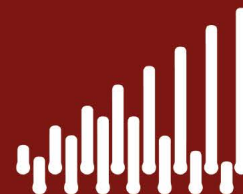


The Economic and Social Impacts of Work Restrictions on Asylum Applicants

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Allowing People Seeking Asylum the Right-to-Work Would (per year):

- ▶ Save the Government a Total of **£6.7bn**
- ▶ Increase Tax Revenue by **£1.3bn**
- ▶ Add **£1.6bn** to GDP

Allowing Asylum Applicants Waiting Longer than Six Months the Right-to-Work Would (per year):

- ▶ Save the Government a Total of **£4.4bn**
- ▶ Increase Tax Revenue by **£880m**
- ▶ Add **£1bn** to GDP

Summary

The United Kingdom is one of the only European countries that prohibits people seeking asylum from working for 12 months following their application. The justification for this is to avoid incentivising illegal economic immigration, but empirical studies consistently find that this restriction is an ineffective tool to curb demand for asylum. Missing from the evidence base is an estimate of what the economic and social impacts of this policy are.

Our forthcoming discussion paper is the first of its kind to use a macroeconomic model to simulate the total economic effect of lifting this restriction for all people seeking asylum and those waiting longer than six months on their application. We first estimate the potential fiscal savings and additional tax receipts the government would receive in both scenarios and use the findings to calibrate our macroeconomic model NiGEM to estimate the total effect on the economy. Rather than estimating the effect as a stand-alone event, the use of a macroeconomic model to explore this question allows us to calculate the 'big picture' effect by incorporating the potential knock-on/feedback effects. For example, our model can predict how the government would spend induced savings and estimates what effect this knock-on effect would be.

Our findings suggest that the economic benefit of granting the right-to-work to asylum applicants is larger than previously estimated. We find that this would add billions to government finances and make a significant contribution to GDP.