analysis.

Robert C. Kloosterman is professor of economic geography and planning at the Centre for Urban Studies, University of Amsterdam. He is honorary professor at the Bartlett School of Planning, University College, London. He has published extensively on urban issues. He has advised the Dutch government and the OECD on migrant entrepreneurship.

David Goodhart was founder of *Prospect* magazine and its editor between 1995 and 2010. He now chairs the Demos advisory board and is in charge of its project on ethnic minority integration/segregation. His publications include a book on post-war immigration and national identity, *The British Dream*, (2013).

Christine Whitehead is emeritus professor of housing economics at the LSE and a member of the LSE London Research Centre. Her research interests include the relationship between planning and housing; the role of private renting in European housing systems; financing social housing in the UK and Europe and questions of public resource allocation with respect to housing, education, policing and urban regeneration.

Shamit Sagar is director of the Understanding Society Policy Unit and professor of public policy at the Institute of Social and Economic Research, University of Essex. He is also non-executive chairman of UPP Group Holdings Ltd, and a trustee of British Future. His most recent book, is *Pariah Politics - Understanding Western Radical Islamism and What Should be Done* (2011).

Tony Travers is director of LSE London, a research centre at the London School of Economics. His key research interests include local and regional government and public service reform. He has published a number of books on cities and government, including *Paying for Health, Education and Housing: How does the Centre Pull the Purse Strings* (with Howard Glennerster and John Hills).

John Mollenkopf is distinguished professor of political science and sociology and director of the Center for Urban Research at The Graduate Center of the City University of New York. He works on the comparative analysis of immigration, race, and ethnicity in urban settings in the U.S. and Europe and urban policy and politics.

Ben Kochan is a public policy, planning and housing consultant. He was a specialist on the House of Commons select committee on communities and local government and editor of *Urban Environment Today* magazine. He coedited (with Kath Scanlon) *London: coping with austerity* (LSE London, 2010) and *Towards a sustainable private rented sector* (LSE London, 2011).