

## **Immigration helps average UK wages but holds back wages of the least well paid**

A new study by economists Christian Dustmann, Tommaso Frattini and Ian Preston, entitled "The Effect of Immigration along the Distribution of Wages" and published in the journal *Review of Economic Studies*, has analysed the effect of immigration on the wages of UK-born workers along the entire *distribution* of wages. The evidence suggest that immigration in the UK has contributed positively to average wage growth of UK-born workers but that, while benefiting workers in the middle and upper part of the wage distribution, it put downward pressure on wages of workers at the bottom of the wage distribution. While beneficial to the average UK-born worker it may have widened wage gaps at the lower end.

The research shows that recent immigrants downgrade considerably in the labour market, working in jobs that are less skilled and pay lower wages than appropriate for their level of education. Immigrants to the UK are on average better educated than UK citizens, however most end up initially in the lowest paid occupational groups.

The estimated wage effects mirror the location of recent immigrants in the non-immigrant wage distribution. Immigrants tended, over the period considered, to be more concentrated than the UK-born in the lowest quarter of the native wage distribution where evidence of negative wage effects is strongest, and less concentrated in the middle of the distribution where evidence is suggestive of wage gains.

Over the period considered, estimates suggest that immigration held wages back by 0.7p per hour at the 10<sup>th</sup> percentile, contributed about 1.5p per hour to wage growth at the median and slightly more than 2p per hour at the 90<sup>th</sup> percentile.

The main dataset used in the study was the UK Labour Force Survey (LFS) over the period 1997 until 2005. This data is also combined with information from the 1991 UK Population Census.

The researchers say: "Immigration affects different parts of the workforce differently. Over the period we consider, there have been gainers and losers and while the gainers may have outnumbered the losers and the gains may have been positive on average, the losers tend to have been lower down the wage distribution than the gainers."

‘The Effect of Immigration along the Distribution of Wages’ by Christian Dustmann, Tommaso Frattini, and Ian Preston adds important insights to the academic debate on the impact of immigration, suggesting that immigration may have contributed positively to average wages of the UK-born but held back wage growth at the most poorly-paid end of the labour market.”

\*\*\*ENDS\*\*\*

**Notes to Editors:**

‘The Effect of Immigration along the Distribution of Wages’, *Review of Economic Studies*, doi: 10.1093/restud/rds019

**An embargoed pdf of the full research paper is available here:**  
[http://www.oxfordjournals.org/our\\_journals/restud/prpaper.pdf](http://www.oxfordjournals.org/our_journals/restud/prpaper.pdf)

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