

## A note on the level and costs of immigration

So Theresa May, the Home Secretary, has admitted that the government's immigration policy has been 'blown off course' by unexpectedly high immigration for the EU. Well, well, what a surprise.

In the last few weeks various statistics have appeared in the media about the costs and benefits of immigration. A major claim has been that immigration from the EU has benefited the existing long-term British population because the immigrant workers have paid more in taxes than they have received in government spending. (This is the main point of a study from the Centre for Research and Analysis of Migration [CReAM], attached to University College London, which appeared in early November. The same study says that immigration from outside the EU has a cost to the long-term British, because fewer of the immigrants are employed, and the public expenditure cost of looking after them exceeds their tax payments.)

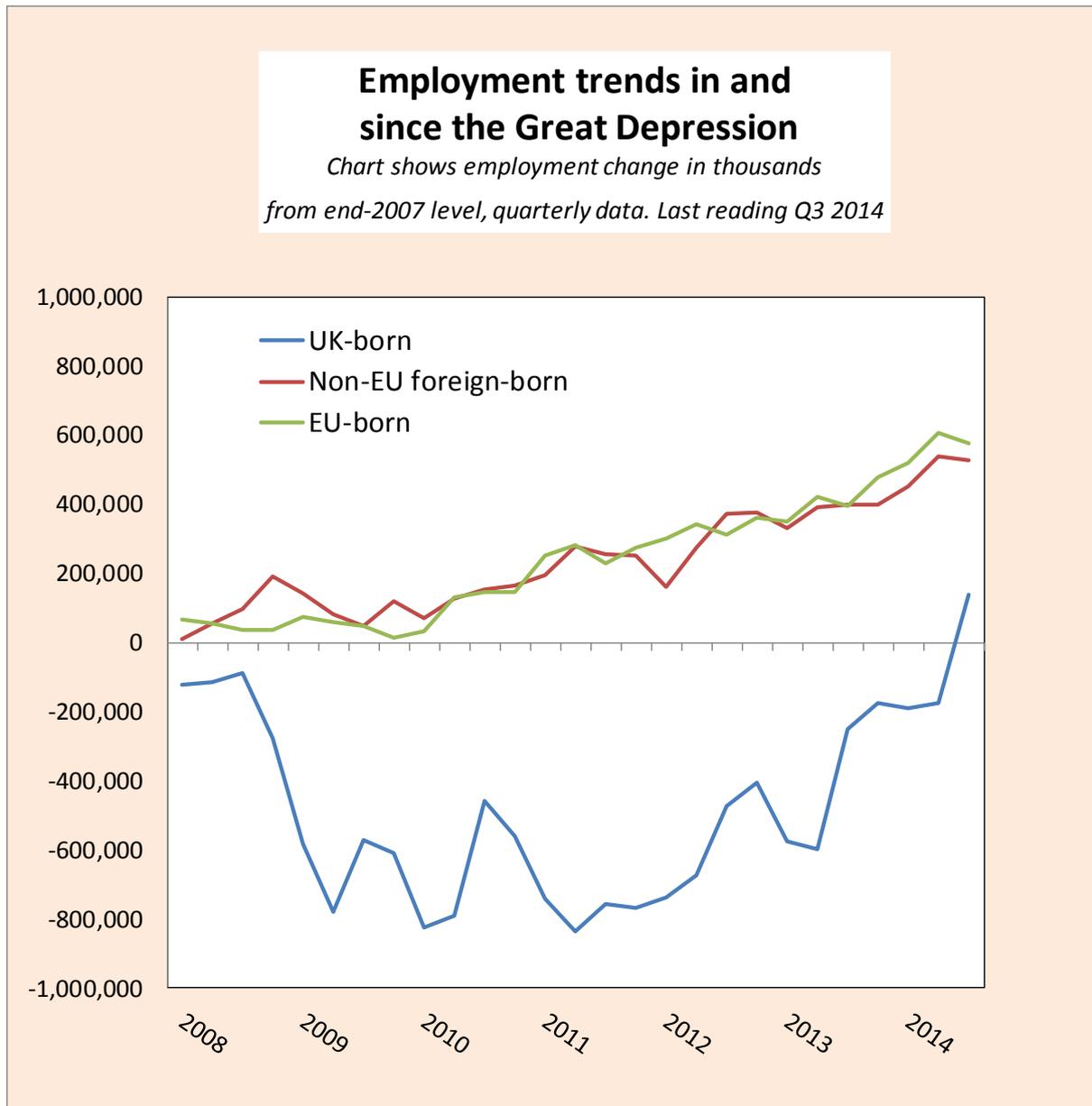
I want to interject here a few comments that seem to me fundamental. In my experience 'on the doorsteps' (and I do a certain amount of canvassing/leafleting for UKIP), the complaints about immigration are of three main kinds, that

- immigrants are scroungers who are taking advantage of the UK because they are using its benefit system, the NHS and so on,
- immigrants are hard-working, well-qualified people who are taking jobs away from 'the British', and
- some immigrants are scroungers, and others are hard-working and well-qualified, but – whatever category they fall in – they tend to be young (perhaps because they came to the UK as students), and immigrant families often have children in the UK, which puts pressure on the education and housing in an already over-crowded island.

No doubt advocates of open borders would mock that the complaints are inconsistent. But in fact all three could be true. The UCL study actually confirms that the first of the complaints is valid for non-EU immigration. But, in assessing immigration from the EU, it overlooks the second sort of complaint and says little about the third. All three points needs to be addressed in any serious cost/benefit analysis. (May I point out that my discussion of this subject in my annual *How much does the European Union cost Britain?* study has been almost entirely about the second aspect?)

Let me now present the figures on employment in our country of UK-born, non-EU foreign-born and EU foreign-born. The figures are from a government source, the Office for National Statistics, but perhaps do not always receive the attention they deserve. The chart on the next page shows the changes in employment for these groups since the end of 2007, which may be taken as the start of the Great Recession. The central message is that, in the Great Recession and its aftermath, the employment of foreign-born people – from both the EU and the rest of the world – grew steadily and strongly, and is now much higher than at the end of 2007. More

precisely, foreign-born employment climbed from 3.643 million at the end of 2007 to 4.748 million at the third quarter 2014, or by over 30%. By contrast, UK-born employment dropped significantly during the Great Recession, at the worst point by over 800,000 (or by over 3%), and has only in the last few months exceeded its level at end-2007.



Do British people – meaning those people born in the country, and remaining today both its citizens and residents – have a legitimate grievance about these trends? Obviously, that is a huge question and there is no simple answer. All the same, in the last few years of tough conditions in the labour market,

- foreign-born workers, about half of them from the EU, have found jobs so readily that their numbers in employment have risen by almost a third,

- the period has been characterized by large increases in self-employment and part-time employment, with falls in real incomes compared with 2007 and 2008, and
- the benefit system has become harsher and more discriminatory, with less eligibility, because of reforms implemented by Ian Duncan-Smith, Secretary of State for Work and Pensions, so that those on the margin of employment have sought work, even low-paid work, rather than remain on benefit.

I will leave others to draw their own conclusions, but let me state my view. This is that the surge in foreign-born employment is very likely to have been responsible for some 'job displacement'. A number of UK-born people are either out of work, when in the absence of immigration they would have had a job, or in work on lower pay than would have obtained in the absence of immigration. (To say this is of course not proof. I accept that more detailed work on employment rates by region or locality would be needed to substantiate the claim. Nevertheless, the aggregate figures are suggestive and alarming.)

A proportion of UK-born people have therefore suffered material and psychological injury, which is an important cost of EU membership. For Mrs. May to concede that her plans have been 'blown off course' by immigration from the EU is implicitly to acknowledge that the government also sees excessive, above-expectation immigration – from the EU as well as the rest of the world – as harmful to the long-term British.

A handwritten signature in black ink that reads "Tim Congdon". The signature is written in a cursive, flowing style.

Professor Tim Congdon CBE

1<sup>st</sup> December, 2014