

# I want council houses in my neighbourhood

*by Frank Hoffer*

Sitting in nice wine bars or cosy restaurants in superbly gentrified inner city areas, the chattering liberal middle class expresses its disgust about the xenophobic under-classes turning against migrants and voting for right-wing populist parties. Being a member of the chattering class myself I fully share these feelings. The populist migrant bashing makes me furious. A Portuguese lady comes once a week cleaning our house, a Moroccan craftsman does all repair work at our place, a French lady does the ironing, the Bangladeshi dish washer helps to keep prices down in the local Italian restaurant, the coffee at work is served by migrants from Africa, and workers from Eastern Europe clean my office. Thanks to the housing bubble only well-to-do middle class people can afford to live in our neighbourhood, our kids go to a private school and, being a well-paid civil servant at the UN, cheap migrant workers do not compete for my job. Indeed, I have the great pleasure to work in a diverse multicultural and multi-racial environment of similarly well-paid and privileged people. Actually I am an "elite migrant" myself who left his own country out of choice to take on exciting jobs in other countries. In short it is easy and cheap for me to be the nice and tolerant cosmopolitan criticising dumb xenophobia as I have all the benefits and none of the disadvantages of mass immigration.

For the poorer parts of the population it is often very different. They do not have a domestic worker, they do their own repair work themselves and dining at restaurants is barely affordable. They do compete with migrants for jobs and housing and they can't take their children out of state school systems that are often under-resourced to deal adequately with a multicultural, multi-ethnic and multilingual diversity of poor children at school.

However, despite this a large majority of working people have been remarkably open, tolerant and by and large not at all hostile to migration and migrants. In any society there is always a limited number of xenophobic hatred-driven extremists, but in inclusive societies they normally remain at the isolated fringes. It is the distributional inequalities in our societies, the increased competition among workers in deregulated labour markets and the fact that the burden of the crisis has been shifted nearly exclusively to the middle and lower income groups that have given rise to a populist anti-

immigrant vote throughout Europe.

Migrants are not the cause of the problem in our societies, but for many they become the face or the symptom of the problem. Telling people that opposing migration is xenophobic and refusing to acknowledge real problems in the current migration regime will play into the hands of right-wing populists, who supposedly are the only ones that dare to call a spade a spade.

The political elite are generally in favour of liberal migration regimes. And so is business that prefers an (over) supply of labour to a tight labour market. The right to leave the home country and to seek work in another country is also supported by the left as it increases freedom and opportunity of workers. Immigration as an opportunity and choice - not a brutal economic necessity - is attractive and desirable. Barack Obama speaking at the US-American Independence day expressed this message clearly:

"The lesson of these 236 years is clear - immigration makes America stronger. Immigration makes us more prosperous". This bold statement was backed up by supporting factsheets of his admiration about the benefits of immigration.<sup>1</sup>

As in the free trade debate, pro-immigration protagonists are emphasising the aggregate benefits of migration for a country, implicitly assuming that this will trickle down to everybody or that losers can be compensated by the winners. Like with free trade, the problem is that it is not happening.

In an unregulated labour market, the increase in supply lowers the wages and intensifies the competition for employment. The argument that migrants do not compete with native workers and create additional jobs as they are doing jobs the latter are unwilling to do, is missing the point. The natives are not refusing certain jobs as a matter of principle; they are just unwilling to work below a certain wage level. In a closed economy there are two options to respond to the shortage of labour of, for example, domestic workers: either to raise wages or to clean the toilet yourself. With migration, the wage for cleaners can be suppressed and all cleaners be it native, present migrant and new migrant workers have to ac-

cept lower wages or lose their jobs to their competitors. There is plenty of evidence that in construction, retail, meat processing, catering, domestic work, etc. this is happening on a mass scale: the 'freer' the labour market, the 'freer' is the worker to lose. Obviously the strongest downward pressure in this race to the bottom is exerted by the use of undocumented migrants as their desperate situation forces them to accept whatever is offered.

Desperate to find places to live, migrants are forced to rent comparatively small, overcrowded and overpriced apartments or houses. By pooling resources of several families they manage to pay these overpriced rents. Ironically they are not only the victims of a failed housing policy but they also become drivers of rising rents for everybody. "Politically correct" denial of these problems and repetition of the overall benefits of migration for growth, innovation and diversity will remain unconvincing as long as these genuine problems are not addressed.

Solving them is not rocket science. Here are five proposals that would go a long way to make sure that anti-migration xenophobia is reduced to a stupid idea from stupid people and loses its mass appeal:

### 1. Limiting wage competition

In unprotected labour markets particular low skilled workers are faced with wage competition from migrant workers. Therefore it is essential to create a wage floor through a living minimum wage at the poverty threshold of 66% of the median wage to guarantee at least a minimum income level for native and migrant workers. Furthermore governments should create legal extension mechanisms of collective bargaining agreements to rule out business models based on poverty wages and wage competition.

### 2. Affordable housing

An unregulated housing market supported by cheap credit has caused asset inflation and massive underinvestment in affordable housing. Gentrification and ghettoisation are the mirror images of this failed policy. A dedicated progressive tax on high value property to finance council houses in wealthy areas would be a fair way to finance the creation of socially, ethnically and culturally mixed urban neighbourhoods as the basis for inclusive cities.

### 3. Universal quality education

Good education for their children is a high priority for most parents and equal opportunities are a corner stone of any genuinely democratic society. Progressive increase of funding for schools with above average number of pupils from families with below average income should provide the necessary resources to enable children from disadvantaged groups to get better educational opportunities. This would

also decrease the incentives for middle income families to opt out of an underfunded state system.

### 4. Public investment

With a growing population, in particular in large cities and the surrounding agglomerations, the need for a good public infrastructure increases. Given the low interest regime, today is the right moment for large public infrastructure investment in housing, transport, education and green energy to make our lives more pleasant and to bring down the unemployment rate.

### 5. Empowering undocumented migrants

Exploiting the desperation of undocumented migrants is the worst form of abuse and the worst form of wage repression. These workers are paid barely a salary, they have no health or social insurance and they live under constant fear of the migration police. They cannot stand up for their rights. Employers can even refuse to pay them by threatening to denounce them to the police. Minimum wage or collective bargaining does not apply to them and they cannot officially rent a flat. Often they are afraid of sending their children to school. These workers are absolutely powerless and at the mercy of often unscrupulous employers and landlords. But this can also be changed easily. A simple law would be needed:

- ⇒ guaranteeing any undocumented migrant a work permit, if s/he reports the employer to the police,
- ⇒ forcing the employer to pay retroactively the prevailing collective bargaining or minimum wage for the work performed by the migrant,
- ⇒ excluding the employer from any future public contract,
- ⇒ setting serious penalties, including imprisonment for illegal employment.

Such a law would empower the undocumented migrants and instantly dry up the labour market for these illegal, exploitative and inhuman employment practices. The moment that employers become afraid that the undocumented worker can escape his/her desperate status by taking the oppressor to court, they will realise that there is a business case for legal employment.

<sup>1</sup> ([http://www.whitehouse.gov/sites/default/files/docs/fact\\_sheet\\_the\\_economic\\_case\\_for\\_commonsense\\_immigration\\_reform\\_from\\_the\\_erp\\_2013\\_final.pdf](http://www.whitehouse.gov/sites/default/files/docs/fact_sheet_the_economic_case_for_commonsense_immigration_reform_from_the_erp_2013_final.pdf))

*Frank Hoffer is senior research officer at the Bureau for Workers' Activities of the ILO. He writes in his personal capacity.*