Issue no. 229 of the National Institute Economic Review is a Special Issue on the Economics of Migration, containing four research articles which examine the economic and social impacts of migration policy.

It will come as no surprise to economists that the papers in this issue confirm that market-oriented policies designed to attract skilled migrants are likely to yield economic and social benefits. Moreover, attitudes towards migrants and consequently their success in the hosting society are strongly correlated with immigrants’ success in the labour market.

However, public opinion on immigration in the UK is considerably less positive, particularly following the large increase in migration flows after the expansion of the EU in 2004. As a consequence, immigration is now at the centre of economic and political debate in the UK, and a variety of policy measures have been introduced in recent years aiming to reduce net migration to the UK.

While free movement of labour within the European Union remains an important and unrestricted source of migration flows, recent policy changes have made it significantly more difficult for skilled and highly-skilled workers, students and family members from outside the EU to migrate to the UK.

Speaking on these policy changes, Anna Rosso (a.rosso@niesr.ac.uk), a Research Fellow at NIESR and editor of the Special Issue, said:

“The result has been a reduction in the pool of talent available to businesses in the UK. The long-term consequences are likely to be damaging.”

Research article contributions for this Special Issue are from the University of Nottingham, University of Venice, University of Ottawa, University of Essex, Whittier College and NIESR.

The articles are as follows:

**Attracting skilled migrants: an overview of recent policy developments in advanced countries**

By Giovanni Facchini (University of Nottingham) and Elisabetta Lodigiani (University of Venice)

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In this paper the authors review the policies put in place to attract highly skilled migrants by the main Western destinations. Two main systems can be identified. On the one hand, employer-driven schemes typically call for the migrant to meet a set of minimum skill requirements and to have a job offer before a work visa can be issued. On the other, migrant-driven schemes typically do not require a job offer, and instead select the migrant based on a set of characteristics chosen by the policymaker. Employer-driven schemes are the dominant policy tool in the sample of countries considered in the analysis, and only Australia, Canada and New
Zealand have made migrant-driven schemes the mainstay of their skill selective immigration policy. The preliminary evidence suggests that the latter are more effective in increasing the skill level of the immigrant population, and casts doubts on the usefulness of new initiatives like the EU blue card that are still based on an employer-driven system.

**The long-term economic impact of reducing migration in the UK**
By Katerina Lisenkova (NIESR), Marcel Mérette (University of Ottawa) and Miguel Sánchez-Martínez (NIESR)

*Originally published as a discussion paper by NIESR in December 2013*

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This paper uses an OLG-CGE model for the UK to illustrate the long-term effect of migration on the economy. The authors use the current Conservative Party migration target to reduce net migration “from hundreds of thousands to tens of thousands” as an illustration. Achieving this target would require reducing recent net migration numbers by a factor of about 2. They undertake a simulation exercise to compare a baseline scenario, which incorporates the principal 2010-based ONS population projections, with a lower migration scenario, which assumes that net migration is reduced by around 50 per cent. The results show that such a significant reduction in net migration has strong negative effects on the economy. By 2060 the levels of both GDP and GDP per person fall by 11.0 per cent and 2.7 per cent respectively. Moreover, this policy has a significant impact on public finances. To keep the government budget balanced, the effective labour income tax rate has to be increased by 2.2 percentage points in the lower migration scenario.

**Public support for immigration restriction in the United Kingdom: Resource scarcity, ethnicity or poor origins?**
By Yvonni Markaki (Institute for Social and Economic Research, University of Essex)

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Research on anti-immigrant attitudes in the United Kingdom in the past has focused primarily on feelings of prejudice driven by local concentrations of ethnic minorities. The immigration debate, however, has arguably changed since the EU expansions and the economic crisis of the past decade. This paper tests whether public support for immigration restriction is empirically driven by factors such as resource scarcity and economic stagnation, skill supply of native and immigrant workers, and the origin of immigrants from poorer countries within and outside the EU. Survey data from the European Social Survey between 2002 and 2010 are matched with regional level indicators calculated using the UK Labour Force Surveys. Findings suggest that support for immigration restriction is higher in regions where more immigrants are unemployed, but lower in regions where more natives are unemployed for longer than a year. Both the origin and ethnicity of the immigrant population appear to play a role in immigration policy preferences among native respondents.

**Source-destination cultural differences, immigrants’ skill levels, and immigrant stocks:**

evidence from six OECD member countries

By Roger White and Nicole Yamasaki (Whittier College)

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Examining data for 79 immigrant source countries and six OECD member destination countries during the years 1975–2000, the authors find that source-destination cultural differences inhibit international migration. They also report that existing immigrant stocks act to offset, at least in part, the migration-inhibiting effects of cultural differences. Employing educational attainment as a proxy for skill, they find variation across low-, medium-, and high-skilled immigrant cohorts both with respect to the cultural distance-migration relationship and in terms of the extent to which existing immigrant stocks offset the influence of cultural differences. Their results appear robust to econometric techniques, sample composition, and endogeneity issues.

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Notes:
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The latest economic forecasts for this issue of the National Institute Economic Review are to be released on Monday 4 August at NIESR, embargoed for 00.01 Tuesday 5 August. Details of the press conference, where the authors can answer any questions, can be found here.

NIESR aims to promote, through quantitative and qualitative research, a deeper understanding of the interaction of economic and social forces that affect people's lives, and the ways in which policies can improve them.

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