

UK gains £20bn from European migrants, UCL economists reveal

- Tax payments by European migrants far outweigh welfare

- Arrivals are better educated than British workforce

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European migrants to the UK are not a drain on Britain's finances and pay out far more in taxes than they receive in state benefits, a new study has revealed.

The research by two leading migration economists at University College also reveals that Britain is uniquely successful, even more than Germany, in attracting the most highly skilled and highly educated migrants in Europe.

The study, the Fiscal Impact of Immigration to the UK, published in *The Economic Journal*, reveals that more than 60% of new migrants from western and southern Europe are now university graduates. The educational levels of east Europeans who come to Britain are also improving with 25% of recent arrivals having completed a degree compared with 24% of the UK-born workforce.

It says that European migrants made a net contribution of £20bn to UK public finances between 2000 and 2011. Those from the original 15 EU countries, including France, Germany, Italy and Spain, contributed 64% – £15bn more in taxes than they received in welfare – while east European migrants contributed 12%, equivalent to £5bn more.

The research by UCL's centre for research and analysis of migration was undertaken to "fill the void" in the debate on immigration in which the contribution of unrestricted migration from within the EU has become the centre of intense political and public concern.

Prof Christian Dustmann, co-author of the study and director of the centre, said: "A key concern of the public debate on migration is whether immigrants contribute their fair share to the tax and welfare systems. Our new analysis draws a positive picture of the overall fiscal contribution made by recent immigrant cohorts, particularly of immigrants arriving from the EU."

He said that the educational qualifications of new migrants to Britain, especially from western and southern Europe, was now extraordinarily high and higher than any other EU country. He said the UK would have had to spend £6.8bn on education to build up the same level of "human capital". The study shows that not only are European migrants more highly educated than the UK-born workforce but they are less likely to be in receipt of state benefits – 43% less likely among migrants in the past decade – and more likely to be in employment. They are 7% less likely to live in social housing.

The report was criticised as being "shallow" by David Green of the centre-right thinktank, Civitas. He said that by focusing on taxes and benefits, the report had missed out some vital costs.

"People who migrate tend to be young, better educated and energetic. They make good employees here but they are a loss to their own country. If other European countries fail to prosper because their brightest and best have travelled to the UK, we are all worse off," he said.

Green added that the survey also disregarded the waste of human capital involved in too many university migrants working as baristas or waiters.

The Conservative immigration minister James Brokenshire, responding to the UCL report, said: "Since 2010, we have reformed benefits, healthcare and housing rules to make them among the tightest in Europe and we continue to see an increase in the number of British citizens in work. In the past, the majority of growth in employment was taken up by foreign nationals; in the last year, three-quarters of it was accounted for by UK nationals.

"We are creating a system that is fair to British citizens and those who want to come here legitimately and contribute to our national life, but which is tough on those who flout the rules."

(620 words)