

NATIONAL

Immigration

EU migrants pay £20bn more in tax than they receive

Academics find UK-born population represents a net cost to the economy

HELEN WARRELL - PUBLIC POLICY CORRESPONDENT

European immigrants to the UK have paid significantly more in taxes than they received in benefits over the last decade, making a positive net fiscal contribution of £20bn.

The new research by academics at University College London comes at a time of fierce debate over freedom of movement within the EU. Responding to fears among Conservative Euro-sceptics that EU migrants are “benefit tourists”, David Cameron has pledged to renegotiate the rules allowing workers to move within the bloc. But Angela Merkel, the German chancellor, is reported to have warned him that any move to reform these rights will lead Britain towards the EU exit.

The arguments look set to intensify now that UCL researchers have established that so-called A10 migrants from eastern European countries that joined the EU in 2004 contributed nearly £5bn to the UK in the decade to 2011. Those from the original 15 EU members brought a net gain of £15bn over the same period. By comparison, the UK-born population was a net cost.

The analysis showed that EU 15 migrants contributed 64 per cent more in taxes to the UK than they received in benefits, and the A10 group - from

countries such as Poland, the Czech Republic, Estonia, Hungary, Latvia and Lithuania - contributed 12 per cent more than they received.

Professor Christian Dustmann, director of UCL's Centre for Research and Analysis of Migration, said the current debate was very “anecdotally based”.

“Certainly there is abuse but what is important from the perspective of the UK government are the numbers which we have presented here, these are the realities,” he said. “When we look at the overall population coming from the countries of the former central and eastern European areas . . . there is clearly a net fiscal benefit. These guys pay more in than what they take out.”

The research indicates EU migrants are significantly younger than the average UK-born resident and also more likely to have a degree. Prof Dustmann said Britain was a “special case” because it tended to attract far more skilled immigrants than other EU countries. A previous study found that Polish immigrants to the UK had much higher levels of education than those in Germany.

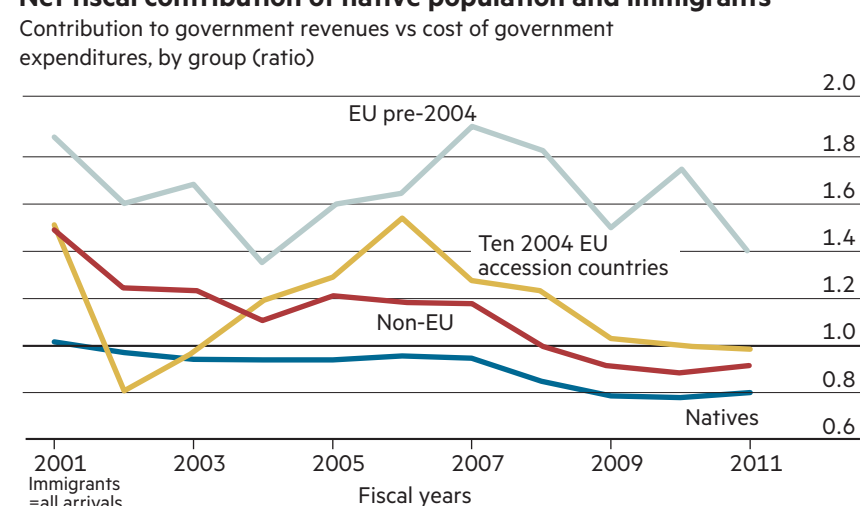
UCL researchers estimated European immigrants have provided “productive human capital” which would have cost the UK government £6.8bn in education spending in the decade to 2011.

However, researchers calculated that between 1995 and 2011 non-EU migrants were a net cost of £11.8bn, compared with the net gain of £4bn by EU migrants over the same timescale, partly due to the higher numbers of children and lower employment rate.



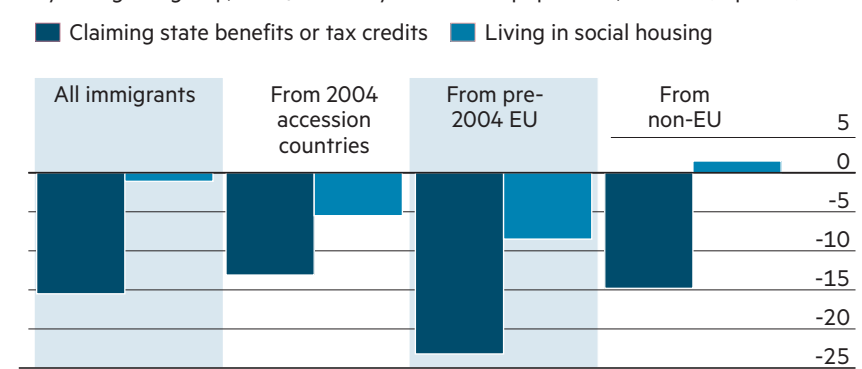
Hard stare: political graffiti in Bristol pays homage to Paddington, the fictional bear from ‘darkest Peru’ - Phil Wilks/Alamy

Net fiscal contribution of native population and immigrants



Differential in claiming benefits or living in social housing

By immigrant group, more/less likely than native population, 2001-11 (% points)



Benefits - individuals, adjusted for age and gender difference from native population
Social housing - households, adjusted for age and region of residence
Source: Dustmann & Frattini - The Fiscal Effects of Immigration to the UK (Economic Journal, 2014)

Concern at arrivals Migrants more likely to work than UK-born

Migrants from the EU have a lower rate of unemployment than the UK-born population, according to an analysis of 2011 census data published by the Office for National Statistics yesterday.

However, both had a higher rate of employment than migrants from outside the EU, who make up over two-thirds of England and Wales' non-UK-born population, about 4.2m out of 6m.

Polish people were the most likely to be in work: 81 per cent were employed compared with 69 per cent of the UK-born population. The lowest employment rate was for Chinese and Bangladeshi migrants, although 76 per cent and 40 per cent of those

migrants respectively were students.

Recent polls by Ipsos Mori have placed immigration at the top of voters' concerns, reflected in the growing support for the anti-EU UK Independence party.

David Cameron, the prime minister, is looking at ways to reduce immigration from EU states, including a proposal to deport EU migrants who are unable to support themselves financially after three months.

The analysis also revealed differences between long-term UK residents and more recent arrivals.

A greater proportion of recent migrants are highly qualified but despite this they were less likely to be economically active or working in high-skilled jobs, compared with those who had spent longer in Britain.

Half of England and Wales's foreign-born population arrived in the 10 years before the 2011. *Gavin Jackson*

Home Office

Baker's exit reflects growing coalition strains as poll nears

ELIZABETH RIGBY AND HELEN WARRELL

When Norman Baker was deployed to the Home Office last year, he was under no illusion on how tough the brief would be; working in Theresa May's department was akin to being “dropped behind enemy lines”.

After 13 months in hostile territory, Mr Baker decided this week that enough was enough. “It has been particularly challenging being the only Lib Dem in the Home Office,” he wrote to Nick Clegg, the party leader, in his resignation letter.

“The difficulty is [Ms May] believes she is running a Conservative department for a Conservative government and the Liberal Democrats were there by default, and that did not make for good relations,” he said yesterday.

This is the first time in the four-and-a-half years of the coalition that a minister has resigned citing impossible working conditions. It is perhaps unsurprising the rupture occurred in the Home Office, where policy divergences - on immigration, police “snooping” powers and liberalising drugs laws - are at their most extreme.

As Mr Baker pointed out in his resignation letter, the lack of goodwill from Ms May and her colleagues was in “stark contrast” to his three-year ministerial tenure at the Department for Transport.

While Mr Baker's departure clearly signals an overflowing of political tensions as the general election approaches, figures on both sides denied a wider breakdown of co-operation. “There is no question of this being the beginning of the unravelling of the coalition or a deliberate attempt to undermine the coalition,” said a senior

Lib Dem. “We are determined to see it through to the end.”

But spats are likely to increase in the run-up to the poll, said Akash Paun, fellow at the Institute for Government. “The first two years of coalition is about working together,” he said. “It's logical in the later stages of coalition that both sides emphasise their differences. Parties increasingly focus on the election and developing and setting out their policies for the election.”

The Lib Dems sought to close down the row yesterday, with Lynne Featherstone, Mr Baker's replacement, pointing out she had “always had a very constructive relationship with Theresa May” during her time as a Home Office minister in the early days of coalition. But Mr Baker is not a lone voice. His criticism

Another battle: Norman Baker will defend a majority of a little more than 7,000 at the general election



reflect more general concerns that Ms May runs the Home Office like a fortress department, largely cut off from the rest of Whitehall. There have been tensions between the home secretary and Vince Cable, business secretary, over immigration policy. Relations with Downing Street are also cool.

But colleagues also said the Lib Dem MP's decision to step down was not caused just by his weariness of fighting Tory superiors. Mr Baker has a majority of a little more than 7,000 in his Lewes seat and working to defend that over the next six months will be a battle of another kind.

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