Any reductions in UK immigration from the European Union (EU) are likely to lead to lower living standards for the UK-born. This is partly because immigrants help to reduce the deficit: they are more likely to work and pay tax; and they are less likely to use public services as, on average, they are younger and better educated than the UK-born.

What’s more, to get anywhere near the Conservatives’ target of keeping annual net immigration numbers below 100,000 would mean large restrictions on students from both the EU and outside. Sectors of the economy that employ science professionals and workers in processing and elementary occupations (such as cleaning and bar work) would be most under pressure from attempts to reduce immigration.

These are among the conclusions of a new report from the Centre for Economic Performance (CEP) – the latest in a series of background briefings on key policy issues in the June 2017 UK general election. The CEP report outlines the current facts on immigration and its effects on the UK, and discusses immigration policy options for the parties in the light of Brexit. Among the findings:

• There are now 9 million individuals (7.4 million adults of working age) in the UK who were born abroad, twice the number 20 years ago. The number of immigrants from EU countries has tripled from 0.9 million to 3.3 million over the past 20 years.

• Much of the recent falls in net immigration are driven either by a rise in emigration or a fall in the number of Britons returning to the UK – things over which the government has very little control.

• Many people are concerned that immigration may reduce the pay and job prospects of the UK-born since this means more competition for jobs. But immigrants consume goods and services and this increased demand helps create more employment opportunities. Immigrants might also have skills that complement those of UK-born workers, which can also raise demand. So we need empirical evidence to settle the issue of whether the economic impact of immigration is negative or positive for the UK-born.

• The latest evidence suggests that neither immigration as a whole or EU immigration has had significantly large negative effects on employment, wages and wage inequality for the UK-born population. Nor, it should be said, have there been large positive effects.

• Immigrants do not take most new jobs. The immigrant share in new jobs is – and always has been – broadly the same as the share of immigrants in the working age population.

• Areas of the UK with large increases in total or EU immigration did not experience greater falls in the jobs and pay of UK-born workers. The big falls in wages
observed after 2008 are more closely associated with the global financial crisis and a weak initial economic recovery, than immigration.

- There is little effect of immigration on inequality and the relative pay and job prospects of less skilled UK workers. Changes in wages and joblessness for less educated UK-born workers show little association with changes in immigration.

- Immigrants pay more in taxes than they take out in welfare and use of public services. UK-born individuals, on average, take out more in welfare and benefits than they pay in taxes. So immigrants help to reduce the budget deficit. There is little evidence that immigrants have negative effects on crime, education, health or social housing.

- The parties go into the election all promising to manage migration. Brexit will force the next government into big but, as yet, unaddressed decisions regarding immigration from the EU on how much and which skill groups to control.

Professor Jonathan Wadsworth, author of the report, concludes:

'It is very difficult to find much evidence that immigration has had a negative effects on many sectors of the economy. Any adverse experiences of UK-born workers with regard to jobs and wages are much more closely associated with the biggest economic crash for more than 80 years.'

'But, it should be said, neither is there much evidence of large positive effects of immigration. So on the evidence on its economic costs (or benefits), it is hard to make a case that immigration should be a big feature of this election. But it almost certainly is.'

'It should be impossible to discuss immigration in the election without thinking about what will happen as Brexit looms. Yet none of the parties has outlined a clear view of how to deal with the consequences of ending free movement of labour from the EU.'

ENDS

Notes for editors:

'Immigration and the UK Economy' by Jonathan Wadsworth is the latest in CEP’s #GE2017Economists series.

Objective, brief and non-technical, CEP Election Analysis is a series of background briefings on the policy issues in the June 2017 UK General Election.

This series discusses the research evidence on some of the UK’s key policy battlegrounds, including education, health, immigration, industrial strategy, living standards, regional policy and Brexit.

These analyses are provided by some of our expert researchers and draw on some of our past and current research.