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The economic impact of A8 (A2) migrant workers in the United Kingdom.

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PROJECT

BY

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I. Introduction

Migration to the United Kingdom from the countries that have recently joined the European Union (the so-called A8 and A2 countries) is one of the most important social and economic phenomena shaping the country. This movement of people has changed the level and characteristics of immigration to the UK. There are significant unknowns and uncertainties on the existing data on immigration and immigrants in the UK, as well as insufficient data about people leaving the country. However, rising population density has potentially important economic consequences for the resident population, including impacts on housing, as well as wider welfare effects, especially in parts of England where immigrants are more concentrated.

Immigration often causes debate in receiving countries about the potentially negative consequences an arrival of immigrants may have on the welfare of local residents. Of particular concern is whether immigrants contribute to the welfare system. The economic impacts of immigration depend critically on the skills of immigrants. There are varying skill levels among economic migrants. Those migrating to the UK are typically more skilled than the domestic population (Kyambi, 2005). Despite the fact that many A8 (A2) migrants possess high levels of qualifications and skills, the vast majority are concentrated in low-skilled occupations and this trend has remained stable since 2004 (Home Office, 2008). However, there is a great possibility that this tendency could change, given the emphasis that the new points-based migration system has placed on more skilled migrants.

In the long run, the main economic effect of immigration is to enlarge the economy, with relatively small costs and benefits for the incomes of the resident population. In this project, we are going to examine and analyse the overall impact of migrant workers in the United Kingdom, looking into the labour market patterns, policy discussions and general economic overview. Analysis of the fiscal and welfare contribution will be discussed comprehensively. The next section reviews the theoretical and empirical literature on migration from the A8 and A2 EU countries, followed by data sources, definitions and conclusion of the whole topic.

II. Theories
International migration flows have increased in magnitude and complexity over the past decades. As a result, migration and potential migration to the European Union are receiving ever more attention at the policy level. In the context of this research, we are going to examine migration theories which relate to the topic – theories such as push and pull factors and human capital.

Lee’s push and pull factors theory determines why people are willing to migrate, but also examines the conditions, that drive people to leave their homes (known as push factor) and the conditions that attract people to new opportunities (known as pull factor).

**Why people migrate?**

Immigration can occur as a result of one or more factors including jobs and opportunities, better living and social conditions, religious and political freedom, etc.

Push factors are the reasons why people leave an area or why a person is pushed away. Those can vary, although main reasons can include land scarce, lack of services, lack of safety, political or religious persecution, poverty, etc. On the other hand, pull factors are the reasons people want to move to an area or what pulls them to that area. Those can include hope for a new life, promise of freedom (religious and political), higher employment, more wealth, better services, land, etc.

*Figure 1*

![Push Factors vs Pull Factors Diagram](source: BBC.co.uk)
Migration has an impact on the place that has been left behind as well as on the place that is being migrated to. These impacts can be both positive and negative. Table 1 below shows how migration affects both UK and A8 (A2) countries.

Table 1

<table>
<thead>
<tr>
<th></th>
<th>Negative Impact</th>
<th>Positive Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK</strong></td>
<td>Some of the migrants cannot speak English and there is racial tension, fears of job losses, welfare system abuse, etc.</td>
<td>UK has gained a source of cheap labour, cultural diversity, an influx of new providers of goods and services, etc.</td>
</tr>
<tr>
<td><strong>A8 (A2)</strong></td>
<td>A8 (A2) countries lost some of their workforce – brain drain</td>
<td>Migrants send money home to their families</td>
</tr>
</tbody>
</table>

Source: BBC.co.uk

The human capital theory is an extension of Adam Smith’s explanation of wage differentials. Human capital arises out of any activity able to raise individual worker productivity – for example - full time education. The general perception is that skills gained through education and training can alter the wages individuals receive. The logic of this statement relies upon the fact that skilled workers must necessarily be in lower supply relative to less skilled workers. Based on that, more skilled worker can always enter the labour market for less skilled work.

Because the supply of skilled labour is generally to the left of the supply for skilled labour, we can expect higher wages for these workers (as per Figure 2 below). A number of exceptions can and do occur. When unskilled work is disagreeable, risky, or unsatisfying, the supply of these unskilled workers will likely be reduced and higher wages may be necessary for an adequate work force. When the supply of skilled workers is high relative to the demand for a particular occupation, for example in teaching, social work, or for other occupations, monetary wages may not be significantly higher for highly educated workers.
Even in economics, critics of human-capital theory point to the difficulty of measuring key concepts, including future income and the central idea of human capital itself. Not all investments in education guarantee an advance in productivity as judged by employers or the market. There are many other factors that count towards a successful career including previous experience, specific knowledge (i.e. language knowledge), etc. Although, for many migrant workers coming into the UK, an important part of their success is based on the qualities and qualifications they possess. For example, EU15 nationals, and particularly those from France, Germany and other northern EU countries, are typically more skilled, as are those from South-East Asia, North America and Australasia. However, this has changed in recent years, with the proportion of economic migrants in the professional and managerial group falling because of the entry of A8 (A2) migrants into lower-skilled occupations (Salt and Millar, 2006).
III. Literature review

A number of studies looked on the impact of migrant workers from the A8 and A2 countries in the United Kingdom. They have reported mixed empirical results and provide different data (not definitive, due to the subject nature of the question). There are many concerns that immigrants from A8 (A2) are a fiscal burden on local residents. Therefore, we will analyse if A8 (A2) immigrants make a positive contribution to the UK fiscal system, or if they receive more payments than they contribute in terms of taxes and contributions. Are they more or less likely than natives to claim welfare benefits and live in social housing? Are these concerns justified?

Gott and Johnston (2002) and Sriskandarajah et al (2005) looked at early migration waves and found that immigrants overall make a net fiscal contribution to UK public finances. They have observed that highly skilled migrants normally make a large fiscal contribution, whereas unskilled migrants are likely to impose a net cost on native taxpayers if they settle in the receiving country. However, even unskilled migrants may be net contributors if they eventually depart and make few claims on government expenditure while in the country. The methodology used by Sriskandarajah et al (2005) is a five year extension of the original one year Gott and Johnston’s (2002) study, with an aim to observe how the contribution of immigrants and non-immigrants has changed in relative terms in the years since they published it. Figure 3 below shows the total per capita net annual fiscal contribution from UK born and migrants for the period 1999-2004. The total revenue from immigrants grew from £33.8 billion in 1999-00 to £41.2 billion in 2003-04. This is an approximately 22% increase compared to 6% increase for UK born. Analysis suggests that immigrants are greater net contributors to the public finances than UK born.
Most empirical studies find that the fiscal contribution of the immigrant population as a whole is quite small. Rowthorn, R. (2008) suggests that the positive contribution of some migrants is largely or wholly offset by the negative contribution of others. This finding holds across a variety of countries and methodologies. Estimates of the net fiscal contribution of immigration normally lie within the range ±1 per cent of GDP. These findings suggest that, in general, there is no strong fiscal case for or against sustained large-scale immigration. The desirability or otherwise of large-scale immigration should be decided on other grounds.

Dustmann et al (2009) findings show that A8 immigrants receive, on average, lower wages than UK-born workers despite their better educational background, in particular immediately after entering the UK. They analyse why A8 immigrants are net contributors to public finances and find that they have a higher labour force participation rate (increasing the number of fiscal contributors) and are likely to pay (proportionately) more in indirect taxes like VAT, and most importantly make much lower use of benefits and public services. For example (as per Table 3 below), in 2008-09 A8 immigrants represented 0.91% of the total UK population, but contributed to 0.96% of total tax receipts and accounted for only 0.6% of total expenditures.
Table 2

<table>
<thead>
<tr>
<th></th>
<th>% of population</th>
<th>% Government Expenditures</th>
<th>% Government Revenues</th>
<th>Revenues/Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal</td>
<td>A8 Natives</td>
<td>A8 Natives</td>
<td>A8 Natives</td>
<td>A8 Natives</td>
</tr>
<tr>
<td>2005-06</td>
<td>0.25 90.47</td>
<td>0.16 91.20</td>
<td>0.24 86.26</td>
<td>1.39 0.88</td>
</tr>
<tr>
<td>2006-07</td>
<td>0.52 89.88</td>
<td>0.33 90.82</td>
<td>0.56 85.31</td>
<td>1.60 0.89</td>
</tr>
<tr>
<td>2007-08</td>
<td>0.87 89.24</td>
<td>0.57 90.30</td>
<td>0.81 84.38</td>
<td>1.35 0.88</td>
</tr>
<tr>
<td>2008-09</td>
<td>0.91 88.80</td>
<td>0.60 89.89</td>
<td>0.96 83.68</td>
<td>1.37 0.80</td>
</tr>
</tbody>
</table>

The table reports for each fiscal year 2005-06 to 2008-09 the share of A8 immigrants and natives in the total UK population (columns 1 and 2), their share of total government expenditures (columns 3 and 4) and of total government revenues (columns 5 and 6). The last two columns report for each group ratio of government revenues to expenditures.


Migration Watch UK (2006) report observes the economic contribution of A8 migrants by further analysing the earnings of East European workers. Their findings reveal that 95% of the workers earn less than 8Pounds per hour, which leads to significantly negative contribution to the GDP. Further analyses conclude that their tax and National insurance contributions are just over half that of the UK employed population, however they have very few dependants, that can possibly become an economic burden for the country. The Accession Monitoring Report (2006) shows, that the A8 migrants were accompanied by 19,270 dependent children and 16,965 dependent adults. Table 3 below, shows estimated data of registered A8 workers for the period May 2004 – June 2006 and their dependants in comparison to the existing UK population in summer 2005.

Table 3

The Existing A8 workers population in summer 2006:

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>249.7 thousand</td>
</tr>
<tr>
<td>Working</td>
<td>213.5 thousand</td>
</tr>
<tr>
<td>Dependents per 100 workers</td>
<td>17</td>
</tr>
</tbody>
</table>
The existing UK populations in summer 2005 were:

<table>
<thead>
<tr>
<th>Population</th>
<th>Total</th>
<th>60.2 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working</td>
<td>28.75 million</td>
<td></td>
</tr>
<tr>
<td>Dependants per 100 workers</td>
<td>110</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Migration Watch UK (2006)*

The Accession Monitoring report shows that the vast majority of registered workers (97%) were in full-time employment (more than 16 hours a week) and the average time worked is 39 hours per week (97% at an average of 40 hours and 3% at an average of 16 hours) for the full 52 weeks in a year, as concluded by Migration Watch UK. The following *Table 4* provides an overview of the overall hourly pay range of A8 workers. As previously mentioned, the table shows, that around 95% of the workers earn less than 8Pounds per hour.

*Table 4*

<table>
<thead>
<tr>
<th>Home Office provided data</th>
<th>Hourly pay range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 4.50</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>4.50-5.99</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>6.00-7.99</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>8.00-9.99</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>10.00-11.99</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>12.00-13.99</td>
<td>&lt;1%</td>
</tr>
<tr>
<td></td>
<td>14.00-15.99</td>
<td>&lt;1%</td>
</tr>
<tr>
<td></td>
<td>16.00-17.99</td>
<td>&lt;1%</td>
</tr>
<tr>
<td></td>
<td>18.00-19.99</td>
<td>&lt;1%</td>
</tr>
<tr>
<td></td>
<td>20.00+</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

*Source: Migration Watch UK (2006)*

Based on this earnings data, the average A8 worker and his/her employer would contribute approximately 2,900 pounds in employment taxes (tax and employees and employers national insurance contributions).
This compares with about 5,500 for the UK employed population. Because most A8 workers are young and have few dependants the benefits and services they receive from the public funds are relatively small, as they are not entitled to unemployment benefits until they have worked in the UK for at least a year.

Pollard et al (2008) observe the migration flow in UK and the impacts for migrants, concluding that this seems to be one of the most concentrated voluntary migrations in the world. Their findings suggest that the patterns of post-enlargement migration are very different from those of significant waves of migration to the UK in the past. In comparison to previous migrants, they find that it is financially and logistically possible for migrants from the new EU member states to come to the UK on a temporary or seasonal basis. Some of their key findings analyse that the current population of A8 and A2 nationals resident in the UK is 665,000 — an increase of around 550,000 since early 2004 with Polish nationals to be the biggest nationality group. Important estimation they confirm is that around one million A8 migrant workers have arrived in the UK since 2004; however half of them have already left the country. The majority of A8/A2 nationals do stay for a limited time period. As Figure 4 below shows, in 2007 64% of A8/A2 nationals had been in the UK for less than 2 years, with 38% having arrived within the preceding year.

![Figure 4](chart.png)

Source: Pollard et al, IPPR (2008), “Floodgates or Turnstiles? Post EU enlargement migration flows to (and from) the UK, p.40, fig.21
The impacts analysed in their study cover both the sending countries and the UK. The evidences show that the experience of receiving accession migrants has been positive in economic terms, but also is being thought to have reduced inflation and lowered the natural rate of unemployment. Impacts for the sending countries are more concerned with brain drain and labour shortages.

Sriskandarajah (2004) study looks deeply into entitlements for those who migrate into the UK and the effect of this migration flow. The study analyse the actual EU enlargement process and the affect on labour migration to the UK, by discussing the number of existing EU members already living in the country, how existing members restrict the access to their labour markets for new members and what skills migrants from new members are likely to have. Important issue discussed in the study is the transitional restrictions that existing members may impose on the free movement of workers from the new member countries. The access to entitlements that migrants have is a separate issue and it is important to point out that new members receive no special treatment and are subject to the same requirements applied to all EU members accessing entitlements from the UK government. The study also analyse and distinguish the entitlements available to migrant workers and those who are visiting and are not intending to work. Any new member national residing in UK for longer than one year (usually as a worker) and wishing to claim benefits is subject to the “habitual residence” test.

Drew (2006) study examines the restrictions imposed to the nationals from the A2 countries. It also analyses the current picture and background (education, socio-economic factors, job sector characteristics, etc.) of Bulgarians and Romanians living in the UK. It has been discussed that Bulgarian-born nationals in UK tend to be younger, majority aged between 25 and 44. Around 40% of the Romanian nationals also fall into this age group with the remainder evenly spread across the age range. Younger Bulgarian-born tent to have higher employment rates than inactivity rates. Romanians also have higher employment rates, but not as large as the Bulgarians. When in employment, 77% of the Bulgarians are in full-time job and remain with the same employer for at least 2 years, whereas 84% of the Romanian nationals are in full-time employment, but are changing jobs quite often. Figure 5 below shows the industry sectors where A8 and A2 nationals are employed. Bulgarians tend to be spread more evenly across sectors than Romanians. The majority of Romanians are most likely to be employed in the construction sector, whereas Bulgarians are employed in different sectors, such as estate and property, wholesale and retail, education, transport, etc.
In terms of education, it is estimated that around 2% of Bulgarians have no qualification, compared to around 13% of the Romanian nationals. It is observed that around 18% of all groups have “higher qualifications”.

Generally the above studies find significant benefit to the UK from migrant workers, while a report by the House of Lords (2007-08) concluded that the economic benefits to the resident population of net immigration are small, especially in the long run. The report argues that the overall GDP is irrelevant and misleading criterion for assessing the economic impacts of immigration on the UK. Hence, the focus should be on the effects of immigration on income per head of the resident population. As observed in the theories and the available empirical studies, these effects are small, especially in the long run when the economy is adjusted to the increased supply of labour. Although the overall fiscal impact of immigration is small, it has important economic impacts on public services such as education and health. Again, the information and available data is not sufficient to assess the actual impacts.
The rising population density has significant impacts on housing and their prices as well. Immigration is one of many factors that contribute to more demand for housing and higher house prices; however the report observes that housing matters alone should not rule immigration policy, but must be taken into consideration when assessing economic impacts of immigration on the resident population in the UK.

An important shortcoming of these studies is that the majority of empirical studies, reports and data evidence do not provide any information on non-economic impacts on the cultural diversity and social cohesion, although the general conclusion is that immigrants make a valuable contribution to the UK.
IV. Analysis

There are many concerns that immigrants from A8 (A2) are significant threat to UK and the local residents, in terms of jobs fears, welfare and fiscal burden and the economy as a whole. Although fears aroused, there will be millions of immigrants flowing into the UK after the accession of the new member countries in 2004, Figure 6 below shows the scale and composition of foreign net immigration to the UK by nationality for the period 1991-2006 (thousands and %). The obvious impact of immigration from the A8 countries is showing in the final column. This appears to have been at the expense of immigration from elsewhere in the world (not the CW or the rest of the EU).

Figure 6

Source: House of Lord 2007-08 1st report, p.16,
Post enlargement migration is not a purely economic phenomenon. Many come to UK to study, start a business, live in a more socially liberal society or simply to broaden their horizons (Pollard et al 2008). Table 5 below, shows the top ten EU countries by number of students in Higher Education institutions in UK for 2006/07. There was an increase of the Polish students by 56% from the preceding year and they rank 6th largest EU national students group in the UK.

Table 5

<table>
<thead>
<tr>
<th>Country of domicile</th>
<th>2005/06</th>
<th>2006/07</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Ireland</td>
<td>16,790</td>
<td>16,255</td>
<td>-3</td>
</tr>
<tr>
<td>Greece</td>
<td>17,675</td>
<td>16,050</td>
<td>-9</td>
</tr>
<tr>
<td>Germany</td>
<td>13,265</td>
<td>14,010</td>
<td>6</td>
</tr>
<tr>
<td>France</td>
<td>12,455</td>
<td>13,070</td>
<td>5</td>
</tr>
<tr>
<td>Cyprus</td>
<td>7,205</td>
<td>8,710</td>
<td>21</td>
</tr>
<tr>
<td>Poland</td>
<td>4,325</td>
<td>6,770</td>
<td>56</td>
</tr>
<tr>
<td>Spain</td>
<td>6,225</td>
<td>6,350</td>
<td>2</td>
</tr>
<tr>
<td>Italy</td>
<td>5,460</td>
<td>5,990</td>
<td>10</td>
</tr>
<tr>
<td>Sweden</td>
<td>3,325</td>
<td>3,380</td>
<td>2</td>
</tr>
<tr>
<td>Portugal</td>
<td>2,885</td>
<td>3,010</td>
<td>4</td>
</tr>
<tr>
<td>Total EU*</td>
<td>106,225</td>
<td>112,260</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Pollard et al, IPPR (2008), “Floodgates or Turnstiles? Post EU enlargement migration flows to (and from) the UK, p.3, fig.10

Much of the discussion about the scale of post-enlargement migration assumes that most of those who have arrived are still in the UK, that more will come and that many will stay permanently. However, most empirical studies and research data shows that these assumptions are questionable and that instead, arrivals from the new member states will start to fall consistently within the next few years. This trend is a result of many factors including recent economic downturn in the country, devaluation of the pound sterling, labour market decline (not enough opportunities), rising unemployment, etc.
Figure 7 below, shows the NPZ and LL currencies value to the pound sterling. While in the first quarter of 2004, 1 GBP was equal to 7 NZP, by the end of 2007 it was equal 5.2NZP. As the differences between potential earnings at home and in Britain narrows, potential migrants are less likely to be coming to the UK, based on the fact they will not be earning as much as before. Therefore the demand for newcomers will decline significantly.

Figure 7

Source: Pollard et al, IPPR (2008), “Floodgates or Turnstiles? Post EU enlargement migration flows to (and from) the UK, p.52, fig.28
Development in the sending countries is another issue that plays an important role in the decision to come to the UK. The economies of Central and Eastern Europe have already benefited from the EU membership, with GDP per capita in all of the A8 and A2 countries increasing significantly since joining. We can observe this factor in Figure 8 below, with Slovenia having the highest purchasing power - 91% in 2007 – an increase of more than 10% since 2001, whereas Bulgaria and Romania with the lowest PP of approximately 40% in 2007 – an increase of around 10% since 2001

Figure 8

Source: Pollard et al, IPPR (2008), “Floodgates or Turnstiles? Post EU enlargement migration flows to (and from) the UK, p.49, fig.25
Respectively, almost all of the new member states unemployment rates have fallen substantially since joining the EU, which could lead to discouraging potential migrants from leaving their home countries, as there are better employment prospects. Thus, given that the most significant declines in unemployment for the period 2004 - 2007 were seen in A8/A2 countries from where the largest groups of migrants in the UK are coming, the prospects of there being more jobs on offer may significantly reduce the supply of migrant workers in the UK. As per Figure 9 below, we can observe that Poland has experienced a decline of nine percent, while Lithuania and Slovakia both with declines of seven percent.

\*Figure 9\*

\*Source: Pollard et al, IPPR (2008), “Floodgates or Turnstiles? Post EU enlargement migration flows to (and from) the UK, p.49, fig.26*
V. Policy Discussion

The European Union has adopted a Directive (2004/38/EC of 29 April 2004) on the right of citizens of the Union to move and reside freely within the Member States, which brings together some measures found in the complex body of legislation that has governed this matter to date (1). The new measures were designed, to encourage Union citizens to exercise their right to move and reside freely within Member States, to cut back administrative formalities to the bare essentials, to provide a better definition of the status of family members and to limit the scope for refusing entry or terminating the right of residence.

Due to the large scale of the expansion of the EU in 2004 with ten new member states, fears aroused that accession nationals will flood the EU labour market. In response to this concern, the Treaty of Accession allowed for the existing EU15 to impose transitional restrictions on free movement of workers from all new member states excluding Cyprus and Malta for a maximum of seven years (2).

The same approach has been adopted in relation to Bulgaria and Romania’s accession in 2007 (3). For both A8 and A2 countries, the transitional period last for seven years, according to the phased formula “2+3+2”. Although UK accepted migrant workers freely from the 2004 accession countries (only with simple registration), the same “acceptance” was not applied to the nationals of the A2, thus they are still restricted to work freely. The decision of the UK government to restrict A2 nationals’ employment rights was based on carefully considered evidence and analysis around the economic and labour market impacts. This was mainly based on the advice from the published report of the Migration Advisory Committee (4), following their analysis of previous migration flows from the A8 countries. Their main arguments were based on the actual expected flow of approximately 400 000 immigrants, that eventually turned to be a lot higher figure (1 million).

With most statistical evidence indicating that the economic impact has been positive in the countries which chose not to maintain restrictions, a wider debate has emerged as to whether the concerns that led some countries to put these restrictions in place were unfounded. One of the initial reports published by the European Commission in February 2006 (5) said that very few citizens from the new member states were actually moving to the EU-15 countries. According to the report, EU-10 citizens represented less than 1% of the working age population in all old EU member states except Austria (1.4%) and Ireland (3.8%). Thus, the predictions from the old member states that there will be flood of immigrants from the new member states have turned out to be incorrect.
VI. Conclusion

In spite of fears and thoughts that immigrants from A8 and A2 countries are serious threat for the UK and the labour market, the evidence confirms that migration from the new EU member states to the UK has been one of the most important social phenomena in recent years. Workers from the accession countries amount to approximately one million. While the scale of post enlargement migration is very important, so are the impacts. However, it's too early to discuss and conclude on these impacts. The general impact for the UK shows that the experience of receiving accession migrants has so far been a positive one, at least in economic terms. The presence of A8 and A2 workers is thought to have reduced inflation and lowered the natural rate of unemployment. The trade and investment links they bring with them have positive implications for the UK economy too. Despite these positive notes, House of Lords (2007-08) report concludes that the economic benefits to the resident population of net immigration are small, especially in the long run. As observed in the theories and the available empirical studies, the overall fiscal impact of immigration is small; hence it has important economic impacts on public services such as education and health. Another issue is the significant impacts the rising population density has on housing as well as on the welfare system. There are many knowns and unknowns of the actual impacts, however many studies conclude, that immigrants from the new member states are not significant treat to local residents as opposed to some fears, due to the fact the majority are young and contribute fully to the economy in terms of tax and NI contributions, and are not a fiscal burden to the welfare system. Hence, evidence show that the immigration pattern is changing and many migrants are leaving the country due to many reasons, such as the economic downturn and rising unemployment. With most statistical evidence indicating that the economic impact has been positive in the countries which chose not to maintain restrictions, a wider debate has emerged as to whether the concerns of the UK government to impose restrictions to the “new comers” are founded. From all the materials, studies, theories and data available, we can conclude that the overall impact for the UK so far has been positive and that immigrants are not a financial burden for the government, but contribute equally as the local residents to the economy as a whole. Never the less, immigration and especially the one from A8/A2 countries can be very beneficial to the UK welfare system, as many of the immigrants coming to the UK are in the age range of 25-44. Most of them are fully committed and engaged in employment, and therefore contribute to the economy and welfare system. Thus, the aging population in UK becomes a financial burden to the welfare system and the natural economic impact will be to gather contributions, so that payments, such as pensions can be maintained without destabilisation of the system.
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