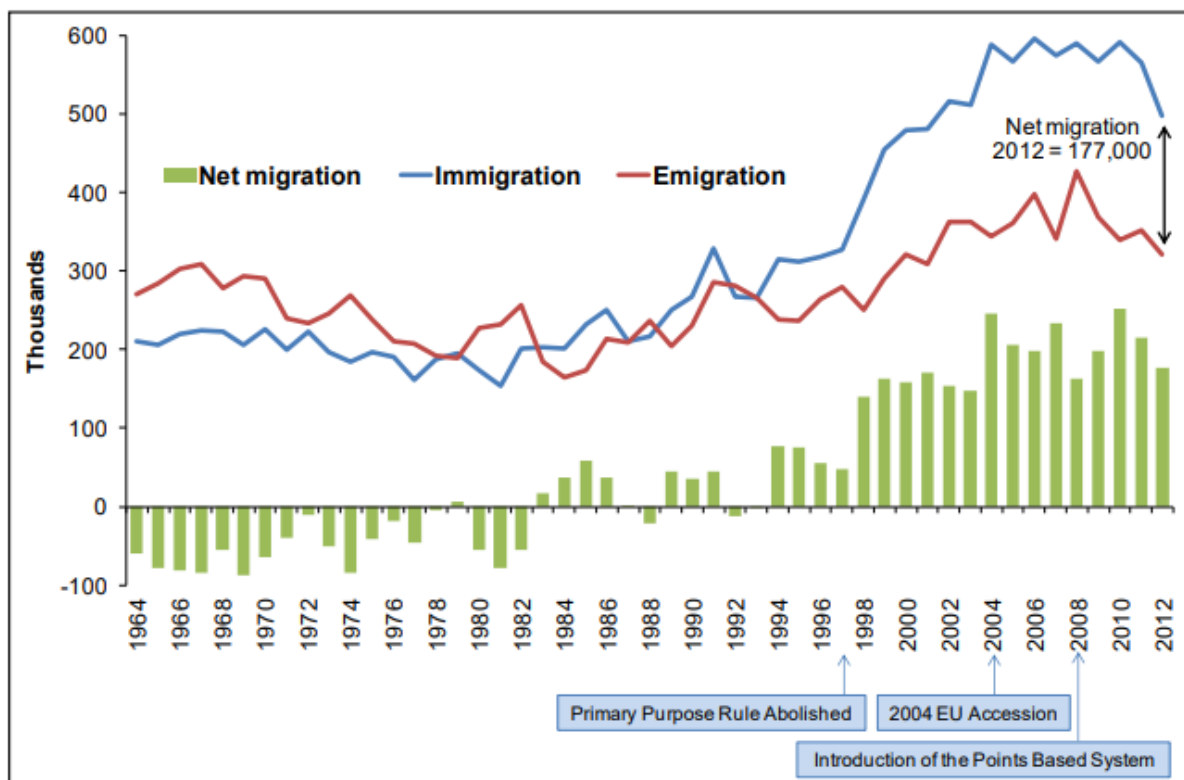


Immigration: What's been the economic impact?

Towards the end of September the government brought in a number of emergency immigration measures in an attempt to deal with shortages in the food and fuel industries. A survey by the Office for National Statistics found that 17% of people had not been able to buy essential food items because they were not available. Around 15% had not been able to buy fuel and 23% said that they had been unable to buy other non-essential food items. 1 At first around 5000 HGV drivers and 5,500 poultry workers were to be given temporary visas. Following this 300 fuel drivers and 4,7000 food haulage drivers were also to be included in the visa scheme. Polling showed that 68% voters believed that Brexit was partly to blame for the crisis including 88% of Remain voters and 52% of Leave voters. 2

Since Brexit, UK nationals no longer have the freedom to work, study, start a business or live in the EU. Visas are required for anyone wishing to stay in the UK longer than 90 days in a one-hundred and eighty-day period and a points-based immigration system has been introduced for EU citizens seeking entry into the UK. The system is designed to attract skilled and well-educated migrants. In order to obtain a visa, applicants need to accumulate 70 points based on qualifications at A-Level or equivalent, ability to speak English, a job offer with a salary of £25,600 or more. A salary of at least £20,480 is allowable provided the job offer is in a shortage occupation or the applicant has a PhD. 3



The chart shows that from the mid-1980s Britain changed from being a country of net emigration to one of net immigration – more people were arriving in the country than were leaving. 4 There was a significant increase around 1998 due to the abolition of the 'primary purpose rule' which until then had barred entry into the UK for thousands of people married to British citizens. There was also a sharp rise in the number of people coming in after 2004 due to the entry into the EU of the eight Eastern European states - Czech Republic, Estonia,

Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. Between 2004 and 2012 net immigration from the EU rose to an average of 210,000 per year.

Since the referendum in 2016 however, EU immigration has fallen considerably. This is particularly the case in relation to immigration from the eastern European countries. By contrast immigration from outside the EU has risen steadily. While more people were still arriving in the UK than leaving, overall numbers fell from a net inflow of 363,000 at the end of 2015 to 247,000 at the end of June 2020. 5

In the EU referendum debate of 2016, Leave campaigners raised concerns about migrants taking jobs which they believed should have gone to British people. Iain Duncan Smith said that high levels of EU migration mean British workers are forced to compete with millions from abroad for employment. They also claimed that high levels of immigration put severe pressure on health and social services. In a Times article Michael Gove wrote that because we cannot control our borders “*public services such as the NHS will face an unquantifiable strain as millions more become EU citizens*”, and in a major speech he warned that more arrivals could make the NHS “*unsustainable*” by 2030. 6 These claims are not supported by the evidence.

In 2018 the UK Government’s independent Migration Advisory Committee (MAC) produced what one expert has described as “*the most comprehensive, evidence-based assessment of the impact of immigration on the UK ever published.*” 7 Among its conclusions are:

- Migration has not reduced employment opportunities for UK-born people as a whole – there is some evidence that migration reduces employment and raises unemployment of some groups, for example the young and less well-educated
- Migration has not reduced the wages of UK-born workers as a whole – there is some evidence that migration has reduced the wages of the lower-paid and raised them for the higher-paid. “*However the magnitude of the impacts is generally small.*”
- Migration has a positive impact on productivity – there is some evidence that this impact is larger for higher skilled migrants than lower-skilled migrants
- Migrants pay more in taxes than they receive in welfare benefits and consume in public services
- Migrants make a larger contribution both in terms of money and work to the NHS than they receive in health services – there is no evidence that migration has reduced the quality of health care
- Migrants are a small but increasing share of the social care workforce – very few migrants receive social care

The MAC report further concludes that despite the significant scale of immigration from EU countries particularly since 2004, the overall economic impact has been relatively small with the main effect being an increase in population. Immigration as a whole, it says, has not harmed the existing resident population. 8

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.PDF pages 108 -110; the Committee was originally set up in 2007 to provide independent advice to the government on immigration policy. Its current chair is Professor Brian Bell, Professor of Economics at King's Business School within King's College London. The previous chair was the eminent labour economist, Professor Alan Manning.