

Institution: University College London		
Unit of Assessment: 16 – Economics and Econometric		
Title of case study: The fiscal impact of immigration: providing reliable evidence informing public debate on the effects of immigration to the UK		
Period when the underpinning research was undertaken: 2011-2014		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Christian Dustmann	Professor of Economics	1994-present
Period when the claimed impact occurred: November 2013-present		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact (indicative maximum 100 words)		
<p>CReAM's research constitutes the most rigorous analysis to date of the fiscal impact of immigration to the UK. Following its release between 2013 and 2014, and particularly in the lead up to the 2016 Brexit referendum, it fostered a more evidence-based discussion at a time when this topic was a key issue in the policy debate, and when dramatic claims were being made about the negative impacts of immigration. Findings of this research have substantially affected the terms of the public debate, being cited extensively in journalistic reporting, technical discussions, and popular media alike to rebut poorly substantiated claims of negative effects of migration to the UK. The research has also guided the UK parliament's legislative agenda, being cited in reports prepared for government and used to challenge the justifications for bills in both Lords and Commons debates.</p>		
2. Underpinning research (indicative maximum 500 words)		
<p>Research by Christian Dustmann, Professor of Economics at University College London and Director of the Centre for Research and Analysis of Migration (CReAM), and Dr Tommaso Frattini, Professor at the Department of Economics, Management and Quantitative Methods of the University of Milan, examines the fiscal impact of immigration to the UK. Prior evidence on the role of immigration on public finances in the UK had been inconsistent or inconclusive, leaving significant uncertainty about whether immigrants were net contributors to or beneficiaries of public spending, and considerable scope for public figures to cherry-pick evidence supporting their preferred policy. In addition, there had not been serious work on the topic released since 2006, resulting in an absence of reliable figures for more recent years during which migration dynamics had changed considerably. Dustmann and Frattini filled this gap, and additionally addressed methodological shortcomings of previous studies to evaluate the fiscal impact of different immigrant populations over a 17-year period from 1995 until 2012.</p> <p>CReAM's 2013 research paper [R1] showed that immigrants to the UK who arrived between 2000 and 2011 were 45% less likely to receive state benefits or tax credits than UK natives, and 3% less likely to live in social housing. In particular, EEA immigrants contributed 34% more in taxes than they received as transfers, while immigrants from countries outside the EEA contributed 2% more in taxes; in contrast, over the same period, UK natives' tax payments were 11% lower than the transfers they received (overall, the UK government ran a deficit over this period). In 2014, CReAM expanded on these findings [R2] and calculated that the net fiscal contribution of immigrant cohorts arriving between 2000 and 2011 from the A10 countries amounted to almost GBP5,000,000,000, while the net fiscal contribution of recent European immigrants from the rest of the EU totalled GBP15,000,000,000. Recent non-European immigrants' net contribution was likewise positive, at about GBP5,000,000,000. Over the same period, the net fiscal contribution of UK-born natives was negative, amounting to a cost of almost GBP617,000,000,000. Moreover, the value of the education of immigrants in the UK labour market who arrived since 2000, and that had been paid for by the immigrants' origin countries, amounted to GBP18,000,000,000 over the period 2000 to 2011.</p> <p>This work provided an evidence-based and transparent assessment of the fiscal realities of immigrants' lives in the UK, who, besides their positive fiscal contribution, were also between 11</p>		

and 22 percentage points more likely to hold a university degree than UK nationals, and more likely to participate in the labour market. The methodology developed in these papers was subsequently used, among others, in the influential report by the US National Academy of Sciences Panel on the “Economic and Fiscal Consequences of Immigration”, [Blau & Mackie (eds), 2017].

3. References to the research (indicative maximum of six references)

[R1] Dustmann, C and Frattini, T. Centre for Research and Analysis of Migration Discussion Paper No. 22/13, “The Fiscal Effects of Immigration to the UK”, London, Centre for Research and Analysis of Migration, 5 November 2013, http://www.cream-migration.org/publ_uploads/CDP_22_13.pdf .

[R2] Dustmann, C. and Frattini, T. *The Economic Journal*: Volume 124, Issue 580, “The Fiscal Effects of Immigration to the UK”, doi:10.1111/eoj.12181, New Jersey: Wiley-Blackwell for the Royal Economic Society, 4 November 2014, <http://www.cream-migration.org/files/FiscalEJ.pdf> . Peer reviewed at a top journal.

4. Details of the impact (indicative maximum 750 words).

Prior to CReAM’s research, a clear understanding of the fiscal impacts of immigration to the UK had not been established. Around the time this research was conducted, immigration had become a hot-button political topic, and the lack of available rigorous analysis contributed to polarisation of opinions and arguments in public and political debate. CReAM’s analysis remains the most thorough in methodology, the broadest in terms of data, and the most specific in results conducted on this topic to date. It has thus shaped policy discussions and informed public debate around immigration to the UK.

Shaping parliamentary debate and highlighting issues of concern to government

Since pre-existing evidence had found mixed conclusions about the fiscal impact of immigration on the UK economy, policy debates prior to the publication of CReAM’s analyses were more vulnerable to cherry-picking of results that supported a predetermined and often partisan agenda. By clarifying and deepening the understanding of the fiscal impact of immigration on the UK economy, CReAM’s research [R1, R2] enabled a more informed and careful debate by politicians, making it difficult to misrepresent the impact of migration to the UK. Most notably, this occurred during several parliamentary debates (e.g. [A, B]), but also in general political discourse. For example, in a 2015 Immigration Bill debate in the Commons Chamber [A], then Shadow Home Secretary Andy Burnham declared “May I again refer the hon. Gentleman and his colleagues to the research? The UCL Centre for Research and Analysis of Migration talks about the positive economic benefit of migration overall. He needs to concern himself with the evidence before he intervenes in the House.” During this debate, an exchange between Mr Burnham and Theresa May, then Secretary of State for the Home Department, among other MPs, debated CReAM’s findings in such detail that a fact-check was issued during the debate to resolve an issue of contention [A]. Outside Westminster, Lancaster and Fleetwood MP Cat Smith said of comments by a senior Wyre councillor: “[he] should know better than to stir up community tensions [...] [h]e will know that the point I was making was that European immigrants who arrived in the UK since 2000 have contributed more than £20bn to UK public finances between 2001 and 2011” [C], a key research finding of [R2].

Research papers [R1] and [R2] have succeeded in offering evidence that served as a solid basis for objective policy discussions, as proven by their citation in multiple Parliamentary debates in both the House of Commons and the House of Lords. Most notably these include: the Immigration: Economic Impact debate in the Lords Chamber in November 2013 [B] (the fourth comment made cited [R1]), the December 2013 Commons Immigration debate [A], and the 2015 Immigration Bill debates in both the Commons Chamber [A] and Lords Chamber, where Lord Kennedy of Southwark cited [R2] as part of his argument that the Bill was not fit for purpose [B]. In addition, written evidence submitted in November 2013 by the Royal College of Midwives (RCM) during the Committee Stage of the Immigration Bill relied on CReAM’s research [D]. In all of these cases,

CReAM's research promoted factual discussion and suppressed biased readings of the evidence. For example, during the Commons Immigration debate in 2013, Sheffield Central MP Paul Blomfield countered the Isle of Wight MP Andrew Turner, stating that “[t]he impression being given is that EU migrants are freeloaders ... [h]owever, all the evidence, as I am sure the hon. Gentleman knows, suggests that EU migrants make a net fiscal contribution” [A]. Mr Blomfield then went on to support his argument by extensively citing results from the findings of research paper [R1], and quoting Dustmann directly. In the case of the RCM, “concerned about the absence of evidence justifying the proposed changes” provided by the Department of Health, their written evidence cited [R1] to argue that “there is no clear case that charging for access to NHS services needs to be extended” [D].

As well as being referenced in parliamentary proceedings, CReAM's research findings have been central to reports commissioned by government to guide UK policy. The Migration Advisory Committee (MAC) is an advisory public body sponsored by the Home Office, which prepares reports for government on issues related to immigration. Jonathan Wadsworth, a member of the MAC between 2007 and 2016, states: “The papers by Dustmann and Frattini on the fiscal impacts of immigration were extremely influential in informing the committee's deliberations on various remits. The papers are cited in several MAC reports and fill a major gap in our understanding of this vital attribute of immigration” [E]. The MAC's 2014 report, “Migrants in low-skilled work” [F], references [R1], stating that “[t]he most thorough recent analysis of the impact of the fiscal effects of immigration to the UK has been carried out by Dustmann and Frattini”, and goes on to make extensive use of CReAM's findings. The MAC's 2018 “EEA migration in the UK” report [F], intended to guide post-Brexit immigration policy, bases its conclusions on the fiscal impacts of immigration on a background report it commissioned from Oxford Economics [F], whose analysis drew on the methodological innovations of research papers [R1] and [R2] and who state that “Dustmann and Frattini (2014) provided the most comprehensive static assessment to date” (referencing [R2]). The 2018 MAC report makes broad recommendations about the UK's immigration policy based in part on the effect on public finances, for example recommending that the list of occupations eligible for Tier 2 visas be expanded. In making repeated, explicit, and detailed use of CReAM's research, both parliament and governmental advisory bodies have provided solid evidence of the practical value of this work in guiding UK policy.

Shaping public discourse on immigration

During the lead-up to the 2015 British general election and the Brexit referendum in 2016, the public discourse around immigration became highly polarised, with an Ipsos study on public attitudes in 2015 finding that 68% of British residents agreed that “immigration has placed too much pressure on public services”. In this context, CReAM research dispelling these misapprehensions was especially relevant. Indeed, the finding that “EU citizens have contributed £20 billion more in taxes than they have taken out in benefits” [R2] was cited directly on the website of “Britain Stronger in Europe,” the official “Remain” campaign group during the referendum [G].

CReAM's research instigated more informed public discussions of immigration through widespread media coverage. In total, their findings have been mentioned more than 250 times in online and print newspapers and magazines, and featured in over 50 TV or radio segments (many of which featured interviews with CReAM members themselves) [C]. A member of the Transatlantic Council on Migration and the European Council on Foreign Relations and former UK Home Secretary has asserted that CReAM's research “had a significant impact upon the public debate. The effect of this was to change to some extent the terms of the debate in the UK about the costs and benefits of immigration and there has been a long-term impact in giving confidence to many who were unsettled by the power and vitriol of the anti-immigrant argument” [H]. Furthermore, a former EU Commissioner for Employment, Social Affairs and Inclusion and current Mercator Senior Fellow at Hertie School of Governance has stated that CReAM findings were “extremely helpful when public discourse often became detached from evidence and subject of manipulation” and “provided a solid ground for policy making at national as well as EU level” [I].

The impact of this research on the public discourse has been sustained over time, with media continuing to cite its findings years after the Brexit referendum. In many cases these reports do

not explicitly refer to research papers [R1] and [R2], but instead to the findings demonstrating e.g. that EU immigrants to the UK contributed a net GBP20,000,000,000 to public finances between 2001 and 2011. This shows that the facts established in CReAM's research have now become part of the public consciousness, being referenced in 2018 in media as varied as comedy program "The Mash Report" [C], a Stephen Fry documentary [C], and Afua Hirsch's Sunday Times bestseller *Brit(ish)* [J] to demonstrate that EU migrants pay much more in taxes than they take out in benefits. Coverage of the findings has reached a broad range of audiences, being featured in newspapers from the centre-right *Daily Mail* (2014 daily circulation: 1,678,729) to the centre-left *Guardian* (2014 daily circulation: 177,827), as well as heavily debated in more specialised sources such as the *Financial Times* (2014 daily circulation: 210,182) and the *Economist* (2014 average weekly print circulation: 201,950) [C].

The extent of the debate engendered by [R2] is indicated by the varied responses to the findings in the UK press, which lead to the *Guardian* running an article on 5 November 2014 (293 shares, 707 comments) discussing the contrasting headlines the research had generated [C]. Highlighting the dissonance between reporting such as their own – which focused on the finding that "European migrants... are not a drain on Britain's finances and pay out far more in taxes than they receive in state benefits" (17,347 shares, 3,704 comments) [C] – and that of the *Daily Mail* – which focused on findings about the cost of non-European migrants in the UK and argued that research paper [R2] "sought to put an overwhelmingly positive gloss on the economic impact of mass immigration" (2,400 shares, 700 comments) [C] – the editorial asked: "So how did the Guardian, Independent and Financial Times all manage to end up with the apparently contradictory positive conclusion [...]? Were the Telegraph and Mail simply making it up?". Engaging directly with [R2]'s methodology, the *Guardian* asked "which set of calculations helps to answer the question 'do immigrants contribute their fair share to the tax and welfare systems?' which the study's authors say they set out to answer" and described how [R2]'s findings support the positive interpretation of migrants' economic contribution [C].

Through this widespread dissemination and discussion, CReAM's research contributed to a general process of rationalising populist fears and misapprehensions about immigration to the UK: between 2013 and 2017 Ipsos found a 14 percentage point drop in the number of British residents concerned about immigrants placing pressure on public services. British Social Attitudes polling by the National Centre for Social Research in 2019 found that of those who stated they had become less worried about immigration to the UK over the past few years, 51% said that discussions about how much immigrants contribute to the UK were a reason for their changed view.

The impact of this research has been widespread and significant, guiding both public views and policy debates on immigration to the UK during this critical period. Its extensive citation during parliamentary debates and governmental reports attests to its critical influence in policy formation, while its far-reaching and sustained references in popular media demonstrate the extent to which its findings have become commonly accepted facts in the public discourse.

5. Sources to corroborate the impact (indicative maximum of ten references)

- A. Commons Chamber, Immigration Debate, 11 December 2013, Volume 572, Online, <https://hansard.parliament.uk/Commons/2013-12-11/debates/1312117500001/Immigration>
Commons Chamber, Immigration Bill Debate, 13 October 2015, Volume 600, Online, <https://hansard.parliament.uk/Commons/2015-10-13/debates/15101362000002/ImmigrationBill>
- B. Lords Chamber, Immigration: Economic Impact Debate, 12 November 2013, Volume 749, Online, <https://hansard.parliament.uk/Lords/2013-11-12/debates/13111259000120/ImmigrationEconomicImpact>;
Lords Chamber, Immigration Bill Debate, 22 December 2015, Volume 767, Online, <https://hansard.parliament.uk/Lords/2015-12-22/debates/15122250000363/ImmigrationBill>

- C.** Media pack: Centre for Research and Analysis of Migration, Webpage, “Media”, Online, 2018, <http://www.cream-migration.org/newspapers.php> and articles from *The Blackpool Gazette*, *The Guardian* and *The Daily Mail*.
- D.** The Royal College of Midwives, Bill documents – Immigration Act 2014, “Written evidence submitted by Royal College of Midwives (IB 60)”, Online, Submitted 20 November 2013, <https://publications.parliament.uk/pa/cm201314/cmpublic/immigration/memo/ib60.html>
- E.** Former member of the Migration Advisory Committee, private communication
- F.** Migration Advisory Committee, “Migrants in low-skilled work”, 2014, London, <https://www.gov.uk/government/publications/migrants-in-low-skilled-work>
Migration Advisory Committee, “EEA migration in the UK”, 2018, London, <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>
- G.** Britain Stronger in Europe, “Why do we get EU immigrants here?”, accessed 18.01.2020, archived by the Internet Archive as appearing at least by 20 June 2016, https://www.strongerin.co.uk/why_do_we_get_eu_immigrants_here
- H.** Member of the Transatlantic Council on Migration and the European Council on Foreign Relations, private communication
- I.** Mercator Senior Fellow at Hertie School of Governance, private communication
- J.** Hirsch, A., “Brit(ish): On Race, Identity and Belonging”, 2018, Jonathan Cape: London.