



Stranger Guests

A Socio-Economic Analysis of Hosting Refugees and Asylum Seekers in the UK

Rukhsana Kausar

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To all My Motivation and Inspiration

Syed Sarfraz Ahmed Shah

Abstract

The main objective of this thesis is to conduct a socio-economic analysis of refugees and asylum seekers in the UK and to examine the impact or consequences that refugees often pose for the hosting economy e.g. their assimilation in the new society and economy as well as attitudes from the host nation towards them. Attempts are made to clearly distinguish between asylum seekers/refugees and other immigrants in order to examine how their labour market performance varies by constructing an indicator of the immigrant's route's of entry to the UK using information from the Labour Force Survey, Home Office and UNHCR sources.

The thesis is developed as follows: Chapter 1 presents an introduction and overview of the different immigration phases in the UK. Some fundamental literature on key issues relating to immigrants' socio-economic impact is discussed in Chapter 2, while recent immigration trends and policies in Europe and the UK are covered in Chapter 3. In chapters 4 and 5, micro data from the Quarterly Labour Force Survey from 2001-2006 is analysed using econometric techniques to explore the labour market performance of different categories of immigrants. The social impact of refugees and asylum seekers are focused upon in Chapter 6 by examining public attitudes to these groups. Chapter 7 contains the concluding comments.

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Chapter 1

Immigration- An Introduction

1.1 Introduction

Immigration has always been a controversial and politically sensitive topic in the UK even though immigrants have been coming to the UK for many centuries and also despite of the fact that immigration is the complex phenomenon affecting almost every country of the world, either as the origin, transit or destination of the immigrants. Possibly because of its political structures and heritage, colonial ties or EU membership, the UK has remained amongst the largest receivers of asylum seekers. Waves of immigration have always raised the question about the positive and negative effects of hosting immigrants and have usually provoked opposition from certain sections of the population.

Immigration means "in-migration" into a country and it can be made up of different types and forms depending upon the nature of the stay of migrants e.g. economic migrants, students, refugees and asylum seekers. Immigrants, refugees and asylum seekers are often blamed for unemployment, insecurity and crime. But it cannot be ignored that they have brought considerable benefits to the UK. Researchers often seek to measure the costs and benefits associated with immigration but to attribute either impact to migrants alone would be a mistake. In this regard, most studies have focussed only immigrants as whole while analysing different issues such as their fiscal contribution, labour market performance in terms of their employment, earnings and also social attitudes towards them. There has been only one study for the UK so far

on refugees and asylum seekers namely by Lindley (2002a) using Labour Force Survey (LFS) data for 1995-2000 examining labour market performance of refugees in the UK. Whilst for the US, Cortes (2004) uses Public use Micro samples of the 1980 and 1990 censuses to examine impact of differences in implicit time horizons on human capital investment of refugees.

So in terms of a socio-economic analysis, this study provides a comprehensive examination of labour market performance of refugees and asylum seekers in the UK using LFS data for the period of 2001-2006 than hitherto, using a more robust method of distinguishing between refugees/asylum seekers and economic migrants. Therefore my research is an attempt to explore differentials in the labour market performance of both groups. Secondly, the literature on social attitudes tends to be mostly focused on immigrants as a whole. Therefore it is important to analyse attitudes towards refugees and asylum seekers because many of those who have come to the UK are now integrated in the labour market. So I have analysed in detail the attitudes of British people towards refugees and the main determinants of those attitudes.

The distinction between the different categories will be discussed later in this chapter, with an emphasis placed on refugees and asylum seekers throughout the thesis. Though immigration is not a static phenomenon; this thesis will be mainly focussing on the period from 2001 to 2006 as during this period immigration figures climbed rapidly before falling back since then, especially in terms of asylum seekers.

1.2 Overview

According to an encyclopaedia's definition "*Immigration is the act of moving to or settling in another country or region, temporarily or permanently*". Immigration dates back to ancient

times both in the form of voluntary migration from one place to another or involuntary migration such as the slave trade or human trafficking. From 750 BC Greek colonies to European colonialism in the period of the 15th to the 20th century and Europeans entrance on American ports in the 16th century are just historic examples of human migration. Furthermore, the urbanisation and industrialization of the world from the 18th century to present times has encouraged the migration process and in-turn immigration has contributed to changes in the modern world. Indeed the emergence and existence of new societies and civilizations can be affected by human migration.

The closing years of the 20th century and the beginning of the 21st century can be called an age of international migration. However, current international migration trends must be seen in the context of contemporary world developments. For instance, “from traditionally being a country of emigration, Ireland has emerged as one of the fastest growing countries of immigration” (World Migration Report, 2005). What is distinctive about migration in recent years is its global scope, centrality to domestic and international politics and its impact on economic and social change. Given the large recent migration flows, it is likely to continue in the years ahead because of the growing influence of global integration.

There are more than 200 million international migrants in the world today (World Migration Report, 2008). The number of international migrants would constitute the fifth most populous country in the world and women account for 49.6 percent of this global migration (World Bank 2008)¹. This total represents much more than a two fold increase from 76 million in 1960, while the world population only roughly doubled from 3 billion in 1960 to 6.7 billion. The number of international migrants today is thus around 3.0% of the world’s population (United Nations,

¹ <http://go.worldbank.org/NN93K4Q420>

2006). However, although migration may not be that high in numbers, its social, economic and political impact is far more than predicted by such a small percentage. It can change demographic, economic and social structures as well as cultural diversity, which brings in the question of national identity, attracting more controversy, in both sending and receiving states. This in turn affects immigration policies and people's attitudes towards migrants.

According to classical and neoclassical theories of economic migration, migration has benefits for all those directly involved. The receiving countries gain as it removes labour shortages, reduces wage-push inflationary pressure and increases the utilisation of productive capital, increases exports and fosters economic growth. For sending countries, emigration can reduce unemployment and enhance economic growth through remittances and the enhanced skills of returning migrants. Immigration can also serve to change the patterns of international trade, given the Heckscher-Ohlin model's assertion that the pattern of international trade is determined by differences in factor endowments. Immigration may change the factor endowments of both the sending and receiving countries and alter the patterns of international trade. This effect may be either pro-or anti trade depending upon whether immigration increases or reduces endowment differences with the rest of the world. However, immigrants can also demand products from their country of origin and thus stimulate trade.

This pro trade phenomenon has been confirmed by many studies e.g. Dunlevy and Hutchinson (1999) and Mundra (2005), whose findings have supported the hypothesis that immigrants have a pro trade effect for both US imports and exports. Migrants in turn gain from higher wages and levels of productivity in capital-rich countries. Borjas (1995) argues that natives also gain from immigration because of production complementarities between migrant workers and other factors of production and the greater the difference between native stocks of inputs and immigrants, the larger the benefits.

1.3 Contemporary Migration in Different World Regions

Increasing globalisation and the opening of borders following the end of communism in the Eastern Bloc and Soviet Union, economic disparities and ethnic conflicts among different nations, in addition to geographical changes and political instability during the last two decades, have played important roles in boosting a new wave of international migration. International migration has affected the regions of world differently, moreover, Europe, America, Asia and Africa, each has its own history of immigration. Just a brief review for each region is given below (for detail see World Migration Report, 2005 and Castles and Miller, 2003: pp 68-93).

Labour migration was important in Western and Northern Europe between 1945 and the early 1970s. The USA, Australia, Canada and New Zealand are considered 'classical countries of immigration' having mostly welcomed European immigrants earlier in the twentieth century. The UN's data on world migration suggests that North America had more than a 300% increase in the stock of migrants during 1970-2000 from 13 million to 41 million, increasing at an average rate of 3.8 % annually. A growing number of new immigration states have also emerged in the post war period. Even Southern European countries, previously known for emigration, such as Greece, Italy, Spain as well as Ireland and several Central and Eastern European states are becoming immigrant targets.

The Middle East has an experience of facing complex population movements. Turkey has been an attraction for ethnic Turks, Muslims from Eastern Europe, Iranian and Kurdish Refugees. Syria and Jordan serve as a refuge for Palestinians. The Gulf states and Saudi Arabia are hosting immigrants from the Arab world and as well as from Asia. Iran became home to a large numbers of Afghan refugees. Asia has also experienced large-scale international migrations. With Pakistan, a single country hosting world's largest number of Afghan refugees and India hosting

Bangladeshi, Sri Lankan and Nepali immigrants. East and South East Asian countries are also receiving thousands of legal and illegal foreign workers (World Migration Report, 2005).

During 1970-2000, Africa was a host to the second largest share of all international migrants in the developing world, after Asia; but this has since declined (World Migration Report, 2005). Many African countries have a significant number of refugees and immigrants both legal and illegal. For example, Algeria has a substantial refugee population from Western Sahara and Sudan also hosts a large refugee population even though it is one of the poorest nations. Many Latin American countries have experienced, and are still experiencing movements of refugees or foreign workers, especially from their own countries to the USA. There have been massive migrations from Mexico, Jamaica and other Caribbean countries to the USA along with the settlement of Cuban and Haitian refugees.

1.4 Fundamental Theories of Immigration

Reacting to growing migration has become a challenge to the receiving countries. All governments have struggled to formulate and design policies to keep immigration at their own desired levels. At the same time, the degree of control exercised by different governments varies across countries. Likewise, the motives and objectives of migrants are different across different regions. In this respect the focus of researchers and policy makers has varied from the receiving country to the country of origin to control the global phenomenon of migration (Green, 2002). Several theories and explanations have been put forward to explain the causes behind international migration. A brief review of most common economic theories of migration is presented below. A detailed discussion of neo-classical and other theories can be found in Castles and Miller (2003) pp. 22-29.

A- The Neo-Classical Approach: The Push and Pull Theory

This approach is based on orthodox economics and is often known as the “push-pull” theory and has its roots in earlier theories on the systematic approach to migration. The neo-classical approach emphasises the tendencies of people movements from highly populated areas to less populated areas, from low to high income areas or from chain migrations to fluctuations in the business cycle to satisfy their human desire of economic betterment. Thus, migration is considered in terms of those factors that ‘push’ people to migrate- these are often structural such as poverty, low living standards, flood, famine, political suppression and a general lack of economic prospects whilst pull factors are those that attract people to the area of emigration such as a high demand for labour, good economic opportunities, political freedom and human rights.

The theory is individualistic and puts emphasis on the individual decision to migrate, based on rational comparative cost and benefit analysis of remaining in the origin or moving to a destination country and people invest in migration, in the same fashion as they invest in vocational training and education, with a view to increase future earnings. Chiswick (2000) argues that people decide to migrate if the expected rate of return through wages is higher in the destination country than the costs involved in the migration process. In this way migrants are positively self selected and the highly skilled are more likely to move as they get higher returns and this may cause a negative effect on the source country in the form of a brain drain.

Borjas (1989) also put forward a model of immigration based on the neo-classical assumption of an individual’s utility maximisation i.e. individuals move and choose a country of destination which maximises their well being, their search is restricted by the individual’s financial means, by immigration policies in the host country and emigration rules in the source country. In this way both the host and source country affect the number and composition of the immigration flow

by altering policies. He further argues that the size, direction and composition of immigrant flows varies with changes in economic and political factors and there is no universal law characterising all immigrant flows.

Neo-classical theory tends to neglect the historical causes of migration. This theory fails to explain the increase in voluntary labour migration compared to other forms of migration and the heterogeneity of migration since the 1970s (Green, 2002). For example, push and pull factors predict movements from densely populated areas to less populated areas but countries such as Germany and Netherlands themselves are among the most densely populated countries. Similarly these factors cannot explain why a group of migrants go to one country rather than another.

B- Historical-Structural Approach

This theory has its roots in Marxist political economy and in world systems theory. It sees migration as a source of mobilising cheap labour for capital and stresses the uneven distribution of economic and political power. In contrast to the push-pull theory which is based on the mainly voluntary migration of individuals, its focus remains on the massive recruitment of labour by capital rich countries e.g. Germany, America and Australia. For German factories, agribusiness in California or infrastructure projects in Australia as well as in Britain, the historical-structure can account for the massive recruitment of labour by capital and the availability of labour was either due to colonialism, or the result of war and regional inequalities in Europe.

This theory has been criticised on the basis of placing too much importance on capital and neglecting the individual's interests and incentives. Also, if the importance of capital was so dominant then the unplanned shift from labour migration to permanent settlement in some countries can not be explained in this framework as migration was considered as vital for

military hegemony and for the control of world trade and investment in order to keep the Third World dependent on the First World (Castle and Miller 2003: pp 25). Both the neo-classical and historical structure approach are at two ends of the spectrum, one overlooks the historic causes of migration while the other neglects motivations and individual actions.

C- Migration Systems Theory

This theory is based on a migration system between two or more countries exchanging migrants with each other and studies all the linkages between the host and source country. The objective is to analyse regional migration systems such as the South Pacific, West Africa or the Southern Cone of Latin America (Kritz et al, 1992). However other distant regions such as the Caribbean, Western Europe and North America and North and West Africa with France may be interlinked through such migration systems. It has emerged relatively recently and has been an influential approach taking into account the interacting micro and macro structures and economic and political collaborations. The migration systems approach means examining both ends of the flow and studying all the linkages between the places concerned. These linkages can be characterised by “state-to-state relations and comparisons, mass culture connections and family and social networks” (Fawcett and Arnold 1987: pp 456-7).

The macro structure takes into account large institutional factors, political economy, international relationships, rules and regulations and the immigration and emigration policies of countries. While the micro structure considers individual beliefs, practices and informal social networks such as personal relationships and family ties etc. Both are interlinked by meso-structures, which is an intermediate process.

It also combines institutional interactions among countries as its fundamental basis and emphasises prior links between sending and receiving countries either through colonisation, trade and investment, political or military influence or social and cultural ties. Migration from Mexico to the USA, from Korea and Vietnam to the USA and from Pakistan, Bangladesh and India to Britain are examples of migration on an economic, military and colonial basis.

As the migration system approach deals with all dimensions of migration experiences and looks closely at socio-economic and political aspects along with other factors responsible for making people migrate from one region to another, including factors effecting their settlement such as policies and regulations dealing with the settlement process, discrimination, conflict and racism, and the effects of migrants on host countries, the theory can cover all types of migrants including economic migrants as well as refugees and asylum seekers.

D-World System Theory

This relates to Wallerstein's concept of a social system in which the world economy with a single division of labour is regulated through the market rather than a political centre for inter-dependent regions. For world system theories, labour migration was the means of domination for capitalist economies to control world trade and investment to keep the third world dependent (Castles and Miller, 2003).

Based upon ownership, capital-rich states hold on to capital-intensive production, are higher skilled and are militarily strong while peripheral weak states focus on low skill, labour-intensive production and extraction of raw materials. The role of powerful owners may be played by governments and multi-national corporations etc. This approach is based on the concept that people move from areas with an excess supply of labour to those with high levels of labour

demand. The cost of reproduction of capital is met by the sending countries. Migrants move simply because of the requirements of capital and the localities from where the migration takes place are unimportant.

The globalisation process has improved technologies as well as the transportation and communication sectors and thus made it easier for migrants to have closer links to their origin. The theory considers economic globalisation as the root cause of recent trends in international migration as globalisation has created a more mobile labour force which seeks methods to increase earnings. In this way this theory strengthens international inequalities instead of reducing them and furthermore fails to explain fully the diversity in migration flows between receiving and sending countries.

Although each migration theory is based on certain specific historical patterns, it enables us to understand the social dynamics behind the migratory process as well as differences between economically motivated migration and forced migration. Most economic migration starts with young, economically active people to improve their economic conditions at home by saving in higher-wage economies and sending back that money as remittances. Those migrants may return back home or stay in the host country, where they may have family reunification or permanently settle. While the dynamics are different for refugees and asylum seekers as they are the forced migrants and leave their countries on the basis of persecution, human rights abuse, violence or famine. “Labour migrants, permanent settlers and refugees move under different conditions and legal regimes. Yet all these population movements are symptomatic of modernization and globalization” (Castles and Miller 2003: pp 32).

1.5 A Brief History of Recent Immigration Trends in Europe

Net migration to Europe has increased in the last few decades but Europe has a long history of migration with changes in the scale and composition of migrant flows. However, immigration to Europe is relatively a new phenomenon as most European countries have been known as countries of emigration until fairly recently. The second half of the 19th century was an era of massive emigration from Europe to the US, Canada and South America and over 50 million people emigrated from Europe to those countries between 1820 to 1914 (Guardia and Pichelmann, 2006). Along with geographical, political and economic factors, the two World Wars played an important role in shaping Europe's immigration history. There have been two main migration phases in the post war period. The following phases of Europe's immigration history are based on the discussion in King (1993).

1.5.1 Phase 1: 1945 to the early 1970s

In this phase a large number of migrant workers moved from less developed countries into the fast expanding industrial areas of Western Europe, North America and Australia. This period comprised of the migration of workers through the Guest Worker system, the migration of colonial workers to former colonial powers and European refugees at the end of World War 2. Post World War migration in Europe started in the 1950s, occurring on a massive scale and reaching a peak in the 1960s and then slowing down in the 1970s. Initially the rising trend was due to the restructuring of the world economy after World War 2 and then the oil price crises of the early 1970s brought this phase to an end. The recession during the 1980s with high rates of unemployment then led to lower migration levels in Europe.

One of the common features of the migration movements in the period from 1945-73 was the predominant effect of the economic motive. Economic considerations were the stimulating forces for migrants, employers and governments. In this period, countries with high net immigration e.g. Germany (FRG) and France had higher economic growth rates compared to Britain and USA, which had lower net immigration at this time, providing an indication that immigration was beneficial in this period.

1.5.2 Phase 2: Mid 1970s to the 1990s

The second phase of international migration in the post-war period started in the mid 1970s and gained momentum in the late 1980s and 1990s. The post 1973 period was one of a normalisation process. The trends of permanent settlement and family reunification continued in this period. As a result of the 1973 recession due to the sharp oil price increases, governments encouraged the admission, family reunification and settlement process of foreign workers. The migrant population in Europe increased from 18.7 million in 1970 to 22.2 million in 1980 and family reunification was an important factor in this rise in migration.

By the late 1980s the European Union began to be seen as a single labour market and migration was beginning to be considered more like internal migration within a national economy. In the second half of the 1980s, socio-political problems and economic instability in Asia, Africa and Latin America re-emerged and migration towards Western Europe began to rise. The new immigrants from these countries came as workers (both legal and illegal) but also as asylum seekers. Free trade areas are likely to co-ordinate policies towards immigrants in general but individual countries may adopt very different regimes towards refugees and asylum seekers. Therefore it is difficult to determine what impact an increase in free trade areas has had.

Also in the late 1980s the crises within the Soviet Union and Eastern Europe significantly contributed to this new wave of immigration, with up to 50 million East-West migrants. By 1995 the total foreign population of European OECD countries was 19.4 million, of whom only 6.7 million were EU citizens. There were 2 million North Africans, 2.6 million Turks and 1.4 million people from the former Yugoslavia (OECD, 1997: 30).

In both phases much of the large scale migration has been primarily economic in its motivations; but non economic considerations can have a significant impact on the labour market of both sending and receiving countries, as even an economic migration can derive its causes from social, cultural and political instability. Whatever the cause or motive may be, migration changes the demographic and social structure and reshapes the cultural patterns of countries.

1.5.3 Phase 3: More Recent Trends

According to the UN's *Trends in Total Migration Stock Report 2005*, between 1960 and 2005 the increase in international migration globally was from 75 million in 1960 to 191 million in 2005, an increase of 121 million in 45 years. Almost a fifth of this increase was due to the disintegration of the former Soviet Union into 15 independent states in 1991. There was a sharp increase in international migration because those previously considered as internal migrants became international migrants now with the independence of those states and the stock of international migrants increasing by 21 million during 1990-2000.

While in Europe, the number of international migrants increased from 10 million to 33 million between 1970 and 2000, and their share in the total population increased from 4.1 per cent to 6.4 per cent. In 2005 Europe was host to 64 million immigrants, the largest number of international migrants and EU enlargement through the inclusion of the ten new member states of Cyprus, the

Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia on 1st May 2004 contributed significantly to this flow of migrants. It is estimated that one out of three migrants now lives in Europe (United Nations, 2007). Refugees and asylum seekers were very prominent among these new immigrants. In particular Western Europe received more than two million asylum applications from the former Eastern bloc countries between 1990 and 2000.

Moreover, there have been dramatic changes in Europe since 1970. By the late 1990s, immigration flows to Western Europe had stabilised and in some cases declined from peak levels due to certain control measures introduced by the receiving nations and also due to economic and political stabilisation in Eastern Europe. However, although the tightened entry rules and border controls have reduced immigration, pressure from southern countries remains. Moreover despite migration to most European countries being restricted, foreign workers remain an important part of the labour force of many countries. Foreign workers constituted at least 5 percent of the labour force in eight of the sixteen major European receiving countries in 2001 (OECD, 2004).

Despite the recent figures showing a downward trend in immigration, the long queues of applicants for immigration in the developed world, waiting lists of millions for admission, illegal immigration and a rise in those seeking asylum in the developed countries are obvious signs of the high levels of population movements. This flow of asylum seekers became controversial with the decline in the armed conflicts and large numbers of asylum seekers were no longer welcomed in some countries. By the mid 1990s with tightened security and border control measures, almost all EU states tried to decrease and regulate asylum applications. But Belgium, France, the Netherlands, Sweden and the UK experienced a large rise in asylum applications in the 1990s and the trend remained upward until the early part of 21st century mainly because of the ongoing wars and armed conflicts in Afghanistan, Iraq, Western Asia and parts of sub-Saharan Africa.

1.6 A Brief History of UK Immigration

The population of the UK increased from 50 million in 1950 to an estimated 60 million in 2005 and is still growing. The total fertility rate (TFR) is 1.74 (children per woman), which is below the replacement rate of about 2.1 (World Population Prospects, 2008). The country's population is increasing partly due to the momentum effect of the earlier natural increase in the population and the lengthening life expectancy but is largely due to high (net) inward migration. The UK is the third most densely populated country in Europe after Netherlands and Belgium, and is also one of the most crowded countries in the world.

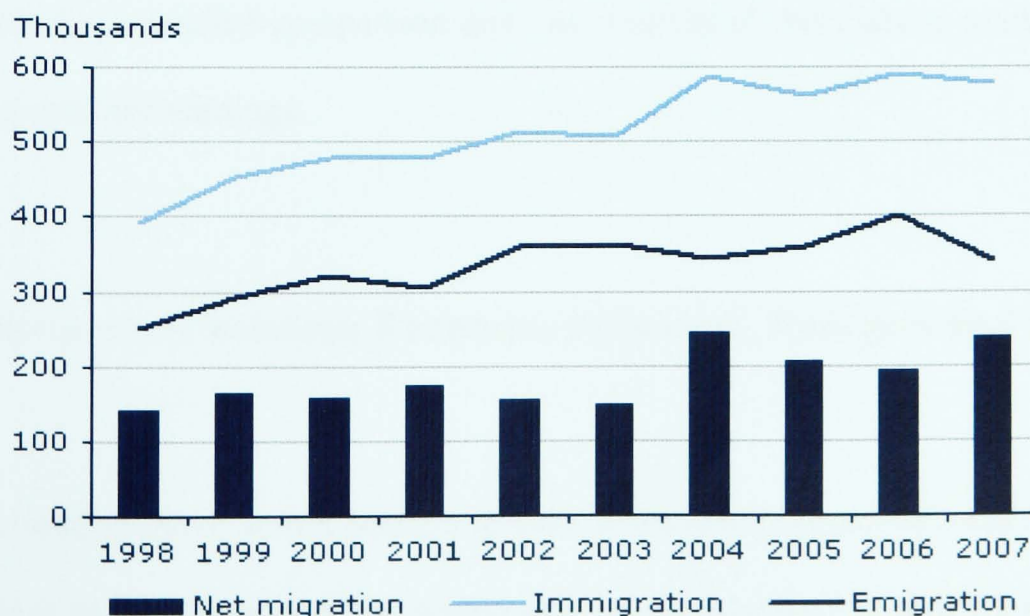
The UK is unusual among the main immigration countries in North-West Europe, as it has been a country of emigration as well as immigration. Britain was thought of as a country of emigration in the 1970s, 1980s and even in the 1990s. Mass migration to Britain has for generations been dominated by successive waves of particular groups, firstly Jews and the Irish then from New Commonwealth countries such as the Caribbean, India, Pakistan and Bangladesh and more recently asylum seekers and migrants from Eastern Europe.

Though there were small levels of black immigration to Britain prior to the 1950s, the majority of the present migrant population came to Britain after the 2nd world war. After a relatively warm welcome to the initial waves of migrants this has been followed by racial tension leading to more and more restrictive policies and legislation. It has been argued that Britain has largely benefited in economic and cultural terms from these migration waves and now has a population with quite a broad racial and cultural intermix.

The post-war wave of migration to Britain began in the late 1940s and gathered strength and momentum in the 1950s and 1960s. It occurred in response to various factors including economic and demographic conditions in the countries concerned and the economic conditions in Britain and in many cases economic factors dominated other considerations. Indeed it is argued that the economic cause was among the primary motivations in many of the large-scale migrations to developed countries since 1945 (Castles and Miller, 2003).

According to the Office of National Statistics (ONS), International Passenger Survey data collected from people moving through UK ports and airports, net flows of migrants (defined as people moving into or out of the UK for 12 months or more) has been positive since the mid 1980s. Trends in emigration, immigration and the total net flow of immigrants to the UK are shown in Figure 1.1. There have been fluctuations in emigration and immigration trends but the net flow remains upward. In 2004 net migration reached a peak level before falling slightly in the following years but has still remained high since then in comparison with earlier years.

Figure 1.1 Net International Migration to and from the UK 1998-2007



Source: Total International Migration (TIM), ONS.

These large numbers of immigrants include not only visitors, business men, refugees etc but also asylum seekers in disguise. Many refugees choose the UK as their destination because of the friends and relatives or other contacts here. The present wave of net growth of immigration all over the world has been heavily influenced by the growth in asylum applications. Between 1998 and 2000, 45,000 people from Africa, 22,700 from the Indian sub-continent, 25,000 from Asia and 12,000 from America arrived in the UK and almost 125,000 people were allowed to settle in the UK. But due to the strictly controlled and complex asylum system, asylum applications have fallen substantially in recent years - see Chapter 3 for more details.

This affected the UK's relative position in terms of accepting asylum seekers, from being the main destination country for asylum seekers in 2002, it dropped to second place in 2003 and to third in 2004 among 50 industrialised countries (UNHCR, 2005). The present high level of net immigration to the UK was initially affected by the growth of asylum applications and more recently due to increased migration from Eastern Europe following EU enlargement in 2004.

At this stage it becomes important to know the difference between different categories of immigrants, since on the basis of this the subsequent analysis will focus on different types of migrants for a detailed comparison and examination of their labour market success in terms of employment and earnings.

1.7 Distinctions between Economic Migrants, Refugees and Asylum Seekers

People tend to move across borders to seek better employment opportunities, a new home or a safe place to live. Whatever the reason may be, or whether the initial intention is temporary or permanent, many migrants become settlers in the receiving countries. There are many different

types of immigrants such as manual workers, highly skilled specialists and entrepreneurs, members of previously migrated families as well as refugees or asylum seekers. Excluding students and family re-unifiers, on the basis of economic and political motives, immigrants can be divided into two broad categories:

1.7.1 Economic Immigrants

An economic immigrant is someone who has moved to another country for work purposes. These are the people in search of work and better jobs outside their home country, have strong social ties with the home country and are free from any constraint and can return to their country whenever they desire to do so. They migrate purely on economic motives with the expectation of increasing their lifetime income. Their economic behaviour differs in terms of their work effort, consumption, savings (remittances) and human capital investment. Their main purpose is to earn, save and send money to their families and relatives in the home country. They often plan to spend short periods in the host country and are not necessarily interested in making any kind of socio economic investment there.

1.7.2 Non Economic Immigrants: Refugees and Asylum Seekers

Refugees are the sub group of the broader category of displaced persons and can be described as people who seek refuge out of fear of other people as opposed to any other motivational cause. At the start of 2004, the number of people of concern to the UNHCR was 17.1 million. This included 9.7 million refugees (57%), 985,500 asylum seekers (6%), 1.1 million returned refugees (6%), and 4.4 million internally displaced persons (26%). The number of refugees under the UNHCR's responsibility had increased from 9.7 million in 2004 to more than 11 million by the

end of 2007. The number of refugees has grown in volume and significance since 1945 and most particularly since the mid 1980s. This has been caused by many reasons; the most important of these appears to be wars during the last two decades e.g. Afghanistan and Iraq, rampant violations of human rights, political, ecological and demographic pressure as well as growing income differentials between south and north and the creation of new free trade areas.

The term refugees includes individuals recognised under the 1951 Geneva Convention, the 1967 Protocol, the 1969 OAU Convention with further expansion of the definition and covering specific aspects of African refugees or those having temporary protection.

Refugees: The Definition of Refugees according to the 1951 UN Geneva Convention:

The Refugee Convention, signed by 141 states, was established to cope with the huge number of people displaced in Europe by the 2nd World War defines refugees as:

“The word **refugee** refers to a person who owing to well founded fear of being persecuted for reasons of race, religion, nationality or membership of a particular social group or political opinion is outside the country of his nationality and is unable or owing to such fear, is unwilling to avail himself of the protection of that country”.

The UNHCR has reclassified the refugee term and those in refugee-like situations are also included in the refugee population now (UNHCR, 2007). The definition of an asylum seeker may vary from country to country, depending on the laws of each country. However, in most countries, the terms asylum seeker/asylee and refugee differ only in the place where an individual asks for protection. Thus these terms will gradually be used fairly inter-changeably.

An asylum seeker/asylee asks for protection after arriving in the host country, while a refugee asks for protection and is granted this protected status outside of the host country. Asylum seekers are individuals whose application for refugee status is pending a final decision (UNHCR, 2007).

Asylum Seekers: Someone who is fleeing persecution in his or her country and has arrived in another country and exercises the legal right to apply for asylum.

The term ‘**asylum seeker**’ refers to a person who requests refugee status in another state, normally on the grounds that they have well founded fear of persecution in their country of origin, or their life and liberty is threatened by armed conflict and violence (UNHCR, 1993).

The current UNHCR figure is that one in every 300 people in the world today is living outside his/her homeland because of political persecution, violence or civil war, natural disasters, problems of forced displacement and/or other situations that threaten their safety and lives. The current world refugee crises began to develop in the mid 1970s, with mass departures from Vietnam, Cambodia and Laos. Soon after, large numbers of refugees began to leave the Lebanon and Afghanistan. In Africa, thousands fled from Zaire, Uganda, Namibia and South Africa. In Latin America, the suppression of democracy in countries such as Chile and Argentina led to out migration. The present wars mainly in Iraq, Afghanistan and Sri Lanka are playing a major role in increasing the number of refugees.

The world wide number of refugees has sharply increased since the early 1970s i.e. rising from 3 million to a peak of 12 million in 2001. And the number of people seeking asylum in developed countries has increased by a factor of 10 over the same period i.e. from about 50,000 per annum in the early 1970s to half a million in 2001. While the number of asylum applications in

European Union countries increased twenty fold between the early 1970s and the late 1990s - from about 15000 per annum to 300,000 per annum. As far as the UK is concerned, according to Home Office statistics published in the first quarter of 2008, asylum applications filed were at their lowest level for 14 years in 2007. Despite this successive fall in the number of new asylum requests each year, the United Kingdom remained the fifth largest asylum-seeker receiving industrialized country in 2007, even though applications reached the lowest level since 1989 (UNHCR, 2007).

The figures here are just to give an idea of the number of vulnerable people among the world population. This sharp increase in the number of refugees and asylum seekers has been viewed as a crisis of rising proportions for two reasons, firstly based on humanitarian grounds and secondly the failure of international agencies and governments to solve the refugees problem. Despite the recent downward trend of asylum requests in industrialized countries, immigration remains a major political issue. The successive waves of immigration have provoked fierce political debate about asylum policies. With growing opposition against immigration, and claims that many asylum seekers are actually economic migrants, host countries have introduced different measures to prevent or deter people from seeking asylum in their countries.

Owing to these deterrence measures, the number of asylum applications to wealthier regions of world has decreased in recent years, even though the global scale of forced displacement has continued to grow, but this is achieved at the cost of the protection and safety available to refugees, and diversion to other parts of the world and an increase in human trafficking.

From the other side of the picture we see that asylum seekers and refugees are usually law abiding citizens and can contribute to the UK economy. For example many refugees have academic or teaching qualifications, 754 refugee teachers were registered with London-based

agencies alone. Moreover more than 1,000 medically qualified refugees were recorded on the British Medical Association's database in 2001. According to the British Medical Association, it only costs £10,000 to prepare a refugee doctor to practice in the UK. But it costs £250,000 to train a doctor from scratch (Refugee Council, 2005).

Asylum Seekers and Refugees Entitlement to Social benefits and Work in the UK:

Asylum seekers are supported by the NASS (National Asylum Support Service). After getting refugee status or leave to remain in the UK they have to find their own housing and their own support. Until 1996, asylum seekers had the same legal rights and entitlement to housing and social welfare benefits as other people in need. But during the last two decades a number of changes in the legislation have taken place and restrictions have been imposed on housing rights and public support for asylum seekers in the UK. In the Asylum and Immigration Act of 1996 restrictions on benefits, housing and employment were imposed and the dispersal policy on a no choice basis was introduced by the government to relieve pressure on housing and other services in London and the South East.

In terms of work entitlement those who are granted refugee status can work immediately while for asylum seekers the case is different. Asylum seekers are not generally allowed to take up employment while their claims are being decided. But there were three exceptions to the policy up to 23rd July 2002. According to the Asylum and Immigration Act 1996, asylum seekers could seek permission to work if their application remained outstanding for longer than six months without an initial decision being made on the claim. This concession was abolished in July 2002 but some discretion to allow asylum seekers to work was retained until the current rules were introduced in 2005. Since February 2005, asylum seekers who have not had an initial decision on their asylum claim within a year have been allowed to apply to the Home Office for permission

to work as a part of the implementation of the European Council Directive laying down minimum standards for the reception conditions of asylum seekers, as a first step towards a common European Asylum System. Also paragraph 360 of the Immigration Rules specifies that an asylum applicant who has been waiting for 12 months for the initial decision on his asylum claim may apply for permission to take employment which shall not include permission to become self employed or to engage in a business or professional activity. However such an application will only be considered if the delay cannot be attributed to the applicant himself.

This distinction between refugees and economic immigrants will be followed from now on. This study will mainly focus on the socio-economic analysis of refugees and asylum seekers in the United Kingdom, particularly considering their performance in the labour market.

1.8 Research Objectives

The main objective of this research will be to conduct a socio-economic analysis of refugees and asylum seekers in the UK. This will mainly involve examining the labour market performance of immigrants particularly refugees in the host country e.g. their assimilation in the new society and economy in terms of human capital investment as well as host nation attitudes towards them. Moreover, in terms of the economic theory that underlies the different labour market outcome of immigrants, this is related to assimilation, which has been explored by many economists such as Chiswick and Borjas and in terms of refugees by Cortes (2004) on implicit time horizon differences and its effect on human-capital investment.

The theoretical underpinning behind the thesis is the assimilation hypothesis that after arrival in the host country, immigrants' labour market outcomes will adjust towards those of non-

immigrants or native workers and assimilation takes place through overtime acquisition of country specific human capital including labour market knowledge and language proficiency. Therefore, this study will explore the differentials in the context of assimilation in the labour market of different migrant groups, as well as other factors, considering that it among the main determinant of their fiscal contribution in the host society.

An econometric modelling framework is used to estimate the socio-economic factors which are responsible for differentials in earnings and employment outcomes and as well as for occupational success of different migrant groups. For example age, returns to education, ethnicity and years since migration and how these variables differently affect earnings and employment. However, these differentials may be affected by the restrictions and discrimination faced by refugees. Given differences in their labour market outcomes, people's attitudes towards refugees and the role of socio-economic factors in affecting these attitudes will also be discussed.

It has also increasingly become evident that host communities within developing and developed countries are considerably affected by mass influxes of refugees, whether it is in the arena of the economy, politics, the social or environmental impact, or as is often the case, a combination of all these factors. This economic and social impact will be explored later in relation to the UK, having the 3rd largest foreign population in the European Union, using the Labour Force Survey data for the period 2001-2006 and the British Social Attitudes Surveys for the years 1995 and 2003.

1.9 Plan of Chapters

The thesis is developed as follows: Some fundamental literature on key issues relating to immigrants, focussing on the socio-economic impact of immigrants on the host country i.e. their economic benefits in terms of their budgetary impact, and their assimilation into the receiving country's labour market and the social and demographic impact of immigrants in general will be discussed in Chapter 2 and where possible will be related to the circumstances of the refugee and asylum seekers. Chapter 3 contains a detailed discussion on the trends in immigration and policies and the possible effects of these policies. This chapter also examines the trends and changes in asylum and immigration laws in recent decades and also provides information on the social and political conditions of the countries sending asylum seekers and refugees.

In chapters 4 and 5, micro data from the Labour Force Survey will be analysed, using econometric techniques, to explore the labour market performance of immigrants in the UK. Chapter 4 will examine labour market performance in terms of economic activity and employment and chapter 5 explores earnings and occupational attainment. In both chapters a clear distinction is made between different categories of immigrants i.e. refugees/asylum seekers and economic migrants.

Attitudes towards asylum seekers and refugees are discussed in Chapter 6. In particular, the change over time in attitudes of the British population towards hosting refugees in the UK will be analyzed. British Social Attitudes data will be used to track the changes in attitudes towards asylum seekers and refugees between 1995 and 2006, with emphasis placed on the impact of demographic characteristics. Chapter 7 contains concluding comments and discussion.

Chapter 2

Literature Review of the Economic and Social Impacts of Immigration

2.1 Introduction

Immigration is not just a simple individualistic action but also a collective phenomenon affecting both the sending and receiving countries. Immigrants arrive in the host society not only with their luggage but also with bundles of different issues related to their presence, issues related to the costs and benefits especially in terms of assimilation and integration. They have certain costs and benefits associated with them which grow as the number of immigrants increases in the society. Therefore the question of concern is which is greater, the cost or benefit?

Coppel et al. (2001) identified four major consequences of the migration movements, namely the effect on the host country's labour market, the influence on the budgetary position of the receiving country, a solution to the aging population problem in many OECD countries and the economic impact on the source country. The social adoption of immigrants in the new locations is also a major concern for refugees as well as the hosting nations. That is why immigrants are being viewed as an unwelcome drain on a country's resources despite both positive and negative effects associated with them. Evidence suggests that native attitudes are influenced by immigrant's labour market position, income, educational backgrounds and with other social and demographic characteristics including age, race, religion and ethnicity (Crawley, 2005).

As a result of these changes their impact on the host economy has been heatedly debated. The immigration issue has been a lively political and academic debate for many years but until recently has been surprisingly short of economic analysis, not only from the immigrant's welfare point of view but from the host nation's perspective as well. From an initial warm welcome and assistance, to rising concerns about the threats and burdens of hosting immigrants or refugees and asylum seekers, outright xenophobia has been increasingly widespread within many countries.

The Annual Population Survey from August 2008 shows that among the 61 million population of the UK, the number of people living in the UK, who were born abroad, grew to 6.3 million in 2007, so around 10% of the resident population.² And this increase has given rise to the negative sentiments in the general public. Among those 6 million legal or illegal immigrants in the UK many are asylum seekers or refugees as it has been quite easy to apply for asylum and get entitlement to free accommodation, health care, children's education as well as legal aid, especially in the view of organisations such as Migrationwatch. This implies that asylum seekers and refugees impose costs on the government. For example, the budget for the Immigration and Nationality Department of the Home Office in the UK increased from £300 million in 1998-99 to £1.9 billion for the fiscal year 2002-2003.

UK immigration policy has had many phases, from a restrictive policy on immigration in the late 1960s to large scale immigration since 1997 and recently towards a selective migration using a points-based system from outside the EU. These changes to some extent reflect the government's view that large-scale immigration is beneficial for the UK's economy. These benefits include fiscal advantages, a high per capita GDP growth rate, higher labour supply and improvements in the age structure. However, as these immigrants are not just economic migrants but also some

² <http://www.statistics.gov.uk/pdfdir/ppmg0808.pdf>

are seeking asylum and refuge, this potentially implies a greater burden on the government's budget. The impact which those immigrants impose on society is greatly concerned with the basis on which they move within the host society. Dustmann and Weiss (2007) specify that different types of migration have different implications i.e. economic-motives for migration or non-economic motives. Migration may be temporary or permanent or even circulatory, with recurrent movements between host and source countries, before settling in the final destination or contract migration for a fixed term. Finally there is also the return migration voluntarily to their country of origin. Each form of migration has its own distinctive impact on the economy. If the purpose is to earn money and their own economic improvement and of their families back home then they are likely to be active in the labour market and participate in a good or bad way. They can be highly skilled personnel in full time employment, with high wages and earnings and with greater tax contributions for the government. On the other hand, if their entry is forced by certain circumstances in the home country such as is the case for asylum seekers then this can impact on the host country differently.

A small group of refugees and asylum seekers may be welcomed by natives but a massive influx is frequently considered as an unnecessary burden. Refugees are often criticised for being a drain on resources, taking away jobs and being a serious threat to national identity. But wherever they move, due to educational, age, cultural and language differentials, they impose certain economic and social implications on hosting countries. Chambers (1986) argues that refugees and asylum seekers have been a centre of concern and the focus of many organisations and their impact is calculated in terms of the host country government, economies and services but their impact on the host population is usually ignored. In this regard, the rich and better off host countries may gain from the refugee's presence while those poorer hosts with scarce land and abundant labour are actually hidden losers as they have to compete for food, work, wages, and services.

This chapter will mainly discuss the literature on some key issues on immigrants from a socio-economic perspective but there may be other aspects which are overlooked here. Of particular note is that most of the existing literature focuses on the impact of immigration in general but this chapter will try where possible to relate the issues to the migration of asylum seekers/refugees, although there is not much on this aspect previously in the economic literature. Therefore, where possible the issues relevant to asylum seekers and refugees will be discussed here in addition to aspects related to immigrants in general.

Impacts of Immigration

Immigration not only exerts a lot of pressure on the economic and social infrastructure of the host countries, competing with the host communities for social and public services, such as health, education, water, sanitation, communication and transport, but it also reduces wage differentials across regions, helps to fill labour shortages, increases GDP, increases the efficiency of local firms, reduces inflationary pressure in the economy and also brings cultural diversity. With the associated host-fatigue, immigrants may also bring with them certain social and cultural impacts and thus greatly contribute to the diversity of the host society. A variety of foods, the provision of cheap labour and thus lowering the costs of production are just some examples of their benefits.

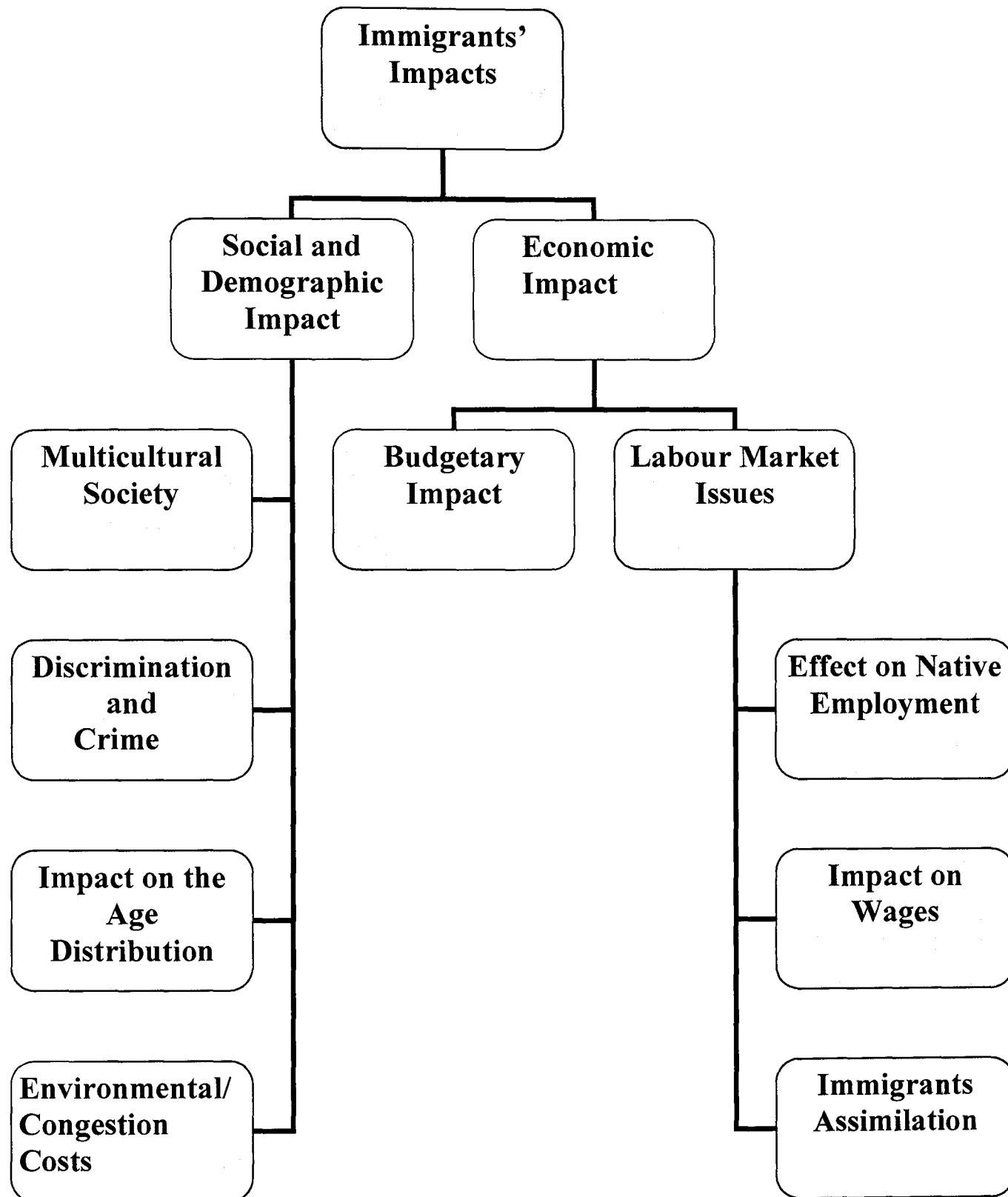
Considering all of the above, migrants can have the following two major impacts on host society.

(a)- Economic Impact

(b) - Social Impact

The constituent elements of these different impacts are shown in Figure 2.1.

Figure 2.1 Immigrants' Impacts on the Host-Society



2.2 The Economic Impact of Immigration

A research report by the Home Office Research Development and Statistics Directorate (RDS), defined *economic migration as a voluntary market transaction between a willing buyer (whoever is willing to employ the migrant) and a willing seller (the migrant) and hence likely to be both economically efficient and beneficial for both parties* (Glover et al, 2001). The only difference between migration and trade is that unlike goods and capital, migrants are economic and social agents themselves with a degree of control over the migration decision.

The economic consequences of immigration can be divided into two major categories.

1. Budgetary/Fiscal Impacts
2. Labour Market Issues

The one which has mostly received economists' attention is the labour market impacts of immigrants. Whilst growing anti-immigrant attitudes has combined with the forces of fiscal conservatism to make immigrants an easy target for budget cuts (Huber and Espenshade, 1997). At the same time the question of the most suitable immigration policy has involved discussion over immigrants' net fiscal contribution. The budgetary costs of immigration and labour market concerns are discussed in the following subsections separately.

2.2.1 Budgetary/Fiscal Impacts

One of the economic consequences of immigration is the fiscal impact of immigrants. There is a growing debate on how much immigrants pay in taxes to central and local governments and how many benefits they receive in return and how these two effects are balanced out.

Immigrants contribute to a different extent by paying taxes, claiming benefits and consuming public goods and services depending upon the group to which they belong. If they contribute more/less than they receive in social benefits they can have a positive/negative impact on the native population. A positive impact can lead to a reduction in taxes and thus produce an increase in disposable income and vice versa. Although how this income is redistributed between immigrants and natives is a matter of socio-political debate (Ekberg, 2006). On the basis of their contribution and expenditure they are categorised as net contributors or burdens to society and on the recommendation of these results, immigration policy can be influenced in favour or against immigrants. The overall fiscal impact should take account of the total amount of tax contributions by immigrants and the receipt of welfare payments and consumption of public goods and services such as education and health care etc. In terms of tax contributions then this is no doubt dependent on a person's labour market activity i.e. both their employment status and earnings.

A person's skills, with regard to his educational qualifications, and labour market experience, are a major determinant of his labour market position which determines his tax contributions. Whereas social benefit entitlements are first of all determined by his legal status, age and family size along with the factors responsible for net tax contributions, whilst the usage of public goods and services is also related to age. Therefore Ekberg (2000) emphasized that age composition is a major determinant of immigrants' net contribution to the public sector.

Therefore the fiscal impact of immigration is directly related with the way migrants interact with the labour market. Once immigrants are there, they are likely to have a certain influence in the economy at every level through their skills which affects productivity. Nathan (2008) explored the impact of immigration on local economies and argues they have a net beneficial effect on local areas. Their impacts are mainly affected by the skills, diversity or size of the immigration.

Larger urban areas in particular have significantly benefited from the diversity aspect as it opens up trade and innovation possibilities. Thus not only immigrants who find work and pay taxes benefit the economy but they also do so through their entrepreneurial activities. This implies that self-employment is another potentially important labour market activity for immigrants.

Immigration may have adverse fiscal impacts if immigrants participate in welfare programs more intensively than natives. For example, the Borjas (1994) findings for the US where the earnings of unskilled native workers declined during the 1980s as newer waves were more likely to participate in the welfare programs. So, the fiscal cost is larger for unskilled immigrant flows. Fiscal estimates are conditional on the time of calculation because immigrant structure and behaviour changes over time, also because of the country's position in the business cycle at that point in time. Migrants are easily absorbed into the labour market in boom times and have better employment and fiscal outcomes than in a recession. Due to this discrepancy, empirical results vary widely and make inter-temporal and international comparison difficult (Gott and Johnston (2002)).

The fiscal contribution of immigrants has been extensively studied in the US and other countries and various studies have found that the net contribution of immigrants in the fiscal balance is positive. For example Ekberg (1999) calculated that net fiscal contribution of immigrants to the Swedish economy was positive during the 1950s, 1960s and 1970s but this net fiscal impact turned negative in the 1990s, due to the reduction in the skill level of the later cohorts. Lee and Miller (2000) estimated the net fiscal contribution of existing immigrants and their descendents in the USA was a surplus of \$23.5 billion or 0.35% of GDP. The underlying assumption is that none of the cost of debt interest and public goods is allocated to immigrants. Without this assumption the results may substantially become negative.

Lee and Miller (2000) emphasize that the overall fiscal impact of immigration is quite small and should not be a major concern for policy and the education level of immigrants also matters a great deal to their fiscal impact. This argument is further supported by a survey of the literature by Drinkwater et al. (2003), in that migration of the highly skilled can actually bring about positive growth effects, due to human capital formation.

Estimates for the United Kingdom

Gott and Johnston (2002) was the first study of the fiscal impact of immigration in the UK and was carried by the Research, Development and Statistics Directorate of the Home Office. Gott and Johnston (2002) find that immigrants have both direct and indirect effects on the host economy. Direct effects come through the contribution in the form of taxes to increase government revenues, which is a positive effect, whilst being a drain on the government revenues through the claiming of benefits and the consumption of government provided goods is the negative effect.

The Direct Net Annual Fiscal Impact (NAFI) is then measured by the difference between total tax and National Insurance contributions (TM) received from migrants and value of government expenditures and consumption of public services attributed to migrants (EM), i.e. $NAFI = TM - EM$. Indirect effects are produced through their influence on tax receipts (e.g. by increasing or decreasing the level of production, employment, efficiency etc). The study was focussed on the fiscal contribution of immigrants as a whole in the tax year 1999/2000. The study used Labour Force Survey data for the four quarters of 1999 and all foreign born residents of the UK and dependent children with two or lone foreign born parents were defined as migrants and this constituted 8.4% of the UK population for the period concerned.

Gott and Johnston (2002) estimate that immigrants are a net contributor to the UK economy and calculated a combined fiscal surplus of £2.5 billion after rounding. The following table shows the different forms of expenditures and revenues which were used in their study to calculate the net fiscal contribution of immigrants.

Table 2.1 Budgetary Impact of Immigrants

<i>Expenditures</i>	<i>Revenues</i>
Education	Income Tax
Healthcare	Social Security Contributions
Social Security Expenditure	Inland Revenue Taxation Categories
Housing	Customs and Excise
Expenditures on debt interest	Council Tax Revenue
Other categories of expenditure	Net Taxes
e.g. environmental, law and order services etc	e.g. vehicle excise revenues, oil royalties (revenue from licences to extract oil) etc

Source: Gott and Johnston, 2002

The study was further updated and modified by the Institute of Public Policy Research (ippr) in Srisikandarajah et al. (2005). This report estimated that immigrants' contribution to government had increased from £30 billion in 1999-00 to £41.2 billion in 2003-04 and immigrants' consumption of government services had increased even more rapidly from £29 billion to £41.6 billion, producing a net fiscal contribution of -£0.4 billion. However, in comparison to the native born, immigrants were less of a drain on the government in 2003/4 since the net contribution of migrants was -£74 per head, compared to -£892 for natives. Immigrants were also estimated to make a large positive contribution from 1999/2000 to 2001/02. Therefore, the study concludes that rather than being a drain on the public purse, immigrants are making a larger contribution to the government than natives on a per capita basis. The calculations of the fiscal effects are shown in Table 2.2.

Table 2.2**An Estimation of the Fiscal Impact of Immigrants in the UK (in Billions)**

	<i>1999-00</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>
Expenditure on Migrants	28,956	31802	34,810	38,074	41,606
Revenue from Migrants	30,835	33494	36,592	37,931	41,181
Net Contribution	1880	1692	1782	-143	-424
Expenditure on UK-Born	314,674	335,253	355,736	380,843	417,392
Revenue from UK-Born	318,453	339,880	343,815	349,785	369,356
Net Contribution	3778	4627	-11,921	-31,058	-48,036
Net migrant Contribution Per capita	£ 381	£ 327	£ 331	£ -25	£ -74
Net UK-Born Contribution Per capita	£ 70	£ 86	£ 222	£ -579	£ -892

Source: Srisikandarajah et al, 2005

Musgrave (2008) has criticized this study and pointed out that in calculating the estimates the study has ignored the additional cost of infrastructure investments on natives due to immigrants. He estimated that counting those investments costs £10.3 billion, including the cost of immigrant crime (£3bn), remittances (£1bn) and half the cost of educating the children of mixed parentage (£2.6bn). By doing this the net fiscal deficit reached £12bn, while the immigrant contribution is just £4.9 billion. He further argues that a very small portion of migration actually fills skill shortages and the rest of migration is the mass movement of people which costs £12bn to the UK, an already over-crowded island.

Rowthorn (2008) has also pointed out a number of favourable and unfavourable items associated with migrants, which the IPPR study excluded from their analysis. The unfavourable items include security, asylum support, ethnic relations support, excess medical costs and children of mixed parentage. The favourable items include defence and a balanced budget. And when all

adjustments are included, the net contribution of migrants is virtually zero, estimated to be £0.4 billion, equivalent to 0.04% of GDP and 0.07% of individual consumption.

In contrast, the most recent study by Dustmann et al. (2009) finds that immigrants from Central and Eastern European countries (A8 countries) have made a positive contribution to UK public finances in each fiscal year since the enlargement of the European Union in 2004. The study has evaluated the fiscal impact of A8 immigration to the UK for the fiscal years 2005-06, 2006-07, 2007-08, and 2008-09 by comparing the receipt of tax contributions to additional costs due to provision of benefits and government services to the immigrants. Table 2.3 summarises the criteria used for government's receipts and expenditures on immigrants.

Table 2.3

Expenditures and Revenues Allocation Criteria

<i>Expenditures</i>	<i>Receipts</i>
"Pure" Public goods	Income Tax and National Insurance
Other Publicly provided goods and services	Income Tax Credits
Law Courts and Prisons	VAT and Excise Duties
Housing Development	Vehicle Excise Duties
Health (except health research)	Corporation tax and Capital Gains Tax
Social Protection: Social exclusion n.e.c.	Inheritance Tax
Compulsory Education	Council Tax
Post-Secondary Education	Business rates
Immigration and Citizenship police services	Others
Other police services	
Social protection (except housing, social exclusion n.e.c., R&D social protection, social protection n.e.c.)	

Source: Dustmann et al, 2009

On the basis of these expenditures and receipts criteria, Table 2.4 shows the computation of the net fiscal contribution of natives and A8 immigrants to the UK economy using data from governments accounts and the LFS for the fiscal years 2005-06 to 2008-09.

Table 2.4

Fiscal Year Computation 2005-06 to 2008-09

<i>Fiscal Year</i>	<i>% Population</i>		<i>Expenditures</i>			<i>Revenues</i>			<i>Rev/Exp</i>	
	<i>A8</i>	<i>Natives</i>	<i>Total</i>	<i>%A8</i>	<i>%Natives</i>	<i>Total</i>	<i>%A8</i>	<i>%Natives</i>	<i>A8</i>	<i>Natives</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2005-06	0.25	90.47	524173	0.16	91.20	485700	0.24	86.26	1.39	0.88
2006-07	0.52	89.88	550116	0.33	90.82	519700	0.56	85.31	1.60	0.89
2007-08	0.87	89.24	582676	0.57	90.30	548000	0.81	84.38	1.35	0.88
2008-09	0.91	88.80	620685	0.60	89.89	530700	0.96	83.86	1.37	0.80

Source: Dustmann et al, 2009

A8 immigrants are 60% less likely than natives to receive benefits or tax credits and 58% less likely to live in social housing. Even those, sharing the same demographic characteristics like age, education, children and disability, are 13% less likely to claim benefits and 28% less likely to be in social housing. This is because of their higher participation in the labour market and more payment in the form of indirect taxes and lower use of social benefits. Their net fiscal contribution may be lower due to lower wages but this is offset by higher participation and higher employment rates. However, it may be argued that this is a specific group of migrants, dominated by labour migrants.

Static versus Dynamic Approaches

Most of the studies discussed above have focused on static analysis but some recent approaches have also included dynamic aspects. The static/cross-section approach considers a particular group classified as migrants and estimates their fiscal contribution for a specified period by the difference in their tax contributions and expenditures to the government.

The dynamic approach incorporates all the future taxes and expenditures associated with that particular group and their descendants. The Net Present Value (NPV) of the capital sum of these taxes and expenditures is considered by discounting back to a base year. Actually the dynamic approach considers the impact of immigrants over time so the age dependency of tax contributions and the school age population of immigrants cannot be ignored.

Taking this approach, Auerbach and Oreopoulos (1999) analysed the fiscal impacts of US immigration using generational accounting techniques as it considers not only the net contribution of immigrants to fiscal balances but also the size of this impact relative to the overall imbalance. Their findings indicate that immigration should not be viewed as a source of the present fiscal imbalance or a solution to this imbalance. Secondly they find that the net fiscal cost or benefit depends on the extent of the fiscal imbalance borne by the future generation and the overall fiscal effect is ambiguous as it depends on government purchases as well. Finally, policy which focuses on the composition of immigration rather than the level of immigration can potentially reduce the fiscal burden on future generations. Thus the policy of admitting highly educated working age young people should be a fiscal benefit to government and society.

Storesletten (2003) calculated discounted government gains from immigration by NPV from the Sweden tax system and detailed government expenditures. The model predicts large gains of

over 0.2 million SEK per immigrant if they are aged between 20 and 30 and there is a net cost of 1.1 million SEK per immigrant if they are over 50 years of age. On average, the government loses 175,000 SEK or \$20,500 per immigrant. It is also found that the net gain is sensitively conditional on the labour market situation of immigrants, particularly the rate of employment and assimilation of the second generation of immigrants.

Most studies find that highly skilled migrants make large fiscal benefits and unskilled migrants are a burden on natives. Immigrant fiscal contributions are dependent on their age and the extent to which they integrate in the labour market. The net fiscal contribution of immigrants lies within the range of +/- 1% of GDP and according to Rowthorn (2008) there is no strong fiscal case for or against sustained large-scale migration.

2.2.2 Labour Market Issues

The key question here is how do immigrants affect the employment and earnings of natives in the domestic labour market? This is because the labour market performance, human capital investment and assimilation of different groups of immigrants are important issues for the government and researchers alike. Many economists agree that the economic impact is difficult to measure but immigration has generally been found to have only a small effect on the domestic labour market.

2.2.2.1 Effect on Native Employment and Wages

Despite the general perception of the public that immigrants have an adverse effect on the wages and employment of the native-born population, there is little evidence of economically

significant reductions in native employment or wages. A considerable number of papers have focussed on the labour market performance of immigrants for the US and European countries and find very small effects of immigrant presence on employment and wages. For example Friedberg and Hunt (1995) in their survey of empirical research from the US and other countries find that a 10 percent increase in the share of immigrants in the population reduces native wages by at most 1 percent and even those natives who should be the closest substitutes with immigrant labour have not been found to suffer significantly as a result of increased immigration. Card (2001) also finds no partial effects of immigration on the wages of similarly skilled workers.

Peri (2007) obtained similar findings while analyzing the effects of immigration on the employment and wages of US natives in California. He finds no evidence that immigrant inflows over the period of 1960-2004 worsened the employment situation of native workers with similar skills i.e. education and experience. Rather immigration did lower the wages of previous immigrants in this period. While Borjas (2003) argues that workers with similar education and different experiences are not perfect substitutes and by analysing this supply shift across education-experience groups, the skill cell approach, he finds that a 10 percent increase in immigrants reduces native wages by 3-4 percent and thus the labour demand curve is downward sloping.

In terms of other countries, Hansen and Lofstrom (2003) used a large panel data set for Sweden and found that an increase in number of immigrants, unemployment and changes in the composition of immigrants were important causes of an increase in welfare utilization in Sweden. But Pischke and Velling (1997) in their analysis based on Germany data did not find any great evidence of displacement effect of immigrants on employment rates and particularly unemployment rates using a data set of county-level variables for the late 1980s. Their results indicate no detrimental effect of immigration. For the UK, Dustmann, Fabbri and Preston (2005)

analysed the impact of immigration on wages and employment using the LFS for the period 1983-2000 and found no significant effect on the overall employment of natives. Also they found no indication of negative wage effects but rather an overall positive wage effect if anything.

Immigration can affect the labour market only if immigrants change the skill structure of the natives in the host economy and these effects are distributed differently across different parts of the wage distribution (Dustmann et al, 2008). The assumption about the elasticity of the capital supply is crucial. If capital is perfectly elastic then immigrants with similar skills will not affect natives' labour market outcomes and the economy will expand to absorb any additional supply of labour. But in the absence of any adjustment mechanism and with different skill composition, absorption will cause wage adjustment through re-distribution and in this case natives with similar skills may lose out and those with different skills may gain from immigration, and the overall picture can be positive.

Therefore, Dustmann et al. (2008) argue that the overall impact on average wages will depend upon the assumption regarding the elasticity of the capital supply. But the findings of Dustmann, Frattini and Preston (2008) for the UK (where recent immigrants are generally well educated, but their skills, education and experience are not properly recognized in the labour market) show that at least 26% of highly skilled and educated migrants work in routine and semi routine occupations. This downgrading of immigrants upon arrival leads to wage pressure and competition towards the bottom end of the wage distribution and as a result the greater concerns of the low skilled population may be justified.

The evidence is further supported by Nathan (2008), who finds that at low entry level jobs there is some risk of a negative impact as migrants provide cheap labour to employers but in this way it may actually help in keeping local economies at a lower cost with long term benefits.

On the whole, apart from few exceptions, the literature suggests that immigrants have no significant impact on the wages and employment of natives. Their impact does however depend upon the skill structure of natives, since if immigrants are competing with similar skilled workers then they may put a deflationary pressure on wages. But if they are complements they may increase wages. Overall it can be argued from the balance of evidence that they do not have any significant detrimental impact on native employment or wages, but if there is any, it is for low skilled natives. For a useful summary of the evidence, please see Appendix 2 for a summary table on some of the empirical studies examining the impact of immigrants on the labour market outcomes of natives.

In this regard, refugees/asylum seekers are more likely to compete with low skilled natives at entry level jobs as their skills and education are less likely to be recognized upon their arrival. This may lead to restrictive approach to higher level jobs and thus they are more likely to rely on state funds with less contribution towards government revenue. The associated greater costs with refugees and asylum seekers suggest that there exists a considerable difference between the performances of different immigrant groups. Table 2.5 uses LFS data to show differences in the economic activities of refugee/asylum seekers and economic migrants. A detailed discussion of the data and construction of the variables is presented in chapter 4 of the thesis.

Just a glance at Table 2.5 reveals that there are larger differences between the economic activities of the two groups i.e. refugee/ asylum seekers and economic migrants. This table has just focussed on two groups of immigrants but the economic activities of more categories of immigrants are discussed in detail in chapter 4.

Table 2.5: Economic Activity and Earnings of Immigrants

<i>Category</i>	<i>Refugees & Asylum Seekers</i>	<i>Economic Migrants</i>
Employed	49.30%	74.09%
Unemployed	9.39%	5.31%
Students	5.15%	2.65%
Looking after Family/ Home	14.03%	8.35%
Temporarily Sick/ Injured/ Disabled	2.27%	1.33%
Long Term Sick/ Injured/ Disabled	8.26%	3.90%
Not Looking Jobs	11.60%	4.37%
Gross Hourly Earnings	£ 8.56	£11.72
% Earning > £15 an hour	9.72%	21.44%

A far higher percentage of economic migrants are in employment, almost three-quarters of them are employed compared to less than half of refugees and asylum seekers, and thus a greater proportion of refugees/asylum seekers are either unemployed or inactive due to various other reasons. For example, the percentage that is long term sick/injured or disabled is around twice as high for refugees and asylum seekers as compared to economic migrants. An even larger difference is present for those who are not currently looking for jobs. Therefore, a larger proportion of refugees and asylum seekers are out of work either as unemployed, temporary or long term sick. These individuals are more likely to use social benefits especially those who are long term sick, injured or disabled.

Also the hourly earnings of asylum seekers is less than those of economic migrants which means they are paying less in taxes as compared to economic migrants. On average, refugees and asylum seekers earn approximately one-third less than economic migrants. Moreover, the

percentage earning more than £15 an hour is more than double for economic migrants compared to refugees and asylum seekers and thus they are more likely to pay taxes at the higher 40% rate. Thus, a vast majority of refugees and asylum seekers are relatively poor and so pay fewer taxes and receive more public funds than other immigrants and also likely to pay taxes at the higher rate (see Chapter 5 for more details).

2.2.2.2 Immigrant Assimilation

Under whatever conditions immigrants, either economic migrants or refugees and asylum seekers, move or take refuge or asylum in the host country, with the new specific human capital, environment, labour market conditions, restrictive approach to the employment especially for refugees and asylum seekers, they often face certain difficulties in adjusting into the new economy and society. Damm and Rosholm (2005) argue that spatial dispersal policies have a significant effect on the labour market assimilation of refugees and asylum seekers. Assimilation and integration is not just a matter of their educational qualifications and labour market experience but it largely depends on the time spent in the host society and accumulation of country-specific human capital. A number of studies have found a correlation between immigrant earnings assimilation and the time horizon in the host country. Research has also highlighted the link between country-specific human capital and assimilation, especially English language skills (Chiswick (1978), Carliner (1995), Duleep and Regets (1999)).

As refugees and asylum seekers are the main focus, their assimilation in the labour market of the host country is of particular concern. In this regard, Cortes (2004) analyzed implicit time horizon differences, which have significant effects on human capital investment and the wage assimilation of refugees and economic migrants using Public Use Micro data Samples of the

1980 and 1990 US censuses for the labour market outcomes of immigrants in USA who arrived from 1975 to 1980.

Cortes (2004) used the following conceptual model of country-specific human capital investment with immigrants having the potential choice of returning home. Immigrants are assumed to work for two periods and their utility function is equal to their net earnings. Immigrants maximize their intertemporal expected utility giving by earnings in the first period plus earnings in the second period multiplied by a discount factor β :

$$\underset{\{\theta\}}{\text{Max}} E[U_i] = E[Y_1(W_H, H_0, \theta) + \beta Y_{2,j}(W_j, H_0, \theta)] \quad (2.1)$$

In the first period the immigrant's net earnings are $Y_1(W_H, H_0, \theta)$ whereas

W_H = Market rate of return on per unit human capital in the host country

θ = Choice variable for time spent in investing in human capital (versus working)

H_0 = Initial level of Human Capital

and in the second period, immigrants either remain in the host country (H) or return to source country (S) receiving net earnings $\beta Y_{2,j}(W_j, H_0, \theta)$ where $j = H, S$ and β = Discount factor.

Let Y_1 and $Y_{2,j}$ have the following functional forms:

$$Y_1 = W_H H_0 (1 - \theta), \quad (2.2)$$

$$Y_{2,j} = W_j [H_0 + f(H_0, \theta)] \quad , \quad j=H, S \quad (2.3)$$

where $f(H_0, \theta)$ is the human capital production function and is assumed to be strictly concave. As only a fraction of the initial human capital of immigrants can be transferred to the host country, therefore additional acquisition is required for assimilation in the host labour market. So

immigrants invest some time in human capital in the first period. How much time they invest in these country-specific skills depends on their decision of staying in the host country or returning back to the source country in the second period. By substituting back equations 2.2 and 2.3 into 2.1 for earnings maximization, an expression for the optimal choice of human capital investment of immigrants can be obtained.

Let p be the probability of staying in the host country, and $(1-p)$ the probability of emigrating back to the source country in the second period. By substituting these expressions for earnings into the maximization problem, the optimal choice of human capital investment for immigrant i.e. θ^* is determined by

$$\text{Max}_{\{\theta\}} w_H H_s (1 - \theta) + \beta p [w_H H_s + w_H f(H_s, \theta)] + \beta (1 - p) [w_S H_s + w_S f(H_s, \theta)]. \quad (2.4)$$

$$\text{where the foc is} \quad -H_s + \beta p \frac{\partial f(H_s, \theta^*)}{\partial \theta} + \beta (1 - p) \frac{w_S}{w_H} \frac{\partial f(H_s, \theta^*)}{\partial \theta} = 0 \quad (2.5)$$

The effect of p on the optimal choice of human capital investment is derived by solving for the first order condition as follows;

$$\frac{d\theta^*(p)}{dp} = D \cdot \left[\frac{w_S}{w_H} - 1 \right] > 0 \quad (2.6)$$

where

$$D = \frac{\frac{\partial f(H_s, \theta^*(p))}{\partial \theta}}{\frac{\partial^2 f(H_s, \theta^*(p))}{\partial \theta^2} \left[\frac{w_S}{w_H} + p \left(1 - \frac{w_S}{w_H} \right) \right]} < 0$$

The above expression is positive as the wages in the host country are greater than wages in the source country and $0 < p < 1$, and thus implies the concavity of human capital production function.

Equation (2.6) shows that a higher probability of remaining in the host country results in the greater human capital investment of immigrants. This implies that a refugee's investment in country-specific human capital is higher than economic immigrants as they are more likely to live longer in the host country due to their circumstances and therefore their assimilation increases over time.

Cortes (2004) found that refugees made substantial gains over period of time and with approximately the same level of English language skills, refugee immigrants in the 1980 cohort earned 6% less and worked 14% fewer hours than economic immigrants but both groups had made substantial gains by 1990. However, refugees had made greater gains and earned 20% more, worked 4% more hours, and improved their English skills by 11% relative to economic immigrants and accumulated higher levels of human capital. The reason behind this assimilation is since they are more likely to stay and are unable to return to their country, they are more likely to invest in the country-specific human capital and that's why they assimilate at a greater rate as compared to other immigrants.

Lindley (2002a) produces results for the UK which show that refugee earnings differ from non-refugee immigrants, indicating that they assimilate differently from economic migrants. There exist unexplainable earnings and employment penalties relative to UK born South Asians and non-whites, and to native born whites, suggesting some element of discrimination.

As discussed before in Table 2.5 there are obvious differences in the labour market participation of both groups of immigrants in terms of employment and economic activity. Thus immediately after entry, refugees and asylum seekers are more likely to rely on state funds and claim benefits as compared to other immigrants.

In other words, overall they are not contributing enough to support and bear their own needs and are an initial burden on government and society. However, with the passage of time they may accumulate more human capital to assimilate in the host society and may contribute more than other migrants, with their assimilation mainly dependent on years since migration.

The composition of economic activities of these two distinct groups clearly shows that one has a more profoundly adverse effect and imposes certain burdens or costs on the government and the other is more likely to contribute to government revenues. This negative impact increases as the share of this population increases. However, both groups have their own costs and benefits on the economy as well as society, the latter of which will now be discussed.

2.3 The Social Impact of Immigration

The social integration of immigrants, especially refugees/asylum seekers in the host country is a cause for concern for the refugees as well as the hosting nations. Refugees/Asylum seekers and other immigrants are blamed not only for adversely affecting government' finances but also for crime, drugs, terrorism and smuggling, depleting natural resources, environmental damage and law and order problems in areas where they concentrate.

Coleman and Rowthorn (2004) argued that sustained large scale immigration has its demographic, social, and environmental impacts and has provoked an unexpected new growth in housing demand and population, social divisions and a corresponding weakening of national identity and cohesion.

2.3.1 The Effect of Multiculturalism on Cohesion

The Oxford dictionary defines multiculturalism as *'the policy or process whereby the distinctive identities of the cultural groups within a society are maintained or supported'*. Culture refers to people's socio-political values, religion, beliefs, language and perception of right and wrong. Culture is not rigid but a dynamic phenomenon which can change over time under the influence of different factors. Immigrants generally come from different social and cultural backgrounds to natives and the heterogeneity of migrants has influenced the cultural contexts in European societies in different ways.

Ethnic diversity and social and cultural heterogeneity is a phenomenon affecting almost every single advanced country, mainly resulting from the recent increases in immigration. It will therefore increase in future if there is a continued high level of immigration. This ethnic diversity is actually the foundation of a multicultural society.

Putnam (2007) considers ethnic diversity as an asset and argues that in the long run, immigration and ethnic diversity are likely to have an important social and cultural impact on society, however in the short run it tends to decrease social solidarity and social capital and there is a trade off between diversity and community. Multiculturalism relates to the transition due to the accumulation of social capital. Social capital comes in different forms and effects e.g. different civic groups strengthen democracy. Social networks are positive externalities and evidence shows that high social capital areas display a healthy growth of children, increased life expectancy, and more generally a better, safer and more educated community with democracy and the economy working for the betterment of the society.

Similar to other advanced countries, immigration has provoked not only an economic impact but also has political implications in the UK as well. Zetter et al (2006) explore the interaction between migrants, their social capital and relationships and the formation of a concrete and integrated society at the local level and also discuss the affect of increasing the volume and diversity of migration on the political landscape of the UK. They argue that the importance of social cohesion has forced the government to shift its focus from multicultural race relations and acceptance of differences to emphasizing social cohesion in order to achieve a cohesive national identity.

On the other hand, Hickman et al (2008) suggest that multiple deprivation and the limited opportunities for the settled population in different parts of the UK undermines social cohesion and the issues of deprivation, discrimination and disadvantages impact on both the ethnic majority and minority settlers in the UK. The study further emphasizes that cohesion is about maintaining the right balance between isolation and communities.

Immigrants may keep their own identities or integrate into society, or may have a balanced approach between these two, and this is likely to determine their cultural impact on society. Likewise, immigrants have brought enormous cultural benefits to the UK. A wider variety of food choices and the ethnic diversity of football/sporting stars is just a cultural bonus from the large influx of immigrants to the UK. According to a report by the European Migration Network (2006), food production and consumption patterns, the sports and fashion industries have been greatly influenced by immigrants.

2.3.2 Discrimination and Crime

In a social context, immigration by economic migrants and refugees/asylum seekers has been argued to have led to increasing xenophobia and discrimination. The effects of the large influx of those immigrants must be recognized to get the full picture of this “host fatigue”. The following are the major concerns for the public and government;

- Discrimination and Xenophobic Attitudes (sentiments leading to social unrest)
- Asylum Seekers and Immigrants are blamed for crimes,
- Security concerns including terrorism

Hazel Blears, the former Communities and Local Government Secretary, acknowledged in a statement that the scale of present migration had increased public concern and is fuelling social tension in some parts of the country which were unused to large communities of foreigners.³

Whilst according to a web consultation survey by the Joseph Rowntree Foundation, “the British people feel a deep sense of unease about some of the changes shaping British society. On the social evil of immigration and responses to immigration, some participants felt that local residents lost out to immigrants in competition for scarce resources” (Watts, 2008).

Dustmann and Preston (2000) find that both welfare and labour market concerns matter for the hostile attitudes towards immigrants but the single most important factor is for racially motivated reasons. These negative attitudes towards more immigration are strongly linked to factors affecting Asians and West Indians, while are less strong for European migrants. The increase in immigration leads to a concentration of different ethnic groups in specific areas and locations

³ <http://www.telegraph.co.uk/news/newstopics/politics/2110734/Hazel-Blears-Immigration-fuels-social-tension.html>

which may increase social diversity but at the same time gives rise to social problems such as discrimination, resulting in anger from the immigrants often as a reaction to the increase in social crimes. Recent police figures for the worst-affected areas show one in ten of all those arrested have come to the UK from the eight former Soviet states which joined the EU in 2004.⁴ Coleman (2008) estimated a £3.08 billion additional annual cost to the government by the excessive crimes committed by ethnic minority immigrants.

Robinson and Reeve (2006) discuss how new immigrants experiencing social and economic disadvantages can affect the local neighbourhood. New immigrants usually prefer to live near people of same ethnic background and this is often seen as problematic but their impact at the local neighbourhood level varies with the local socio-economic context, ethnicity, identity and local media portrayal of immigrants and asylum seekers. Regardless of legal status or ethnicity they live in poor quality housing in deprived inner city areas and face hostility and difficulties even though they can make a positive contribution locally and nationally and help revive declining neighbourhoods.

2.3.3 Demographic Impacts

Immigration puts an extra pressure not only on social and economic resources but it also has certain demographic impacts on the host society. The impact may be good or bad depending upon the age structure and consumption patterns of the inflows. Thus the impact on the aging population and environmental and congestion costs are not necessarily straightforward and must be taken in to account.

⁴ <http://www.dailymail.co.uk/news/article-413985/Eastern-European-immigrants-carry-tenth-crime.html>

2.3.3.1 Impact on the Age Distribution

Bauer et al. (2004) stressed that in many European countries the demographic development pattern will result in an increased demand for immigration to slow down the aging of the population. Official figures published by the ONS for 2007 show that migration is still the largest source of population growth. This means that with a higher dependency rate, with fewer working age people supporting a greater number of people, due to lower fertility and increasing numbers of the elderly in the short term and relatively fewer taxpayers to support the aging population in the long term, immigration can have an important role to play in partly reducing the imbalance.

But Lee and Edwards (2001) consider an aging population to be a natural and an inevitable demographic transition for the US but in their opinion immigration is a weak policy instrument to reduce the fiscal consequences of the aging population. The aging population increases health costs and thus in turn increases government expenditures. Lee and Miller (2000) argue that an increase in immigration has helped the US to overcome this future crises by slowing down population aging and paying for social security and health care. But a high fertility rate and the low education of some immigrants may not be beneficial for society but this high fertility may temporarily ease the projected fiscal burden of the retiring population in future decades.

Razin and Sadka (2000) discuss the consequences of migration on the pension system. They argued that in a static model even low skilled young immigrants can help to pay the benefits of the current elderly population but they adversely affect the current younger age population as being the net beneficiaries of the welfare state. But in a dynamic model, with constant factor prices due to capital or goods mobility, migration is greatly supported by the political economy. If factor prices are not pegged then this pro-migration feature can be weakened.

2.3.3.2 Congestion and Environmental Costs

According to the Optimum Population Trust, there is a limit to the size of population that any country can sustain environmentally. Excess immigration into an already densely populated country can cause substantial economic and environmental damage. The impact may not be visible until the pressure on resources becomes really intense. “For example projected population growth of more than 10 million in the UK by 2074 would involve the building of 57 more towns the size of Luton - before taking into account household fragmentation” (OPT Press Release 20th October 2005). Immigration, therefore can increase transport problems, put upward pressure on housing and erode the green belt.

Massive migration for settlement not only puts an excessive burden on the host society but it undermines the existing underlying problems of the source countries by encouraging the brain drain, from the movement to another country and thus giving governments an opportunity to postpone the possible solutions.

Furthermore, one may consider that immigration has little effect on global population growth as it is simply a re-distribution of people from one part of the world to another part. But even at the global level, international migration affects population growth if the living standard of immigrants is improved compared to the one prevailing in their country. Then they are said to be affecting the global environment by increasing their ecological foot prints (a measure of an individual's impact on the environment). Therefore it is the responsibility of the government to ensure sustainable green growth in relation to its population and immigration policies whilst such issues can be more acute at the national/local level.

2.4 Conclusion

Immigrants bring along with them certain costs and benefits for the host society. Immigrants, whether they are legal or illegal, economic migrants or refugees and asylum seekers, often in the beginning have to rely on some kind of support either from their relatives, friends or from the government. And when they get this support from the state they impose certain costs on the economy and society. On the benefit side, they can contribute to the fiscal budget, increase per capita GDP growth rates, raise labour supply and cause improvements in the age structure.

However they can also drain government resources through the receipt of welfare and the consumption of public goods and services such as education and health care etc. If they utilize more in terms of social welfare programmes than they contribute then they are a net fiscal burden but if they pay more in form of taxes and consume less then they make a net positive contribution.

On the social side, irrespective of their economic contribution, it has been argued that hostility to immigrants has been increasing due to rising flows of both economic immigrants and refugees/asylum seekers. The reasons for these attitudes are sometimes related to economic and labour market concerns or sometimes just due to underlying racial attitudes. Demographically, on the one hand immigrants slow down the aging process in a country but at the same time their ecological impact cannot be ignored.

The thesis goes on to explore aspects of both the economic and social impacts of immigrants, for both economic migrants and refugees and asylum seekers. In terms of the economic impact, the most important determinant of an individual's net fiscal contribution is a person's economic

activity i.e. his employment and earnings. In other words the labour market performance of the immigrants is the main determinant of their net fiscal contribution.

A large literature has discussed this issue but the forthcoming chapters will investigate the relative role of refugee and asylum seekers in the fiscal contribution by exploring their labour market performance in terms of their employment and earnings using LFS data for the period 2001-2006. The study will compare their employment and earnings with economic migrants.

To examine the social impact of refugee and asylum seekers, changing attitudes towards this group almost over the last decade will be investigated using British Social Attitudes Survey data for the years 1995 and 2006. A key element of this analysis will be the identification of the socio-economic factors underlying these attitudes. In this way, the groups most affected by immigration, especially by refugees/asylum seekers can be established.

Before moving on to these analyses, the next chapter discusses policies and trends in immigration in Europe and particularly in the UK over the last few decades. On the basis of these trends the distinction between refugees and asylum seekers and economic migrants will be made, which is then used in the analysis using the LFS.

Appendix 2.1

Summary of Labour Market Impact of Immigrants across Different Countries

<i>Author</i>	<i>Country</i>	<i>Approach/ Methodology</i>	<i>Findings</i>
Friedberg and Hunt(1995)	US and Other Countries	Survey of the Empirical Literature	No-evidence of economically significant effect on wages and a 10% increase in immigrants reduces native wages by 1%.
Pischke and Velling (1997)	Germany	Reduced form approach based on a comparative static relationship	No detrimental effect of immigrants on native wages.
Borjas (2003)	US	Skill-Cell Approach	A 10% increase in immigrants reduces native wages by 3-4 %.
Dustman, Frattini and Preston (2008)	UK	Flexible empirical strategy not relying on pre-allocating immigrants to a particular skill group	Slightly positive overall wage effect of immigrants across wage distribution .

Chapter 3

Trends in and the Evolution of Immigration Policies in Europe and the UK

3.1 Introduction

The 20th century was an era of enormous change and uncertainty, which encompassed many contradictory trends and issues like the emergence of international migration. Throughout the centuries, people facing war, starvation, drought or other calamities have fled to other countries. Along with the usual pressures and motivations such as income and employment disparities, often issues such as political disruption, armed conflicts, poverty and human rights-abuses have become new types of migration. Grahl-Madsen (1983) considers poverty and power politics two main reasons that compelled people to leave their homes and their countries. Migration for overseas study is another expanding phenomenon, growing rapidly in the US, Australia, China, Japan, Germany and the UK, and has become a new form of long term skilled migration.

On the other hand in a qualitative study of asylum applications to Germany, Rotte, Volger and Zimmermann (1997) found that political terror in the source country was a key factor in generating asylum seekers but the improvements in political rights and civil liberties increase the numbers too. While Thieleman (2003a) estimated a pooled regression across 20 OECD countries from 1985 to 1999, and found for refugees that the unemployment rate, the existing stock of foreign nationals and the country's reputation in terms of development aid were the key destination country variables. For whatever reasons immigrants decide to migrate, their free movement across borders is restricted according to international rules and regulations and furthermore their entry to a particular country or state is dependent on the immigration policy of

that country. The choice of an appropriate immigration policy can directly affect the country's economic growth and performance as well as people's perceptions.

The *European Commission Glossary of Justice and Home Affairs* consider an immigration policy to be the laws and procedures dealing with people entering a particular jurisdiction. There have been different policies for different countries depending upon the country's labour market conditions and demands. Basically immigration policy represents a government's efforts to resolve politically the conflict between the economic need for labour and the political definitions of citizenship.

Borjas (1995) suggested that according to the positive theory of immigration policy the main aim of policy should be to increase the national income of natives. Analysis has also proved that immigrants produce a redistribution effect of wealth, reducing the income of competitors and increasing the income of capitalists and other users of immigrants. Immigrants can be substitutes to natives by offering similar skills to natives, competing directly with natives and lowering their economic returns or can be complements, having unique skills and actually raising the productivity of other workers, also filling skill shortages (White and Liang, 1998).

Immigration policy is important from the viewpoint of the immigrant's performance in the labour market and their assimilation. These policies may give priorities to different groups depending upon their labour market needs. Such immigration policies, such as those implemented in Canada and New Zealand, seem to be successful not only for attracting skilful migrants but also altering the national origin mix of immigrants. These policies may reduce social tensions and help in achieving better economic performance in the host country (Bauer et al, 2000).

The reasons for a more and more restrictive immigration policy are based on commonly held presumption that immigrants have a crowding out effect on natives in the labour market and continued levels of racism and xenophobia in society. Especially in Europe, high levels of unemployment have led the public to the fear that foreign workers cause a decline in the domestic labour force's wages and further in the case of inflexible wages even increase unemployment. But migration can successfully increase the flexibility of the labour market and slowdown wage growth; in this case the more open that the European Union is towards immigration policy seems desirable (Zimmermann, 1995).

Before examining the labour market performance of immigrants, including asylum seekers and attitudes towards them in the following chapters, we firstly discuss the ever changing, and increasingly restrictive immigration policies of Europe and the UK in this chapter. This chapter will also take a closer look at the trends in the number of asylum seekers entering the UK and the changes in immigration and asylum policies and their effectiveness at a time when the number of asylum seekers was rising.

The discussion of immigration policies in the UK and information on the socio-political history of different countries and regions provides a basis for the allocation of immigrants into four different categories in the empirical analysis in Chapters 4 and 5. Also, the number of asylum applications filed and accepted each year provides a basis for constructing a proxy for defining different categories of immigrants. This information is then matched to LFS data to define four different categories of immigrants including refugees/asylum seekers and economic migrants. A brief review of European asylum policies will also be presented here before discussing asylum policies in the UK.

3.2 An Overview of European Asylum Policies

At the end of the Second World War, Europe faced challenges not only to rebuild its infrastructure and economy but also for the resettlement or repatriation of over 40 million people. In addition, around 200,000 people fled as a result of the Soviet crushing of a Hungarian uprising. Refugees continued to arrive in Europe during the 1970s. The 1951 UN Refugee Convention provided a legal framework for the protection of these refugees. By the 1980s Europe was the direct destination for people from all over the world and resulted in a massive increase in asylum claims. The number of asylum seekers increased from 70,000 in 1983 to over 200,000 in 1989 and peaked to the height of nearly 700,000 in Western Europe in early 2000s. The internal conflicts and human rights violations in Africa, Asia, Latin America and Middle East were a driving force for this massive migration (UNHCR- The State of the World's Refugees 2000).

Net migration to Europe increased during 1998-2003 with a recent tendency to stabilise due to regulatory policies. But an increasing number of asylum seekers during the last decade has put an upward pressure on net migration to Europe. Germany, France and the UK which have the highest number of asylum applications were among the traditionally asylum seeking countries but number of asylum applications filed in Italy, Spain and Ireland has also rise recently (Guardia and Pichelmann, 2006). Against this background a new defensiveness appeared in Western European countries' asylum policies as the receiving states were not prepared for such a large influx of asylum seekers and refugees. The new restrictive asylum policies were aimed at combating illegal immigration and the abuse of the asylum system in Western Europe. The term "fortress Europe" has become shorthand for this. Some also argue that the threat of increasing unemployment has been the motivation behind European immigration policies.

Hatton and Williamson (2004) discuss the causes of refugee displacement and asylum flows, including the effects of wars and conflict, political upheaval and the economic incentives to migrate. The paper also focuses on the evolution of asylum policies in Europe and the effectiveness of policy to deter asylum seekers and the need for international cooperation and burden sharing. The empirical findings of the paper show that the deterrent effects of policy shifts in the 1990s are substantial, but the deflection effects are uncertain.

Hatton (2004) presented a detailed analysis of the evolution of asylum flows and policies across the EU since the 1980s. Regression analysis was also used to examine the impact of war, conflict, economic incentives and asylum policies on trends in asylum applications from 1981-99. He concludes that larger flows of asylum seekers have become a salient feature of most EU countries and a number of immigration policies have been implemented in different EU countries but these have a minimum effect. Given this scenario, an EU-wide integrated point-based policy would be a more radical solution to this problem, including humanitarian points.

A brief overview of European asylum policies from Hatton (2004) is now presented below.

The 1951 Geneva Convention

The international legal framework for assistance to refugees was formed in the 1950s and 1960s, The Refugee Convention of 1951 and The Refugee Protocol of 1967 being the major instruments. *The Geneva Convention of 1951*, relating to the Status of Refugees, was originally signed by 29 countries, is the fundamental basis for policy towards asylum seekers. The Convention does not guarantee a permanent right of abode in the host country except insofar as this is provided by the non-refoulement clause.

The 1967 Protocol to the Geneva Convention extended its coverage to refugees outside Europe and to those displaced before 1951. It was signed by seven of the current EU members at the time of enforcement (1954) and subsequently signed up to by other states both in terms of the Convention and the Protocol, the last being Portugal (1976) and Spain (1978). The Convention is the basic legal foundation of EU policy towards asylum seekers and ratifying it is now a condition of EU membership.

1986 Single European Act (effective 1992) and The Schengen Convention (1992) were based on the 1985 agreement between six member states to create a single internal market by the end of 1992. Both policies have been aimed at tightening external border controls following on from the relaxation of internal borders and to harmonize visa policies and regulations among member states.

The Maastricht Treaty (effective from 1993) provided free movements between participating states (only for EU passport holders), improved judicial and police co-operation and ever-closer harmonization of policies and introduced carrier sanctions i.e. imposed penalties on airlines and other carriers for transporting to the EU those without appropriate visas.

The 1990 Dublin Convention (effective from 1997) established common criteria for EU member states to determine the state responsible for examining an asylum request. It put an end to 'asylum shopping' by stipulating that an asylum claim would be dealt with by one state only – specifically the state of first entry. Prior to this, asylum seekers could lodge asylum claims in several EU countries in turn.

The London resolutions European community ministers responsible for immigration approved a consensus based on three principals in London in 1992. The three resolutions are as follows:

a-‘safe third country’ concept i.e. to refuse to consider asylum claims if the applicant had transited through a country deemed ‘safe’.

b- To determine that ‘manifestly unfounded’ asylum claims could be summarily rejected without a right of appeal.

c- The designation of ‘safe countries of origin’ where there is a presumption of no serious risk of persecution.

In 1995 a set of minimum guarantees was agreed for asylum procedures that included guarantees that claimants would be informed about their rights and duties in a language they could understand and would not be removed while an appeal was still ongoing.

The 1997 Treaty of Amsterdam gave the European Commission the sole right to propose legislation, starting in 2002. This included a commitment by member states to develop common immigration policies within five years. The treaty came into effect on 1st May 1999.

The 1999 European Council meeting in Finland, EU ministers reaffirmed that any common European asylum regulations would be based on a ‘full and inclusive’ application of the Geneva Convention, and in particular the principle of non-refoulement thus ensuring that nobody is sent back to persecution, i.e. maintaining the principle of non- refoulement.

The European Refugee Fund (2000) was a major step towards burden and cost sharing of projects for the economic integration of refugees and to finance the emergency temporary protection in the case of a mass influx of refugees. By the mid-1990s, almost all EU states tried to decrease and regulate asylum seeking with tightened security and border control measures.

But Belgium, France, the Netherlands, Sweden and the UK all experienced a rise in the asylum applications over the 1990s and the trend remained steeply upward until the early part of the 21st century, mainly because of the ongoing wars and armed conflicts in Afghanistan, Iraq, Western Asia and parts of Sub-Saharan Africa. Table 3.1 shows this increase from under 234,000 in the late 1970s to almost 2.5 million in the early 1990s. It also reports how applications to EU countries have varied, with almost 1.4 million applications made to Germany in the early 1990s, but with the UK becoming the most popular destination in the early 2000s.

Table 3.1

Asylum applications to the EU-15 by Destination Country (thousands)

Year/country	1975-9	1980-4	1985-9	1990-4	1995-9	2000-3
Total EU applications	233.7	540.2	1102.3	2419.8	1613.5	1489.0
Austria	14.7	63.2	64.4	76.1	53.5	120.1
Belgium	6.6	14.5	32.1	87.0	93.4	103.0
Denmark	1.3	5.6	42.1	76.4	36.0	35.4
Finland	-	0.1	0.3	11.4	6.9	11.5
France	40.5	106.3	178.7	184.5	112.2	211.8
Germany	121.8	249.6	455.3	1374.7	749.6	288.5
Greece	9.2	6.4	24.0	12.8	11.8	22.4
Ireland	-	-	-	0.5	21.2	41.0
Italy	9.2	16.5	26.3	40.8	48.8	54.6
Luxemburg	-	-	-	0.1	5.7	3.9
Netherlands	5.3	8.8	46.4	151.1	170.4	108.5
Portugal	1.7	4.3	1.3	3.9	1.7	0.8
Spain	-	5.4	15.7	53.1	30.4	29.6
Sweden	-	41.9	97.1	197.0	48.5	104.2
UK	3.4	17.5	28.5	150.8	222.3	353.6

Source: Hatton (2005)

3.3 Trends and Phases of Immigration Control in the UK

Immigration and emigration have been significant characteristics of Britain's history. In the eighteenth and nineteenth century, Britain was an exporter of labour to its empire, mainly the officer class and settlers who took over land in empire emigrated. Immigration also has a long history as Britain has not only accepted labours and workers but also refugees from all over the world over a long period of time. The first massive migration was from Ireland starting from seasonal migration following the famine in 1846 and in numerical terms Irish migration over the past two centuries has been higher than other immigrant groups but government response to regulate Irish immigration has been very little as compared to government's response to Jewish and Black migration in the UK (Solomos, 2003).

A vast majority of migrants came to Britain after the Second World War in search of work. During the period from the 1940s to the 1960s, the main migratory flows were from the West Indies, Ireland, India, Pakistan and Bangladesh. In 1955 there were 2.1 million foreign citizens in the UK. The largest groups were the Irish (443000), Indian (114000), US citizens (110000), West Africans (87000), those from the Caribbean and Guyana (82000), and Pakistanis (81000). The ethnic minority population was 5.5% of the total population in 1951 (Home Office, 1981).

The post-1945 period's upsurge in international migration is a crucial part of the global transformation. Labour recruitment and migration of both foreign workers and colonial workers was very significant in this period with a trend to family reunification and permanent settlement for colonial workers. It was the period of growing diversity because of the increasing cultural differences between immigrants and the receiving population and black migrants started to experience racist and discriminatory attitudes. Despite the UK's diversity and multiculturalism, the UK government have attempted to control this immigration in connection with the number of

new entrants, by claiming limits to the tolerance of the British people. Immigration control has become normalised as a part of common thinking since the first 1905 Aliens Act.

A large proportion of the UK immigrant population is white emanating from European countries and former settler colonies such as Canada, Australia and New Zealand. But immigration from other parts of the commonwealth over the last few decades (especially India, Pakistan, Bangladesh, the Caribbean and African countries such as Ghana, Kenya, Nigeria and Uganda) and recent inflows from other parts of the world (notably Somalia, Afghanistan, China and Iraq), have contributed a lot to the increasing ethnic diversity in the UK.

Immigration control in Britain can be divided into the following four phases.

1. **Control of Jewish immigration (1905-1950s)**, the control of 'aliens' from Europe, mainly Jews from the start of twentieth century to the Second World War.
2. **Control on Black commonwealth immigration (1960s onwards)**, the government reconstructed its British citizenship to imposed selective control on black immigration from Commonwealth countries to exclude this group of immigrants.
3. **Controls on Asylum Seekers (late 1980s onwards)**, the period of control on entry and rights of asylum seekers.
4. **Managed Migration (from 2000 onwards)**, opening up of skilled labour migration in the country along with a stricter control on asylum and irregular migration from outside EU, especially after huge influx from new EU countries in Eastern Europe following the 2004 enlargement.

3.3.1 Current Trends in Asylum Seekers

According to the 2006 Global Refugee Trends, 596,000 new or appealed asylum applications were launched at UNHCR offices across the world, which was 11% less than in 2005. Europe received the largest number of applications (299,000) followed by Africa, USA, Asia and Oceania, including failed applicants who filed subsequent appeals. In 2006 the countries receiving the largest number of new asylum applications were South Africa (53,400), the USA (50,800), Kenya (37,300), France (30,800), the UK (27,800), Sweden (24,300) and Canada (22,900). However what these recent statistics do not show is that there has been dramatic increase in the number of asylum applications in the UK over the past two decades. Being a member of EU and due to its colonial links, the UK has been a great attraction for asylum seekers. In early and mid 1990s the number of asylum application was between 20,000 and 40,000 per year and this was followed by a dramatic rise from 29,640 applications in 1996 to 84,130 applications in 2002 confirming that number of applications lodged in the UK had actually doubled over the previous three years (Home Office, 2002).

This was the time when asylum issues topped the political agenda and opened up a broader political debate. The remarkable increase in the number applications submitted for asylum led to a number of asylum and immigration policy changes. Before discussing these policies in detail an overview of annual and regional trends is provided in the following sub section.

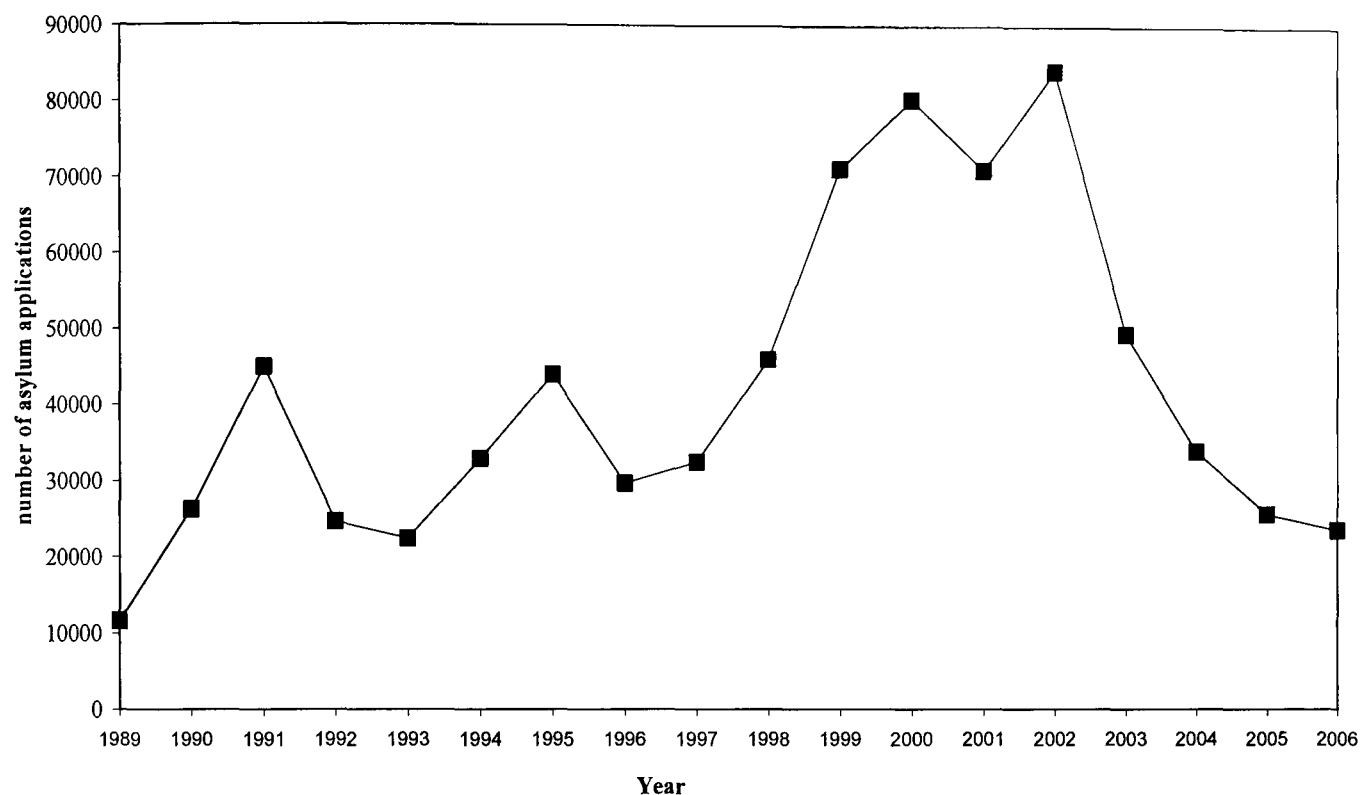
3.3.1.1 Annual Trends

A major cause of the net growth of immigration in the UK in recent decades has been the growth of asylum applications as other forms of immigration came under control. The increasing flow of

asylum seekers has started a fierce political debate about asylum policies in the UK, making the issue of immigration even more controversial.

Figure 3.1

Number of Asylum Applications made in the UK 1989-2006



Source: Home Office

Figure 3.1 reports asylum applications for each year from 1989 to 2006 and shows that the general trend is quite fluctuating but movement remains upward and there is overall rise from 1996 to 2002 applications more or less increased persistently, before reaching a peak of 84,130 asylum applications submitted in a single year in 2002. From 2003 the direction reverses and has been continuously decreasing each year since then.

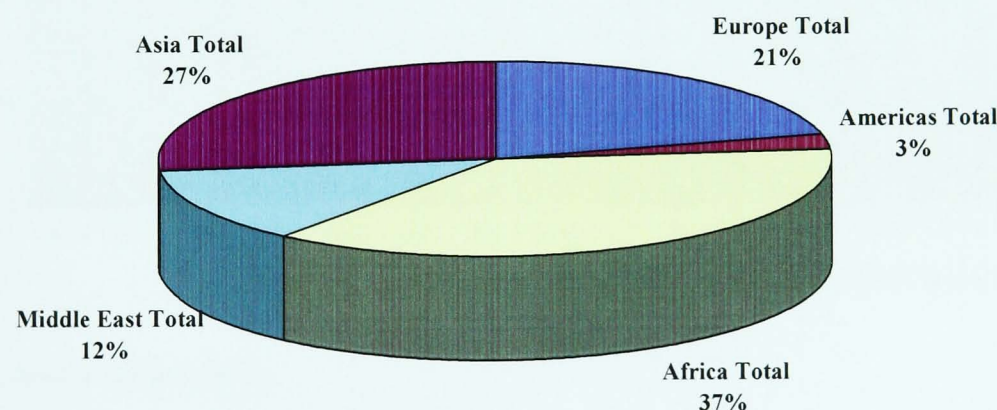
Following the introduction of a new screening procedure, there was a sharp down fall in the number of asylum applications submitted in 2003 and the trend remains downward since then and is still declining. Stricter asylum policies can explain this decrease.

The UNHCR reported that following these trends the number of new asylum claims in the UK decreased by 23% (15,500) during the first half of 2005 compared to first half of 2004 (20,000) and by more than a half (-51%) compared to the first half of 2003 (31,800). Despite this sharp fall the UK remains among the first five largest asylum-seeker receiving countries.

3.3.1.2 Region-wise Trends

Africa, Asia and Eastern Europe are the main asylum sending regions to the UK. Africa has the largest share of the asylum sending regions, followed by Asia, Europe, the Middle East and a negligible share for the Americas. This pattern is shown in Figure 3.2 for asylum applications pooled across all years for 1989 to 2006.

Figure 3.2 Asylum Sending Regions to the UK



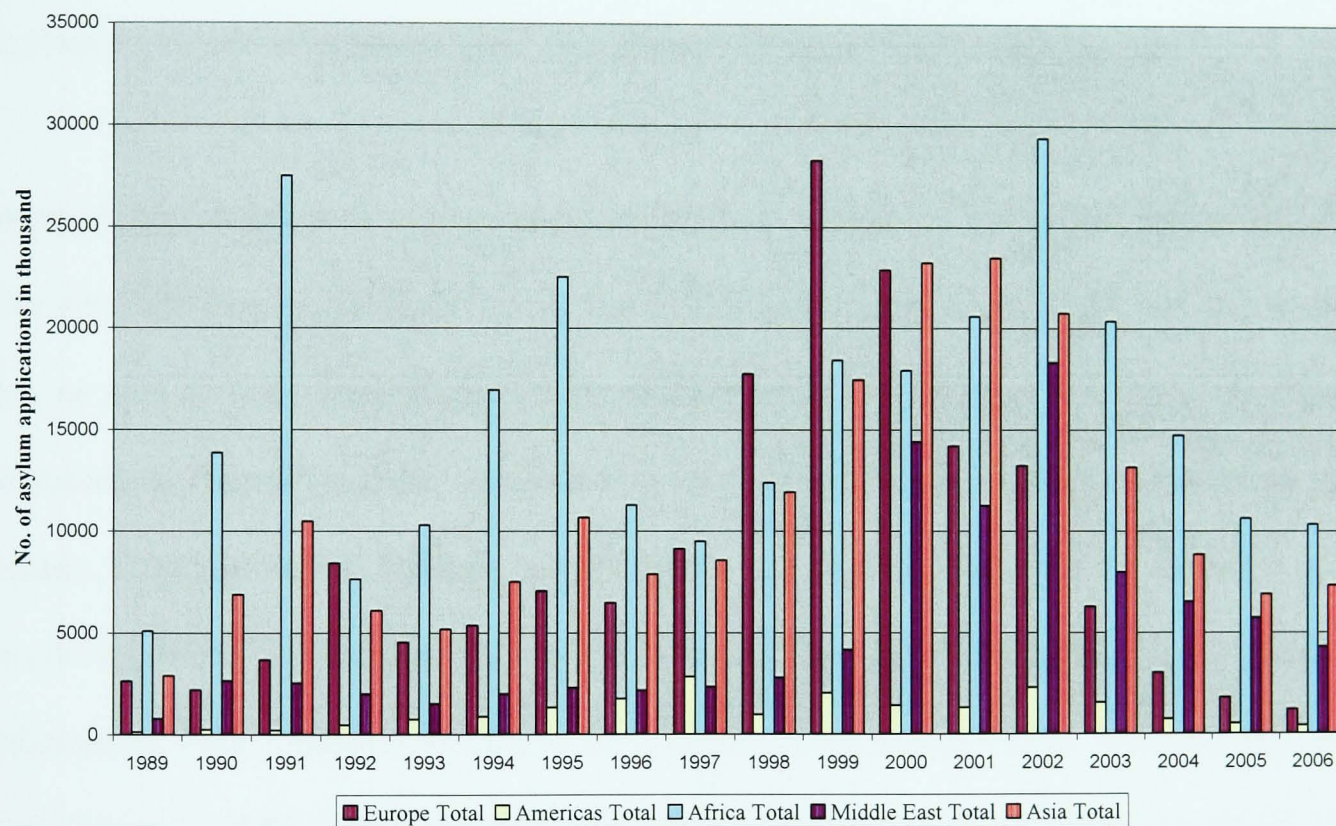
(Source: Home Office)

According to a BBC report, “immigration and asylum seekers have played a great part in increasing the number of immigrants in the UK and between 1998 and 2000, 45000 people from Africa, 22700 from the Indian sub-continent, 25000 from Asia and 12000 from the Americas

arrived in the UK and almost 125,000 people were allowed to settle in the UK”.⁵ Since virtually all other possibilities for migrating from third world countries for economic betterment had been closed off during the last decade of the 20th century, the increase in migration by concealed means in the form of political asylum became an obvious option for people who would otherwise have migrated legally as workers.

Figure 3.3

Number of Asylum Applications by Region 1989-2006



Source: Home Office

It is quite relevant at this stage to analyse the brief history of each region over time as each displays a different trend over the period under consideration. Figure 3.3 shows that each region has initially an increasing and then decreasing trend but reaches its peak at different times, depending on the regions, socio-economic conditions and political stability.

⁵ http://news.bbc.co.uk/1/hi/english/static/in_depth/uk/2002/race/short_history_of_immigration.stm

In terms of individual countries, Somalia, Iraq, Sri Lanka, Afghanistan, Turkey, Pakistan, Serbia and Monte negro, Iran, China, India, Nigeria, EU Accession states, Zimbabwe, former Yugoslavia, Angola, Ghana, Zaire, Algeria, Romania, Sierra Leone, former USSR, the Democratic Republic of Congo, Ethiopia have each produced more than 10,000 asylum seekers over the period 1989-2006. Wars in countries such as Iraq and Afghanistan, the break up of the USSR and former Yugoslavia into new states, poverty and armed conflicts in African countries played a major role in the arrival of asylum seekers and refugees to the UK. A brief history of the socio-political and economic instability in some of the countries of each region is given below; the discussion is mostly based on information from UNHCR Publications. A full record of asylum applications by country and year appears in Appendix 3.1 and 3.2.

Europe: A high number of asylum applications from Europe in 1998-2002 and in some years before this was due to the break up of the USSR and former Yugoslavia into its constituent states, as well as from the collapse of communism in Eastern Europe. The political disruption first started in Poland in 1989, which led to a course of mostly peaceful revolutions in East Germany, Czechoslovakia, Hungary and Bulgaria. Among the Eastern Bloc, Romania was the only country to execute its head of state and threw out the communist regime with violence. The revolutions of 1989 consequently caused the collapse of the Soviet-Union. Although the collapse actually began in 1985, as feelings of discontent and dissatisfaction increased among the general public due to war in Afghanistan and years of military build up, whilst the chronic disaster of Chernobyl in 1986, poor economic growth and domestic development and failed reforms and stagnating economy were further causes. The Baltic States of Estonia, Lithuania and Latvia started resisting central control which finally led to the collapse of the Soviet Union in 1991, producing high numbers of asylum seekers under risk of persecution for one or another reason.

The Socialist Federal Republic of Yugoslavia (FRY) was also a communist state which formally dissolved in 1992 into its independent states of Bosnia and Herzegovina, the Republic of Macedonia, Croatia, and Slovenia. The remaining two states of Montenegro and Serbia committed to form a union of the Federal Republic of Yugoslavia, which was never recognized as a successor of the FRY by the international community. The violent break up of the Socialist Republic of Yugoslavia in June-1991 when Slovenia and Croatia both declared independence, resulted in the largest refugee crises in the world since the Second World War. The persistent outbreak of violence in Croatia became known as 'ethnic cleansing' and thousands of Croats were expelled from areas under Serb control. Consequently thousands of Serbs were expelled by Croatian forces. In Croatia alone in 1991 some 20,000 people were killed, more than 200,000 refugees fled the country and some 35,000 people were internally displaced.

In 1992 the war spread to neighbouring Bosnia and Herzegovina, the most ethnically mixed part of Yugoslavia. When Bosnia and Herzegovina declared independence, the Serbian government started to fight against Muslims and Croats on behalf of the Serb minority and expelled and killed many residents. By mid-June 1992 Serb forces had controlled two thirds of Bosnia and Herzegovina and 95% of Muslims and Croats were forced from their homes and almost one million fled their homes. In early 1993 another period of ethnic cleansing started and war broke out between Bosnian Muslims and Bosnian Croats backed by Croat forces. More than half of the 4.4 million population were displaced by the time war ended in 1995. As the war ended another crises was occurring in the Balkans in Kosovo, a Serbian province with majority of ethnic Albanians and a smaller population of Serbs, Bosnians, Turks and Romanians. Between 1989 and 1998 more than 3 million Kosovo Albanians left Kosovo at one stage or other.

The crises started to heat up again in 1998 when Serbian security forces intensified attacks on Kosovo Albanians with suspected involvement in the Kosovo Liberation Army. A temporary

ceasefire took place at the end of 1998 but the fighting continued further fuelled by the air attacks of NATO against the FRY and targeted Kosovo to stop the actual and potential killing in this region. But those air attacks triggered the violence on the ground and thousands of Kosovo Albanians were killed and some 800,000 fled or were expelled from Kosovo. “The big increase in 1999 in Britain’s share of asylum applications in the Europe on total, from 15.6% to 20% was partly the result of recalculations by UNHCR in a report published in February 2000, to include dependants, but as in Europe it was mainly the war in Kosovo” (Hayter, 2004: p 70).

Africa: Among African countries, Somalia, Nigeria, Zimbabwe, Angola, Ghana, Zaire, Algeria, Sierra Leone, Democratic Republic of Congo, Ethiopia, Eritrea, Sudan and Kenya are the top asylum sending countries in descending order. Somalia gained independence in 1960 and since then had been facing problems in creating an effective civil government. The moral authority of the government was questioned after the defeat by Ethiopia in the Ogaden war of 1977. The first major massive departure of refugees occurred in 1998 when government forces bombed the north-west part of the country. Around 50,000 were estimated to have been killed by government troops. This wholesale kind of killing resulted in a massive internal displacement of people and by mid 1990 around two million had been displaced as a result of this conflict. The response of the international community was quite slow and hundreds of thousands of people had been killed by starvation and disease or as a result of fighting before the arrival of UN peace-keeping forces.

With the continued civil war until 2006, invasion by Ethiopia, another bad humanitarian disaster caused by the tsunami in 2004 and torrential rains and flooding in 2006, Somalia is truly an unsettled and unstable country sending hundreds of thousands of refugees and asylum seekers all over the world. The war and tribal rivalry in Somalia has created a large Somali Diaspora. Somali refugees fleeing from the country added to migrant workers living in Western Europe

and the Gulf region before 1988. The former colonial links between the UK and northern parts of Somalia now means settled communities in the UK.

During the 1990s, Nigeria was another country sending high numbers of refugees and asylum seekers suffered two military wars causing large scale violence and brutalities. The conflict fuelled by oil wealth competition in the Niger Delta, between ethnic minorities has continued through the 1990s and still persisted in 2006. Ethnic violence over the oil producing Niger Delta region, inter religious relations and inadequate infrastructure, corruption and serious human rights abuses are the causes of refugees from Nigeria.

Similarly recent years have seen many African countries involved in war, internal or external conflicts. Countries such as Rwanda, Uganda, Zimbabwe, Angola, Namibia, Chad and Burundi have become directly involved in the First Congo War 1996-97 and the second Congo War 1998-2003 with the Democratic Republic of Congo (DRC). While there have been civil wars in Ethiopia/Eritrea and Sierra Leone during 1991-2003, killing hundreds of thousands during these wars. Similarly, ongoing crises in Zimbabwe formerly known as Rhodesia started from 1965 with the imposition of white-minority rule by Unilateral Declaration of Independence (UDI) from Britain, the Zimbabwe War of Liberation lasted from 1965-1979 (www.crisisgroup.org).

During the 1980s, due to ethnic divisions, guerrilla activities, security situations and anti-government protests the government kept a state of emergency which gave the government an endless power and resulted in widespread violence and a low level civil war. During the 1990s and more recently, growing political and economic instability in the Mugabe regime has resulted in a violation of human rights to food, shelter, freedom of movement, freedom of assembly and the failure of the protection of the law. This coupled with alleged assaults on human and civil

rights activists, political opposition and media, which forced a large number to seek refuge and asylum in other countries (Human Rights Watch, 2007).

Asia: Afghanistan, Sri Lanka, China, India and Pakistan are the major asylum sending countries in this region. Especially important here are the continuous wars for more than two decades posing a constant threat to the people's lives in Afghanistan and Sri Lanka. The civil war in Afghanistan began in 1978 and has continued since then, though it has many phases.

1- Soviet War in Afghanistan 1979-1989 started with the involvement of Soviet armed forces to support the newly formed communist government in Afghanistan to curb resistance to its programmes but the Soviet armed forces failed and were withdrawn in 1989.

2- Civil War and anarchy began after the withdrawal of Soviet forces, between the Afghan Government and the Mujahideen. The Mujahideen took power in 1992 but fighting began between them as well. The Pashtun Taliban movement started and took control of the capital in 1996.

3- Taliban Control 1996-2001 and the US initiated war 2001-present The Taliban had taken over almost 95% of Afghanistan by 2001. After the September 11, 2001 attacks, the US and allies with the help of Northern Alliance overthrew the Taliban and established a US approved government. Taliban resistance still continues in the southern part of the country along the borders with Pakistan.

The years of war, ground attacks and bombings have destroyed almost every village in Afghanistan and killed countless members of the rural population, triggering a massive exodus

of refugees. Since 1978 refugees have continued to flee and by December 1990, according to a UNHCR report, there were 6.3 million Afghan refugees in neighbouring countries, including 3.3 million in Pakistan and 3 million in Iran. The process is still ongoing and Afghans have the largest refugee population in the world.

The Sri Lankan Civil War is an ongoing conflict in the country since 1983. There has been an on and off civil war between the government and the Liberation Tigers of Tamil Eelam (LTTE, also known as the Tamil Tigers), a separatist militant organization fighting for an independent state in the North and East of the island. It is estimated that around 70,000 people have died in the war since it started in 1983 and it has caused significant harm to the population and economy of the country. The name given to initial phases of the war (between the governments and LTTE) is Eelame War 1. There have been almost five phases of Eelame Wars with the latest two in 2005 and December 2006.

India also became involved in the conflict supporting both sides through its intelligence agency RAW for a number of reasons including its leaders' desire to project India as the regional power in the area and worries about India's own Tamils, seeking independence in Tamil Nadu. Along with the persistent large scale killing, violence and brutalities of this civil war, the Indian Ocean Tsunami in Sri Lanka killed more than 30,000 people and left many more homeless. Disagreement also arose on the distribution of aid in the Tamil region. The security conditions further deteriorated in 2006 leading to a rapid decline in the security and safety of the people in the East and North of the country and it is believed that humanitarian situation will worsen further. The upsurge of violence in 2006 has resulted in the displacement of more than 207,000 people.

Pakistan has long faced political and economic instability under four military dictatorships. The long running dispute over Kashmir with India from 1989 to present, a territorial dispute between India, Pakistan and China over the north-western region of the Indian sub-continent, political repression and tensions, instability in its largest province and more recent conflict in Waziristan has caused a significant number of people to flee from the country and seek asylum in other parts of the world. Along with this, Pakistan is the largest refugee hosting country. Similarly, a large number of asylum seekers and refugees continued to arrive in the UK fleeing persecution from India, China, Hong Kong and Bangladesh being former colonies of the British Empire.

Middle East: Iran and Iraq are the main asylum sending countries in the Middle East. Following a long history of border disputes, both countries had been involved in a war lasting from September 1980 to August 1988 also known as the first Persian Gulf War followed by the Iraq-Kuwait conflict. The second Gulf-War or Persian Gulf War (Aug1990-Feb 1991, which officially ended in 1995) was a conflict between Iraq and Coalition forces from 35 countries in order to liberate Kuwait, which it did and also penetrated Iraqi territory. The 2003 invasion of Iraq by the United States, United Kingdom, Australia and other countries, launched another Iraq war which is still ongoing. The official reason declared by the US for the invasion was that Iraq had weapons of mass destruction and had failed to disarm its nuclear, chemical and biological weapons and posed an immediate threat to world peace.

Following the invasion, the situation further deteriorated and by 2007, the conflicts between the Iraqi Sunni and Shi'a factions started a civil war. According to the UNHCR and Iraqi government estimates, more than 365,000 Iraqis have been displaced since the 2006 bombings, bringing the total number of Iraqi refugees to more than 1.6 million.

A list of contemporary and ongoing civil wars in the world is given in Appendix 3.3.

3.4 Asylum and Immigration Policies in the UK

There have been many variations in the ideological and political responses to the arrival and settlement of immigrants in the UK. Immigration legislation has mainly been used in a reactionary way against the settlement of groups of refugees and migrant workers since the early 1900s. But despite a 20-year effort to tighten immigration, the stock of the foreign born population is ever increasing. Moreover, migrants from many different ethnic and social backgrounds come to the UK. The issue has become much more intense as government efforts to balance persistent skill shortages have increased. Different immigration acts and policies in the UK are discussed below in detail.

3.4.1 Immigration Acts since the Nineteenth Century

There have been different phases of the immigration acts and policies at different times in the UK, depending upon the situation of the country and possibility of receiving immigrants. Immigration policy has a number of determinants including socio-economic situation of the receiving country and as well as public attitudes and opinion may influence the government to pass different legislation. Timmer and William (1998) explore the degree to which one country's policy may have been influenced by the policies of others and also the extent to which policy has responded to the impact of labour market conditions and immigrant quality. However much of the recent literature on UK immigration policy has focussed on immigration legislation and other measures taken by governments to regulate and halt the arrival of black migration (Solomos, 2003). A summary of different policy changes in the UK immigration history is provided below. For a more detailed discussion, see Solomos, (2003): pp 48- 75 and Hayter (2004): pp 21-63.

The Aliens Act, 1905

The most significant factor in the politics behind this immigration legislation was the arrival of large numbers of Jewish migrants in the nineteenth century from Eastern Europe. This was the first in a series of permanent restrictive pieces of legislation on immigration in Britain. The law was applicable to the entry into Britain of all non-United Kingdom subjects, or otherwise defined as an 'alien'. Its main objective was to prevent refugees, mainly Jewish and some gypsies, from seeking refuge in Britain. The most important provision of this legislation was (a) that aliens could be refused permission to enter Britain (b) that an alien could be expelled from Britain without a trial or appeal.

In this period the British government emphasized Britain could host only a limited number of Jewish refugees due to its own large population and high unemployment. During this period 55,000 refugees from Germany, Austria and Czechoslovakia came into Britain. The government response to this wave of Jewish refugees was similar and comparable with the post-1945 politics of black immigration. The main reason for the opposition was not only the number of immigrants but other socio-economic crises such as high unemployment and the slogan of 'England for English'.

The Aliens Restriction Act, 1914

This act was passed in one day as part of the impending national emergency in circumstances of war (the start of First World War). The legislation enabled the government to decide, prohibit, deport and make restrictions on the living and travelling of immigrants. It was meant to last only as long as the national emergency lasted.

However, after the end of First World War the Aliens Restriction (Amendment) Act of 1919 repeated the 1905 legislation and extended the 1914 Act for one more year even though the original justification applied no longer. Under the **Aliens Order of 1920** immigration officers obtained the right to refuse entry to an alien who was considered unable to provide his or her own support. Aliens had to register their address and changes thereof.

The British Nationality Act of 1948

Under the British Nationality Act of 1948, all citizens of Commonwealth countries were granted dual status. They were citizens of one country belonging to Commonwealth countries, but also had a status superior to this citizenship i.e. they were British subjects. It confirmed the right of the vast majority of British subjects in the colonies and dominions to enter and settle in Britain without being subject to immigration control and when in Britain they were entitled to vote and serve on juries. They can still vote and serve the juries but the term 'British subject' has been replaced by 'commonwealth citizen'. The act also made the distinction between British subjects into categories such as the Citizen of the UK and Colonies and Commonwealth citizens by granting independence to the Indian sub continent.

Coloured immigration remained the focus of the government as early as the 1950s and racialisation of immigration was not an open issue rather appeared in coded words and linked to Commonwealth immigration.

The 1962 Immigration Act

Britain was said to be a profoundly racist country in 1961 and it was common for accommodation advertisements, in the press and on notices on front doors to bear the words. 'No

Coloureds' and bank managers could refuse a coloured as their customers would not like it' (Dummett, 2001). This was the start of the UK's modern legislation to control the immigration of overseas citizens of the UK and its colonies and the racial tension. These issues led the Conservative government to introduce the Commonwealth Immigrants Act of 1962.

The control measures of the Bill were justified by the argument that it was essential to restrict black migration due to the limited ability of the host country to assimilate coloured migration. It was the first time in British history that immigration controls had been applied against Commonwealth citizens. Apart from those born in Britain or holding British passports or those included in the passport of either of the earlier mentioned persons, all Commonwealth passport holders were subject to immigration control.

The Act was not racially discriminatory in form but its motivation was purely racial. The racial divide was even more heightened when, in practice, it was seen that white Commonwealth citizens were not subject to controls while black Commonwealth citizens had now to apply for work vouchers. Similarly, no measures were taken to control the entry of immigrants from the Irish Republic.

The Act provided three different types of vouchers under its Voucher System Scheme:

Type A: Commonwealth citizen who had a specific job to go to in Britain

Type B: Applicants who had a recognized skill or qualification that was in short supply in Britain.

Type C: All other applicants, priority being given to those who had served in the British forces during the wars.

These different categories were aimed to halt black immigrants entering the country, though in coded terms, and public views were quite split and not all favouring this act (Solomos, 2003).

The 1968 Commonwealth Immigrants Act

During the 1960s the term 'immigration' came itself to be a code word to mean coloured immigration, especially from the Indian sub-continent and the Caribbean, and was not applied to white people immigrating from Australia, Ireland and elsewhere. From 1962 onwards, imposing controls on immigration from the Commonwealth became an easy way for government to soothe racist agitation. One of the main features of the 1962 Act was that all Commonwealth citizens who were British passport holders were exempted from immigration control. This included a large number of Europeans as well as a large majority of Asians in Kenya and Uganda.

Between 1965 and 1967, there was a large influx of immigrants to Britain, which started a heated debate to stop their arrival. The debate was ended by the introduction of second Commonwealth Immigrants Act in 1968, which was even harsher than the 1962 Act. The underlying policy was to exclude hundreds of thousands of East African Asians settled in Kenya and Uganda who were UK passport holders.

The act controlled the East Asian migration flow by bringing them under immigration control. Under this new law any British or its colonial citizen, holding a British passport would be subject to immigration control unless they or at least one parent or grandparent had been born, adopted, naturalised or registered in Britain as a British or its colonies citizens. These Acts were followed by the **Immigration Appeals Act of 1969**, which established an appeal system. This act provided the right of appeal as well as it institutionalised the deportation of people breaking the entry conditions.

The 1971 Immigration Act

In 1971 a new immigration act was passed with an objective of bringing primary immigration to an end at the time when the same government was taking Britain into the European Community allowing free entry of all member states nationals. The 1971 Immigration Act was introduced by the Conservative government on the basis of their election campaign promise that there would be no further permanent immigration. This immigration act was a finale of the above three Acts, although it has been increasingly amended by subsequent Acts, mostly in the 1990s.

Each of the subsequent Acts has introduced harsher controls on asylum seekers and has given more powers to immigration officers. The 1971 Act introduced a racial concept of 'patriality' into immigration law, a status to be held by those born, registered or naturalised, or having a parent born in Britain. New terms of '**Patrial**' and '**non-Patrial**' were introduced in the 1971 Act while differentiating between British and its colonies citizens. The term Patrial was used for:

“Britain and its colonies citizen who were entitled to citizenship on the basis of birth, adoption, naturalisation or registration in Britain or having grandparent with such citizenship”

“Citizen of Britain and its colonies who had settled in Britain and who had resided at least five or more than five years in Britain”

After the Act came into force on New Year's Day, 1973, all non Patrial aliens and commonwealth citizens were under immigration control. This Act ended the previous right of settlement for commonwealth citizens entering under the Voucher system (Dummett, 2001).

The 1981 British Nationality Act

This law was passed by the conservative government and came into force in 1983. The 1981 Act was introduced to replace the 1948 Nationality Act. It re-categorised the rights of people of British colonies and former colonies to British citizenship, confining these rights to 'patrials' or the processor of British parent or grand parent and abolished the *ius soli* principal (any one born on British soil entitled to citizenship) by *ius sanguinis* (entitled only those of British blood, whose parents were British or settled in Britain) (Hayter, 2004).

The government argued that it had created the automatic right of abode in the Britain by dividing citizenship into three categories: British citizens, British Dependent Citizens and British Overseas Citizens. Despite the government argument that the law had made immigration less arbitrary, it received much criticism from the public and parliament for the reinforcement of racial discrimination (Layton-Henry, 1984).

3.4.2 From Immigration to Refugees

From 1961 onwards, every new restriction was being justified with the slogan, "Fair but firm immigration control is the key to good race relations". This shift from immigrants to refugees was provoked by the two major parties, playing a game with the voting public that a flood of coloured immigrants was still pouring into the country. This continued racism over the following two decades shifted the focus of government policy from immigrants to refugees and asylum seekers, which are two completely different groups. This continued levels of racism over the following two decades changed the direction and attention of government policy, which changed as much against refugees as immigrants, which are two completely different groups.

The Conservative government of the 1980s and 1990s, followed in this by its Labour successor, did its utmost to blur the distinction, not only referring constantly to ‘bogus-asylum seekers’ but frequently describing them as ‘economic migrants’ ‘illegal immigrants’ or as ‘abusing the system’ (Dummett, 2001).

Visa Control on Visitors 1986

The first move in the Government’s campaign to restrict the number of refugees entering the UK was to impose visa restrictions. Visa restrictions were imposed virtually overnight on visitors coming from India, Pakistan, Bangladesh, Nigeria, Ghana and Sri Lanka, from which many Tamils had been escaping to claim asylum in other countries and particularly in Britain. The proposed objective was to control the number of illegal immigrants from these countries. “The fact that only 222 out of 452,000 visitors from the above five countries illegally remained in Britain in 1985 did not prevent the use of visa controls as another symbolic means of holding back the tide of immigrants” (The Guardian, 2nd September 1986). Though, it was obvious that people fleeing persecution were hardly able to obtain visas.

The Carriers’ Liability Act of 1987

The purpose of British government policy was that as few of the persecuted as possible could reach the country. To obtain this objective further, the Carrier’s Liability Act of 1987 imposed a fine of £1000 per head on air or shipping lines for each passenger arriving without papers fully in order. In so doing airline staff was thereby converted into immigration officers. The penalty charge was doubled to £2000 in 1991 and may be imposed even if the person concerned is granted asylum.

The Immigration Act of 1988

This Act did not alter the basic framework of immigration control in the 1971 Act but repealed Section 1(5) of the 1971 Act which had assured Commonwealth citizens settled in the UK before 1 January 1973 that wives and children would have the freedom to enter the UK and further restricting the right of appeal for those who had been refused leave to enter, restricting the issues of appeal after deportation orders after less than seven years in the UK with an exception for those claiming asylum.

The visa restrictions were further extended to all passengers seeking admission to the United Kingdom, further restricting entry clearance in the case of the polygamous marriages.

The Asylum and Immigration Appeals Act, 1993

As a consequence of the collapse of the communist bloc in Eastern Europe the issue of refugees and asylum seekers and legislation to deal with this issue became a focus of major concern in the 1990s. The main objective of the law was to reduce the number of asylum seekers and hence refugees who could claim sanctuary.

It incorporated the 1951 Refugee Convention into the immigration rules and allowed asylum seekers to appeal decisions and during the period between claiming asylum and receiving the final decision or appeal they could not be removed forcefully.

It extended the right of appeal to all asylum seekers against negative decisions. This Act was extended in 1996.

The Asylum and immigration Act 1996

The Asylum and Immigration Act of 1996 introduced restrictions on benefits, housing and employment for asylum applicants. It included provisions to deny welfare benefits to all asylum seekers rather than to some of them and substitute food vouchers and one 'no choice' offer of accommodation, and other measures to toughen procedures. Under this act, a 'White List' of countries was introduced in which there was believed to be no serious risk of persecution and thereby departure from an individual's right to examine his or her case individually (Solomos, 2003). Applications from these countries were subject to an accelerated appeal procedure.

The Labour Party of the time heavily criticised the list as it was a clear departure from the principle right of every individual to have an individual analysis and decision on his or her application.

The Immigration and Asylum Act, 1999

This Act removed benefits from asylum applicants and introduced the National Asylum Support Service (NASS) to support and disperse destitute asylum seekers. A new legal framework for asylum seekers detention and a crackdown on marriage for immigration purposes was put forward. It can be seen as a continuation of Conservative policies in many ways regarding pre entry controls and welfare support for asylum seekers, imposed by the Labour government (Solomos, 2003).

It not only started the practice of detention but also increased the number of detention centres, especially prisons. The first detention centre dedicated to families was set up at Oakington in Cambridge in March 2000, followed by one at Harmondsworth near Heathrow and another at

Yarl's Wood. A system of enforced dispersal outside London on a no choice basis was another significant element of the 1999 Act.

The Labour government introduced a number of subsequent measures to keep the number of asylum seekers limited including the extended carrier sanction to carriers travelling through the Channel tunnel and also increased the number of airline liaison officers abroad to limit the numbers travelling to Britain on bogus papers.

The Nationality Immigration and Asylum Act 2002

By September 2000 the government had realised the extent of skill shortages in Britain and stressed the positive role of immigration could play with the argument that immigration was inevitably good for the country and economy. So the next major piece of legislation, was based on the white paper on immigration policy entitled 'Secure Border, Safe Haven: Integration with Diversity in Modern Britain' and a proposal which would encourage migration 'on a sensible and managed basis'.

This meant a new immigration policy, simplifying the system for those coming to work through authorised channels, but enforcing harsh conditions on asylum seekers and their children, by increasing detention centres.

The Asylum and Immigration Act, 2004

The Labour government introduced a practical system of control to limit immigration by managing, controlling and selecting migrants and tightened border control with the introduction

of technology. It also introduced a new system of appeals with an asylum and immigration tribunal, and entrance without a valid passport would be considered as a criminal offence.

A 'Certificate of Approval' was also required from the secretary of state for marriages involving a person under immigration control. The Act set different criteria for migration and asylum.

On Migration

This new strategy of encouraging only skilled migration was based on a points system and put an end to chain migration and rights of appeals, financial bonds for specific categories to guarantee that migrants return home. There was no right of appeal when applying from abroad for work or study. Fixed penalty fines for employers for employment of each illegal worker they employ, was also introduced to discourage illegal working under Asylum and Immigration Act 2004.

On Asylum

In terms of asylum, the objective remains granting temporary leave to refugees and asylum-seekers rather than permanent status and keeping the situation in their country under review. The focus became on the expansion of detention estates, fast-track processing of all unfounded asylum seekers, closer management with electronic tagging and more detention of failed asylum seekers, and the strengthening of border controls by the use of new technology with fingerprinting of all visa applicants and electronic checking on all those entering or leaving the country.

Asylum and Immigration Act 2006

A new asylum model was introduced for greater control over asylum seekers, different procedures were adopted for different nationalities under the segmentation of asylum claims into different categories involving different procedures, with a fast track procedure for those detained. Refugees granted temporary to permanent status will be reviewed after five years. Failed asylum seekers will be liable to electronic tagging or detention. The Act also introduced the pilot return of unaccompanied asylum seeker children.

Further acts and measures have been taken after the Asylum and Immigration Act of 2006 but these are beyond the scope of this study as it will focus up to 2006. Hence, it can be concluded from the above discussion of the history of British immigration and asylum acts that the immigration legislation in Britain was always passed with a targeted group in mind either it was Jews at the end of the 19th century, West Indians in the 1960s, East African Asians in the 1970s or more recently asylum seekers.

Racial prejudice or more generally prejudice against foreigners has been the underlying principle of the exclusionist immigration policies in Britain and thus “immigration controls embody, legitimate and institutionalise racism” (Hayter, 2004: p 21).

However, as with other countries such as US and Australia, the trends are changing in Britain now as new immigration policies are points-based to qualify for economic immigration from outside the EU.

3.5 Acceptance Ratios for Asylum Seekers' Applications

Most Western countries changed their immigration policies to provide special consideration for political and economic refugees as prior to the 1930s such a classification did not exist. Similarly, most new migration policies in the UK have attempted to reduce the amount of immigrants, and recently efforts have been expanded to reduce the upward pressure of asylum applications, as previously discussed in this chapter. Nothing happened overnight, it took years to put on more and more restrictions on the number of immigrants. However some pieces of legislation had the opposite effect from their intended aim.

The Commonwealth Immigrants Act of 1962 not only reduced the number of immigrants but played a major role in causing immigrants to hasten their entry into Britain. It was a period of recession when immigrant levels rose against the expectations of a decline.

However, the first move of the British government to curb the number of refugees and asylum seekers was to impose visa restrictions in 1985 and a second move was to impose the Carrier's Liability Act of 1987 and the third device adopted was to introduce detention centres. The objective was to bring under stricter immigration control the ever increasing influx of immigrants, including refugees and asylum seekers. Even though the government spent a lot effort in putting pressure on asylum seekers arriving in the country, their effort did not bear the results they wanted. "The constant changes in immigration laws are themselves a reflection of their inability to control the movements of the people" (Hayter, 2004).

In particular, the large number of increased asylum applications in 1999 and 2000 is a bit of a mystery since the three Asylum Acts in 1993, 1996 and 1999 aimed to decrease the amount of asylum claims. This minimal deterrence effect of these restrictive policies is particularly

puzzling. Several reasons have been put forward to explain this dilemma. These reasons are presented here are from Hatton (2004).

- General social security benefits in the UK. Asylum seekers are attracted to the UK by relatively generous social security benefits as compared to some other countries. However, there is a little evidence for this belief. There may have been a misconception that this was the case as until 1996 asylum seekers had the same legal rights for social benefits as other people in need.
- Slow appeals procedures and delayed decisions build up the backlog and provide asylum seekers a longer period of stay in the UK. This large backlog of cases resulted in the idea of a general amnesty for those whose cases have not been dealt with.
- The UK is being targeted by traffickers who knew they could take advantage of the administrative weaknesses of the system. For example an absence of identity documents is a difficulty in the removal of unsuccessful applicants.
- The sending countries are mostly former colonies, with instability, persecution and whose citizens look to their mother country for protection.
- Provisions of the Dublin convention had no desirable effect as the UK's geographical position does not form any defensive barrier.

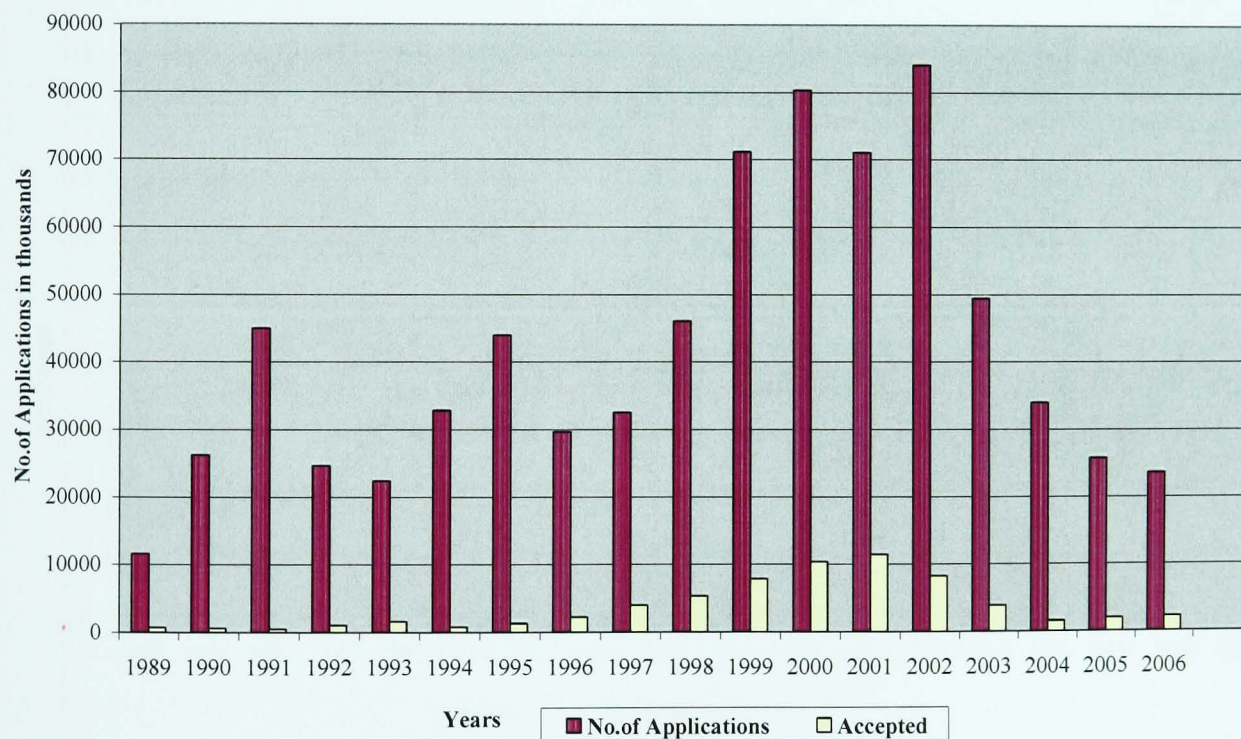
From Figure 3.4 it can be concluded that the immigration policies had no significant impact on number of asylum applications submitted each year until 2002, after which a downward trend

can be seen. However, it also shows the number of asylum acceptances, which are low in each year apart from 2000 and 2001.

Furthermore, the number of asylum applications accepted also rose until 2002 and following this there is a gradual fall in the number accepted. The insignificant effect of policies can be attributed to the delayed restrictive measures after each high wave of rising numbers of applications.

Figure 3.4

Asylum Applications Filed and Accepted in the UK 1989-2006



Source: Home Office

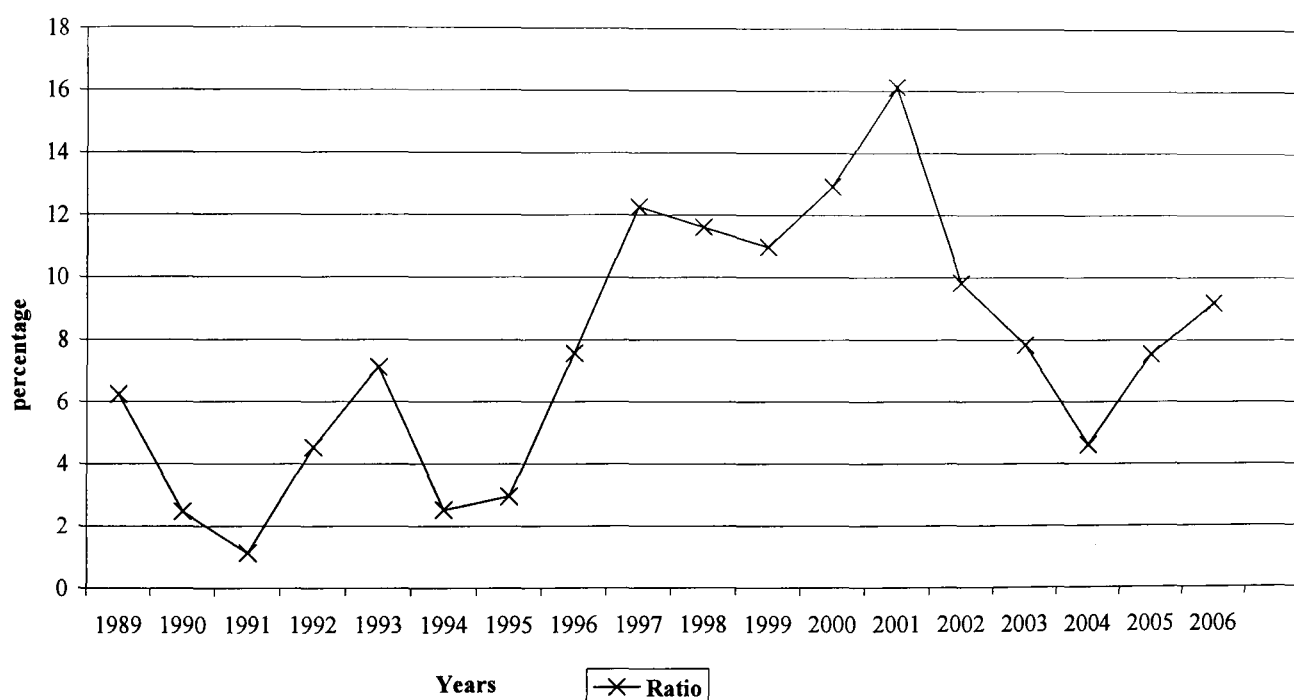
According to a Home Office report, removals of principal asylum applicants were increased by 91% between 1997 and 2005 (Home Office, 2006b). However, the focus of the government is now on managed migration, and not asylum seekers. This relates to allowing migration when it is in national interest and stopping when it is not. The comparison of asylum applications filed and

accepted each year clearly shows that despite the narrowest of the criteria applied in the granting of asylum and asylum applications processing being extremely slow, the number applying for asylum continuously rose from 1989 to 2002.

It is also worthwhile looking at the asylum acceptance ratio. Again it generally shows an increasing trend, from 1989 to 2001, then leaping to an all time high to a peak of almost 16% in 2001. Figure 3.5 then shows the rate falling back, to around the previous rates after 2001.

Figure 3.5

Asylum Acceptance Ratio in the UK 1989-2006



Source: Home Office

One explanation for the blip in 2001 might be the narrowest criteria and extremely slow processing of asylum applications resulted in a massive and growing backlog of asylum applications and in January 2000 the backlog had risen from 70,000 to 103,000. The government's effort to speed this up was initially disastrous as the Home Office new computer

system failed and at the same time it was moving its Croydon offices. It was estimated that “Lunar House in Croydon had more than 200,000 paper files occupying 14 miles of shelves” (Hayter, 2004: p 8).

In January 2000, a report by the House of Commons Public Accounts Committee recognised that the delay ‘has caused enormous personal distress hundreds of thousands of applicants and their family’ (Hayter, 2004: p 8).

To deal with unresolved asylum cases, the government decided to clear a part of this backlog and announced an administrative reform in a parliamentary ‘White Paper’ called “Fairer, Faster, Firmer - A Modern Approach to Immigration and Asylum”. The government used the following criteria to clear the backlog. Applications filed for asylum before 1995 which had not received an initial decision from the Home Office were divided into two categories;

- Those who applied before the 1993 Asylum and Immigration Appeals Act came into force in July 1993, under this category around 10,000 asylum seekers were given indefinite leave to enter or remain (ILR), unless they had committed a serious criminal offence or had applied for asylum after the removal or deportation process had started.
- Another 20,000 who applied between July 1993 and December 1995 were granted Exceptional Leave to Remain (ELR) on compassionate or exceptional factors, possibly losing their full right to refugee status, see also Appendix 3.3. And the 20,000 who were waiting for several years for their appeals to be heard against Home Office refusal, and a further 20,000 who had applied for asylum after 1995 and were waiting for initial decisions by the Home Office, were unaffected by the measures.

Therefore although the percentage of asylum seekers granted settlement in any one year is low, not normally greater than 10% and in extreme case just 1.1% in 1991, because of the backlog being cleared by 2001, this meant a large number could stay in the UK. From Appendix 3.3 it is obvious that the maximum number of asylum seekers were granted asylum during years 1999-2001 considering the above mentioned criteria. Also, the number granted ILR or ELR is highest for this year, which has added to the peak of the asylum acceptance ratio in 2001.

Despite those efforts from government to speed up the asylum process, the backlog remains in the system. As the number of asylum seekers accepted each year is extremely low compared to the asylum applications filed and thus leading to more and more applications in the queuing procedure for decisions and appeals in the case of failure and thereby creating a backlog each year. This backlog may have encouraged those disguised or bogus asylum seekers to disappear in the society. So the question of illegal immigrants as well as those who disappear remains and may create some potential bias in the data and interpretation of results of the subsequent empirical analysis in this study.

3.6 Conclusion

The detailed analysis of trends in asylum seekers and refugees and the evolution of immigration policies, gives a clear understanding of the issues affecting the source and host societies. Also, in explaining how immigration control has evolved and been influenced by politicians and the media, leading to stricter immigration control thus strengthening borders against truly and vulnerable people. This provides a useful background and motivation behind the actual analysis to follow.

The chapter is also helpful as it provides a useful framework for defining asylum seekers in the following empirical analysis according to their time of arrival, the source country's actual political, social and economic conditions, making it easier to differentiate between different categories of immigrants. The asylum process is based on deciding whether an asylum seeker has a well-founded fear of being persecuted in their country of origin. Therefore accurate and up-to-date country of origin information plays an essential role in making a proper decision at all stages of the asylum process and in differentiating between categories of immigrants.

Appendices 3

Appendix 3.1 Number of Asylum Applications made 1989-1997

<i>Nationality</i>	<i>1989</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
Albania	.	.	15	100	70	75	110	105	445
Bulgaria	30	135	375	180	100	235	480	305	545
Cyprus	5	10	35	85	155	290	200	615	495
Czech Republic	.	.	.	.	5	5	15	55	240
FRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	400	1865
Macedonia	.	.	.	.	.	.	.	.	20
Moldova	.	.	.	.	.	.	.	.	20
Poland	40	20	20	90	155	360	1210	900	565
Romania	20	305	555	305	370	355	770	455	605
Russia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	205	180
Serbia & Montenegro	.	.	.	.	.	.	.	.	1865
Turkey	2415	1590	2110	1865	1480	2045	1820	1495	1445
Ukraine	n/a	n/a	n/a	n/a	n/a	n/a	n/a	235	490
E U Accession States	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2785
Former USSR	30	100	245	270	385	595	795	960	155
Former Yugoslavia	15	15	320	5635	1830	1385	1565	1030	2260
Europe Other	75	25	30	5	65	95	215	275	1135
Europe Total	2630	2200	3685	8435	4535	5360	7050	6475	9145
Colombia	90	175	140	280	380	405	525	1005	1330
Ecuador	.	.	5	15	60	105	250	435	1205
Jamaica	.	.	.	.	.	.	.	.	130
America Other	45	70	65	170	305	380	565	330	165
Americas Total	135	245	210	465	745	890	1340	1765	2825
Algeria	10	25	45	150	275	995	1865	715	715
Angola	235	1685	5780	245	320	605	555	385	195
Burundi	.	.	.	.	.	.	.	.	85
Cameroon	.	.	.	.	.	.	.	.	175
Congo	.	.	.	.	.	.	.	.	90
Dem Rep. Congo	.	.	.	.	.	.	.	.	690
Eritrea	.	.	.	.	.	.	.	.	125
Ethiopia	560	2340	1685	680	615	730	585	205	145
Gambia	.	5	20	10	25	140	1170	245	125
Ghana	330	1330	2405	1600	1785	2035	1915	780	350
Ivory Coast	15	135	1415	310	330	705	245	125	70
Kenya	10	50	70	110	630	1130	1395	1170	605
Liberia	.	120	145	100	90	140	390	330	205
Nigeria	20	135	335	615	1665	4340	5825	2900	1480
Rwanda	.	.	.	.	.	.	.	.	90
Sierra Leone	10	20	75	325	1050	1810	855	395	815
Somalia	1850	2250	1995	1575	1465	1840	3465	1780	2730
Sudan	110	340	1150	560	300	330	345	280	230
Tanzania	10	10	25	30	110	205	1535	225	90
Togo	5	45	495	35	40	55	75	50	30
Uganda	1235	2125	1450	295	595	360	365	215	220
Zaire	525	2590	7010	880	635	775	935	680	690
Zimbabwe	.	.	.	.	.	.	.	.	60
Africa Other	180	655	3400	120	360	765	1030	810	815
Africa Total	5095	13870	27500	7630	10295	16960	22545	11290	9515

Appendix 3.1: continued

<i>Nationality</i>	<i>1989</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
Iran	350	455	530	405	365	520	615	585	585
Iraq	215	985	915	700	495	550	930	965	1075
Lebanon	180	1110	755	380	285	215	150	145	160
Libya	.	.	.	.	.	.	.	.	100
Syria	.	.	.	.	.	.	.	.	50
Other	35	100	340	495	370	695	600	455	525
Middle East Total	780	2650	2540	1980	1520	1985	2295	2150	2335
Afghanistan	70	175	210	270	315	325	580	675	1085
Bangladesh	.	.	.	.	.	.	.	.	545
China	85	240	525	330	215	425	790	820	1945
India	630	1530	2075	1450	1275	2030	3255	2220	1285
Pakistan	250	1475	3245	1700	1125	1810	2915	1915	1615
Sri Lanka	1790	3330	3765	2085	1965	2350	2070	1340	1830
Vietnam	.	.	.	.	.	.	.	.	10
Asia Other	60	135	675	270	285	575	1075	920	255
Asia Total	2885	6890	10495	6100	5175	7515	10685	7885	8570
Nationality Not Known	110	350	410	.	100	125	50	80	105
Grand Total	11640	26205	44940	24605	22370	32830	43965	29640	32500

Source: Home Office

Appendix 3.2: Number of Asylum Applications made 1998-2006

<i>Nationality</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Albania	560	1310	1490	1065	1150	595	295	175	155
Bulgaria	.	.	.	.	.	.	.	.	.
Cyprus	.	.	.	.	.	.	.	.	.
Czech Republic	515	1790	.	.	.	.	.	.	.
FRY	7395	11465	.	.	.	.	.	.	.
Macedonia	50	90	65	755	310	60	15	5	.
Moldova	25	180	235	425	820	380	170	115	45
Poland	1585	1860	.	.	.	.	.	.	.
Romania	1015	1985	2160	1400	1210	550	295	115	75
Russia	185	685	1000	450	295	280	190	130	115
Serbia & Montenegro	7395	11465	6070	3230	2265	815	290	155	70
Turkey	2015	2850	3990	3695	2835	2390	1230	755	425
Ukraine	370	775	770	445	365	300	120	55	50
E U Accession States	4975	5350	3745	2025	3200	310	75	10	10
Former USSR	2260	2640	1050	485	615	520	315	265	220
Former Yugoslavia	585	2715	.	.	.	.	.	.	.
Europe Other	855	2715	2310	245	175	85	35	35	45
Europe Total	17745	28280	22880	14215	13235	6295	3025	1810	1210
Colombia	425	1000	505	365	420	220	120	70	60
Ecuador	280	610	445	255	315	150	35	10	15
Jamaica	105	180	310	525	1310	965	455	325	215
America Other	165	240	155	170	240	230	130	100	95
Americas Total	975	2025	1420	1315	2290	1560	740	505	385
Algeria	1260	1385	1635	1140	1060	550	490	255	225
Angola	150	545	800	1015	1420	850	400	145	95
Burundi	215	780	620	610	700	650	265	90	35

Appendix 3.2: continued

<i>Nationality</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Cameroon	95	245	355	380	615	505	360	290	260
Congo	150	450	485	540	600	320	150	65	45
Dem Rep. Congo	660	1240	1030	1370	2215	1540	1475	1080	570
Eritrea	345	565	505	620	1180	950	1105	1760	2585
Ethiopia	345	455	415	610	700	640	540	385	200
Gambia	45	30	50	65	130	95	100	90	110
Ghana	225	195	285	190	275	325	355	230	130
Ivory Coast	95	190	445	275	315	390	280	210	170
Kenya	885	485	455	305	350	220	145	100	95
Liberia	70	65	55	115	450	740	405	175	50
Nigeria	1380	945	835	810	1125	1010	1090	1025	790
Rwanda	280	820	760	530	655	260	75	40	20
Sierra Leone	565	1125	1330	1940	1155	380	230	135	125
Somalia	4685	7495	5020	6420	6540	5090	2585	1760	1845
Sudan	250	280	415	390	655	930	1305	885	670
Tanzania	80	80	60	80	40	30	20	20	15
Togo	.	.	.	.	.	.	.	.	.
Uganda	210	420	740	480	715	705	405	205	165
Zaire	.	.	.	.	.	.	.	.	.
Zimbabwe	80	230	1010	2140	7655	3295	2065	1075	1650
Africa Other	305	400	615	555	845	895	910	615	480
Africa Total	12380	18435	17920	20590	29390	20370	14745	10640	10340
Iran	745	1320	5610	3420	2630	2875	3455	3150	2375
Iraq	1295	1800	7475	6680	14570	4015	1695	1415	945
Lebanon	.	.	.	.	.	.	.	.	.
Libya	115	115	155	140	200	145	160	125	90
Syria	65	95	140	110	70	110	350	330	160
Other	565	835	1035	915	850	825	870	715	735
Middle East Total	2785	4165	14415	11265	18315	7970	6525	5730	4305
Afghanistan	2395	3975	5555	8920	7205	2280	1395	1580	2400
Bangladesh	460	530	795	510	720	735	510	425	440
China	1925	2625	4000	2390	3675	3450	2365	1730	1945
India	1030	1365	2120	1850	1865	2290	1405	940	680
Pakistan	1975	2615	3165	2860	2405	1915	1710	1145	965
Sri Lanka	3505	5130	6395	5510	3130	705	330	395	525
Vietnam	35	105	180	400	840	1125	755	380	90
Asia Other	615	1120	1025	1040	915	655	375	320	275
Asia Total	11940	17465	23230	23480	20755	13155	8850	6915	7320
Nationality Not Known	190	785	450	160	145	55	70	105	50
Grand Total	46015	71160	80315	71025	84130	49405	33960	25710	23610

Source: Home Office

Appendix 3.3: Contemporary Civil Wars

The following civil wars are ongoing or ended in the past decade, as of 2006.

- Afghan Civil War, 1992-2001, armed conflicts persist
- Algerian Civil War, 1991-2002, conflicts persist

- Angolan Civil War, 1974-1989, 1995-1997, 1998-2002
- Burundi Civil War, 1988-1991, 1993-2005
- Cabindan Civil War, Angola, 1975-2006
- Cambodia, 1978-1993, 1997-1998
- Casamance Conflict, Senegal, 1990–present
- Colombian armed conflict, 1964–present
- Congo Civil War, 1996–1997, 1998–2003
- Côte d'Ivoire Civil War, 1999–2000, 2002–present
- Darfur Conflict, Sudan, 2003–present
- East Timor/Indonesia, 1975–1999
- Georgian Civil War, Abkhazia, South Ossetia in Georgia, 1988–present
- Guatemalan Civil War, 1960–1996
- Guinea-Bissau Civil War, 1998–1999
- Haiti Rebellion, 2004
- Israeli-Palestinian conflict 1948-present
- Iraq Civil War, 2003–present
- Kashmir Conflict, 1989–present
- Kurdistan, Kurdish Democratic Party, Patriotic Union of Kurdistan, 1961–70, 1988–2003
- Liberian Civil War, 1989–1996, 1999–2003
- Nepalese Civil War, 1996–2006
- Northern Irish civil war, 1969–1998 (Considered ongoing by extremist minority groups)
- Palestinian Civil War, 2006–present
- Rwandan Civil War, 1990–1994
- Sierra Leone Civil War, 1991–2002
- Somali Civil War, 1991–present
- Sri Lankan Civil War, 1983–present
- Sudanese Civil War, 1955–1972, 1983–2005
- Tajikistan Civil War, 1992–1997
- Ugandan Civil War, 1987–present
- Yemen Civil War, 1979–1989, 1994, 2000s
- Yugoslav Wars, 1991–1995, Breakup — Slovenia, Croatia, Bosnia (1st NATO intervention), Kosovo (2nd NATO intervention), Preševo valley, Macedonia — Kosovo War 1996–1999

**Appendix 3.4: Asylum Applications, Decisions and other Information for
Principal Applicants (excluding Dependents) 1998-2006**

	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Applications Received	46,015	71,160	80,315	71,025	84,130	49,405	33,960	25,710	23,610
Decisions (year of outcome)	31,570	33,720	109,205	120,950	83,540	64,940	46,020	27,395	20,930
Granted Asylum	5,345	7,815	10,595	13,490	10,255	4,300	2,085	2,225	2,285
Granted ELR, HP, DL	3,910	2,465	11,420	21,600	21,015	7,550	4,205	2,930	2,410
Refused Asylum	22,315	11,025	62,720	89,115	54,305	55,890	44,070	24,730	17,050
Granted Asylum or ELR under backlog criteria	.....	11,140	10,325	.....	.....	.....	.....	.....	.....
Total Asylum, EL, HP,DL or Appeal Allowed	11,610	26,700	35,680	43,245	45,145	27,920	17,135	11,030	8,305
Grants of Settlement									
As recognized refugees	4,270	.....	.....	.....	10,955	4,875	1,695	1,230	40
With ELR	2,405	.....	.....	.....	7,280	7,310	8,580	21,865	14,525
Family ILR Exercise	.....	.....	.....	.....	.....	.....	9,235	11,245	5,000
Total	6,680	22,505	22,355	17,965	18,235	12,190	19,510	34,340	19,565

Source: Home Office

Note: Figures rounded to the nearest 5, may not sum due to rounding, data not available

Chapter 4

Economic Activity and Employment of Asylum Seekers and Refugees

4.1 Introduction

People move across borders seeking better employment opportunities, a new home or a safer place to live. Whatever the reason may be, or whether the initial intention is to stay temporarily or permanently, many migrants have settled in receiving countries. Their settlement is mainly dependent upon their economic activities and employment prospects. The Information Centre about Asylum and Refugees (ICAR) briefing for September 2008 stated that the Home Office emphasizes health, education, housing and employment among the key determinants of integration and integration is an important part of the wider policy of managed migration.

In June 2008, a report by the Secretary of State for the Home Office suggested “Britain’s immigration system is not just designed for economic migration but to offer humanitarian protection to people requiring sanctuary and fleeing persecution, family reunification and attracting skills through work and study for a positive contribution to the UK”. Immigrants can be classified into economic and non-economic migrants including refugees and asylum seekers. Asylum is different from migration as it is the protection given by a country to someone on the basis of a well founded fear of persecution. This difference can also be seen in the economic performance of different groups.

Distinguishing between economic migrants and refugees/asylum seekers has always been a complicated question in Britain, both for government officials as well as for the public as the process involves assumptions about authenticity of genuine political asylum seekers and individuals migrating for solely economic reasons (Adelson, 2004).

A focus on asylum has emerged in the UK in the last two decades but there are many gaps in economic research regarding the different impacts of immigrants especially in differentiating between types of immigrants. Indeed, there has been a lack of research examining the differences between the labour market performance of immigrants i.e. asylum seekers and economic migrants. When considering the performance of different migrant groups, then on average, one would expect economic migrants to be more likely to be in work, earn more, to pay more in taxes and to be a lighter burden on the host economy than refugees and asylum seekers. However, this may be due to them possessing different characteristics.

This chapter will attempt to differentiate refugees and asylum seekers from economic migrants using Home Office data and UNHCR information in conjunction with Labour Force Survey (LFS) data for the UK. Refugees and asylum seekers will be the main focus of the study here and their performance in terms economic activity and employment will be explored in relation to other immigrants in the UK. The differentials in rates of assimilation and returns to education of different migrant categories will be discussed in particular, especially as assimilation is the underlying economic theory responsible for their different labour market outcomes. The main objective is to make a comprehensive analysis including the use of regression techniques to compare the employment differentials between asylum seekers/refugees and economic immigrants using Labour Force Survey data from 2001-2006.

4.2 Review of the Empirical Literature

Recent research on immigrants across different countries, exploring their labour market performance and other socio-economic impacts, has taken place at a great pace. How they perform in the host economy and how well they assimilate are the main concerns for economists as well as for politicians, though with a different perspective for each. Despite the predictions of economic theory, most studies have found that immigration has had only a small effect on native employment and wages, including for the UK (Dustmann et al, 2005). But their own labour market performance is also very important as their employment is an indication of their economic and social welfare, which varies across different groups in the UK.

Employment outcomes vary not only across different immigrant categories but also across different ethnic groups within those categories. For example Blackaby et al. (1997) using the 1991 UK Census of the Population found employment differentials between different migrant and British born minority groups and there existed higher unemployment rates for foreign-born ethnic minorities relative to British-born ethnic minorities, with particularly Pakistanis and Bangladeshis having lower employment probabilities. Similarly Wheatley-Price (2001) used LFS data for 1993-1994 to show that all immigrants have initially lower employment probabilities, but the differentials decrease over time for white immigrants but remains to some extent for non-white immigrants. Dustmann and Fabbri (2003) in their analysis based on the Fourth National Survey of Ethnic Minorities (FNSEM) and Family and Working Lives Survey (FWLS) confirm lower employment probabilities for immigrants as compared to minority and white British-born individuals and also verify the Blackaby et al. (1997) results for Bangladeshi and Pakistani immigrants. Dustmann and Fabbri (2005) using a pooled sample of LFS data for the years 1979-2004 undertake an extensive analysis of labour market outcomes such as labour force participation, employment, wages and self employment for different immigrant groups as

compared to the British-born white population. Their main findings indicate that immigrants' origin composition has changed over the last 20 years and their skill composition has improved in a similar way to the British born population. They also found the existence of substantial differences in economic outcomes between white and ethnic minority immigrants as the employment and participation rates of immigrants are lower than for British-born whites. In general, white immigrants are more successful and females from some ethnic groups such as Pakistanis and Bangladeshis have the lowest levels of performance.

Other studies have also compared the improvement over time in employment and the assimilation of different ethnic minority immigrant groups as well as focussing on the different socio-economic factors responsible for their assimilation and labour market success. Clark and Lindley (2006) estimated models of earnings and employment outcomes using the LFS for 1992-2002 for a sample of white and non-white male immigrants and found the existence of varied patterns of assimilations depending upon ethnicity and the reason for entry and also that whites and education entrants perform better than non-whites and labour market entrants.

Clark and Drinkwater (2007) find that different ethnic minorities have diverse labour market outcomes, but that there was an overall improvement in the employment performance of most ethnic minority groups between 1991 and 2001. However some persistent differences remain with some groups such as the Chinese and Indians performing relatively well and Pakistanis and Bangladeshis much worse.

Economic performance for immigrants in the host society is also determined by their human capital endowment but despite strong educational achievements, ethnic minority immigrants and their British born children exhibit lower employment probabilities than their white native born peers (Dustmann and Theodoropoulos; 2006). This accords with the findings of Drinkwater,

Eade and Garapich (2006) using LFS data, showing the employment in low paying jobs of relatively highly educated people (especially Polish workers) in the UK labour market, meaning that these workers have lower return to their human capital investments as compared to other immigrants.

Language fluency also plays a vital role in enhancing migrants' economic success. Leslie and Lindley (2001) using the FNSEM consider lack of fluency in English as an important cause of high unemployment and inactivity rates of ethnic minority men and women in Britain and also establish how much of the lower unemployment and higher earnings enjoyed by whites is due to their comparative advantage of language. Religion is another factor affecting economic activities of immigrant groups, particularly the South Asian ethnic group. Brown (2000) shows religion significantly affects the economic activity of British South Asians and Lindley (2002b) also confirms that religion has a significant impact on the earnings and employment of all ethnic groups.

Although ethnic minority immigrants and their UK-born counterparts have been the focus of recent studies, this research is especially lacking in terms of analysis of the labour market performance of refugees and asylum seekers among different categories of immigrants and their assimilation over time. An exception to this is Lindley (2002a) who focused on the labour market performance of different immigrant groups using LFS data for 1995-2000 for the UK. She separates out refugees and non-refugees immigrants using country of origin, UK arrival time and various other statistics from refugees sending countries. The labour market performance of these immigrant groups is compared and her main findings are that there are larger penalties for immigrants from refugee sending countries and significant unexplainable ethnic penalties for South Asian males and females.

The study here adds to the literature in this area by focusing on the relative labour market performance of asylum seekers and refugees in the UK by making a clear distinction between asylum seekers/refugees and other immigrants in order to examine how their labour market performance varies. Given that most social surveys do not separately identify these two groups, it is necessary to impute an indicator of the immigrant's reason for entering the UK. This is achieved by following the methodology used by Cortes (2004) for differentiating US refugees from other immigrants and Lindley (2002a) for UK refugees and asylum seekers and applying it to micro data from the LFS for 2001-2006. In particular, by matching the information on the immigrant's country of origin and year of arrival in the UK from the LFS to Home Office Asylum Statistics for the period 1989-2006 and UNHCR reports, this allows four different categories of immigrants to be defined. This study differs from the existing literature as it has adopted a more robust approach to distinguishing between different categories of immigrants and has taken account of trends over time as well as constructing a refugee-business ratio to create a more complete categorization by defining four different categories of immigrants compared to just two. Given the already relatively large literature referred to above that compares immigrants with UK born groups, only immigrants are examined in the following analysis.

4.3 Data Sources

Two different data sources are used to classify the different types of migrants. Given that the LFS contains information on the immigrant's country of origin, year of arrival in the UK, economic activity, education, earnings and other socio-economic characteristics then this is the main data source used in the analysis. However, there is no indicator in the LFS that can be used to identify different types of immigrants e.g. asylum seekers/refugees and economic migrants.

Therefore in order to examine the labour market performance of asylum seekers/refugees it is necessary to combine the information on the migrant's country of origin and year of arrival from the LFS with other data sources. Thus an immigrant type variable (*Immig_i*) is constructed using the information from the following sources along with the LFS.

(i)- For labour market socio-economic variables:

Micro data from the LFS for the period of 2001-2006 is used here. The LFS is the largest social survey carried out across the UK. The LFS began in 1973 as a result of a requirement of the European Economic Community for the UK to submit employment and unemployment statistics. Up to 1983 the survey was carried out on a biannual basis, after 1983 the LFS was conducted annually. In 1991 the survey was redeveloped so that for the first time in spring 1992, data was made available on a quarterly basis. From 1998 the LFS has been providing headline employment and unemployment figures for each month of the preceding quarter. The main purpose of the LFS is to provide internationally comparable statistics on the levels and changes in employment, unemployment and economic inactivity.⁶

It is a panel of nearly 60,000 households and approximately 138,000 respondents interviewed each quarter for five consecutive quarters with basic core questions along with varying non-core questions asked in each quarter. It provides a wide range of data on labour market statistics including employment, wages and economic activities along with other social and demographic information. The survey consists of two parts; the first part is related to basic information on household family structure, basic housing information and other demographic details of the individuals while second part contains information on respondents' economic activity.

⁶ <http://qb.soc.surrey.ac.uk/surveys/lfs/lfsintro.htm>

employment, hourly earnings, education and health etc. Apart from 2001, only wave 1 information has been used here to avoid double counting and due to the fact that information on earnings is available in waves 1 and 5. Also only working-age individuals, excluding full-time students are included in the sample.

However given the lack of a direct question in the LFS about an immigrant's status, additional data sources are used to identify asylum seekers/refugees from economic migrants and to create the different categories of immigrants. Information on country of origin along with the year of arrival is then matched with the other data sources to decide on whether the country is a refugee sending country or not in that period.

(ii)- For the Definition of Immigrant Categories:

Immigrants move for different reasons depending upon their own and their country's social, political and economic conditions. They adopt different methods for reaching the destination country, either directly as genuine refugees and asylum seekers, economic migrants or economic migrants in the guise of refugees and asylum seekers i.e. bogus asylum seekers. The people migrating via business or work permits have obvious economic objectives and are clearly defined under the economic migrant category but the problem lies in the differentiation of the true refugees and asylum seekers from bogus asylum seekers.

The definition of an asylum seeker may vary from country to country, depending on the laws of each country. However, in most countries, the terms asylum seeker/asylee and refugee differ only in the place where an individual asks for protection. An asylum seeker/asylee asks for protection after arriving in the host country, while a refugee asks for protection and is granted this protected status outside of the host country.

In the UK, asylum seekers are individuals who claim to be refugees who are waiting for a decision from the Home Office on their case. The UK has a tradition of providing a safe haven for genuine refugees and is a signatory to the 1951 Geneva Convention and its 1967 Protocol. Globally it is among the 17 countries accepting quota refugees on a regular basis.

Therefore the term asylum seeker will refer here to all those who claimed asylum in the UK during a specific period of persecution (for reasons of race, religion, nationality or membership of a particular social group), political violence, communal conflict, ecological disaster or poverty in their country of origin. They are protected by the principle of non-refoulement, which forbids states from returning people to countries where they might be at risk of persecution. Asylum seekers can make their application at their port of entry to the UK or after entry at the UK Border Agency (UKBA) formerly known as Immigration and Nationality Directorate (IND). Therefore the information published by the following various sources have been used to define the different categories of immigrants. Only data from 1989 is included because of the difficulty of obtaining consistent information before then, as well as the fact that asylum applications to the UK only really started to grow in the 1990s.

- Asylum Statistics United Kingdom 1989-2006: Home Office Statistical Bulletin
- Home Office Control of Immigration Statistics United Kingdom: 2000, 2003 and 2006
- The State of the World's Refugees, UNHCR-1997-98 & 2000-A Humanitarian Agenda
- Global Refugee Trends-2006–UNHCR and Asylum Levels and Trends in Industrialized Countries- Second Quarter 2007, UNHCR.

Construction of the Immigrant Category Variable($Immig_i$):

The immigrant category variable ($Immig_i$) is constructed using the information from the above mentioned sources along with the LFS. To construct the $Immig_i$ variable, information on the immigrant's country of origin and year of arrival is used from the LFS to place each immigrant into a particular category decided on the basis of the information provided by the Asylum Statistics, Home Office Statistical Bulletins and Control of Immigration statistics. The Asylum Statistics Bulletin provides detailed information on the number of asylum applications filled and accepted each year (from 1989-2006) for each country in the world in tabular form, while the Control of Immigration statistics (for 2000, 2003 and 2006) contains additional information on entry control at ports and after control, work permits, asylum and migration and grants of settlements by nationality and category. The grants of settlement table provides information on number of applications accepted for settlement under criterion of work permits, businesses, recognized refugees, exceptional and discretionary leave under humanitarian protection, dependent categories and all other acceptances for each nationality.

The grant of settlement information for the years 2000, 2003 and 2006 is used as these are the years when the number of asylum seekers was high in the UK and also for availability reasons. All settlements recorded as recognized refugees, exceptional or discretionary leave and under humanitarian protections are aggregated as a total refugees figure and business and work permit settlements under a total Business figure. These two figures are then used to construct a Refugees-Business (RB) Ratio for each nationality for 2000, 2003 and 2006.

The RB-ratio is obviously high if the source country is a sending high numbers of refugees/asylum seekers and the ratio is lower for countries sending a higher number of business and economic migrants. For example, the RB-ratio is very high for countries having internal

conflicts or civil wars over a long period and is sending a high number of refugees and asylum seekers as compared to other business migrants. Such countries include Ethiopia, Somalia, Uganda, Algeria, Afghanistan, Sri Lanka, Iran and Iraq. For some countries it is high for a certain period and lower otherwise, depending upon the country's socio-political conditions. For example, for Ethiopia and Somalia the ratio has been greater than 5 since 1989 and for Ghana the ratio is between 1-5 in 2000 and 2006 and less than 1 in 2003 and some countries do not send any refugees or asylum seekers at all, having a RB-ratio equal to 0.

Because of the fact that immigrants from some countries consist of both asylum seekers and economic migrants, all immigrants are divided into the following four categories using the above information along with knowledge of the country's socio-political history. In particular these categories are defined using information from the UNHCR, Home Office publications for the asylum seekers in the UK and the RB-ratio based on grants of settlement (an indication of categories is shown below). This information is then matched to the LFS data by country of origin and year of arrival to classify the immigrants into one of the four categories.

Category I: Refugees and asylum seekers	RB-ratio >5
Category II: Mixed Refugees and Economic Migrants	RB-ratio 1 – 5
Category III: Mainly Economic Migrants	RB-ratio $0 < \& < 1$
Category IV: Economic Migrants	RB-ratio = 0

For all above four categories those who arrived as other family members such as spouses, children and other dependants under family reunification are classified on the same basis and are included in the same category as would be the main applicant.

Category I: Refugees and asylum seekers

This category refers to all those who have almost certainly claimed asylum in the UK during a specific period of high risk of persecution (for reasons of race, religion, nationality or membership of a particular social group), political violence, communal conflict, ecological disaster or poverty in their country of origin and are protected by the principle of non-refoulement. This category is intended to include only true refugees and asylum seekers as the RB-ratio is very high (>5) for this group, numbers seeking asylum are high and the country's circumstances are also such that they verify them as pure refugees and asylum seekers for that particular time period, rather than economic migrants.

Category II: Mixed Refugees and Economic Migrants

The category of Mixed Refugees and Economic Migrants includes immigrants from countries which have sent relatively high numbers of asylum seekers and refugees along with some economic migrants to the UK in certain time periods. So a mixed category is created to include the migrants from those countries and times when it is difficult to distinguish between them. The RB-ratio for this category is generally between 1 and 5.

Category III: Mainly Economic Migrants

This category contains immigrants who have mainly moved to the UK to work or look for work. The RB-ratio is generally between 0 and 1 for this category and includes all those countries sending some refugees and asylum seekers to the UK but also a high percentage of other immigrants using information from the publications noted above. This category includes migrants from countries such as China, India and Pakistan.

Category IV: Economic Migrants

This category is intended to include only economic migrants and consists of countries sending migrants with the sole purpose of economic preferences and so the RB- ratio is 0 for this category. This includes countries such as Australia, USA, New Zealand and Malaysia. An example of the division of immigrants from different countries into each category is presented here in tabular form to show how an immigrant from a certain country and time period is placed into that category on the information used from the previously mentioned sources.

Countries in each Category

LFS Code	County	No. of Asylum Applications	Refugee-Business Ratio	Category I, II, III, IV
11	Australia	-----	0	IV
14	Kenya	High in Mid 1990s	1-5	II
16	Tanzania	High 1993-96	1-5	I: 1989-96 II: >=1997
26	Jamaica	Nothing until 1996, High in early 2000	>5: 2000 <1:2003 & 2006	IV: 1989-95 III: >=1996
108	Iraq	High in late 1990s & early 2000s	>5	I: >=1989

Note: Please see Appendix 4.1 for details of which countries are in each category.

Appendix 4.2 contains the percentage accounted by each country in each category.

Furthermore, given that it is quite difficult to compute a precise 0 and 1 distribution, categories 2 and 3 have been defined to capture individuals who lie in the middle. The trends over time make sure that a country is correctly specified for each category and over each time period, e.g. Zimbabwe was not an asylum sending country until 1997, so it is only included in category 1

only from 1997. However, as in any exercise of this type, there are bound to be some individuals who are incorrectly classified but the study has tried to keep that number to a minimum in comparison to other studies.

4.4 Descriptive Statistics:

Before using regression analysis to examine the labour market performance of the different migrant categories, some descriptive statistics are discussed below.

(i) Social and Demographic Characteristics

Table 4.1 shows cross-tabulations for some social and demographic characteristics e.g. age, sex, marital status, region, ethnicity and education etc. Females comprise more than half of the overall sample and as well as being in the majority for each category of immigrants. It is obvious from the table that regarding age the highest percentage of each category is within the 26-35 age group, as migration is much easier when you are young as this group has the ability and flexibility to adjust to new circumstances. This age group accounts for almost half of category III (mainly economic) migrants and a slightly lower proportion for the other categories of immigrants. Almost a quarter of each category is in the 36-45 age group and over 45 is the least common age group for each category (with highest percentage almost 12% for refugees and asylum seekers as they are not self-selecting for obvious reasons). This shows that age is an important obstacle to movements across countries.

Table 4.1 Social and Demographic Statistics by Immigrant Categories

<i>Category</i>	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Eco. Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>	<i>Total</i>
1- Sex category					
Males	48.67 %	47.89 %	45.95 %	43.77%	45.77 %
Females	51.33 %	52.11 %	54.05 %	56.23%	54.23 %
2-Age category					
16-25	17.60 %	19.58%	16.48 %	17.13 %	17.53 %
26-35	41.75 %	45.84 %	48.91 %	47.61 %	46.42 %
36-45	28.48 %	25.50 %	23.64 %	25.15 %	25.58 %
Over 45	12.18 %	9.08 %	10.97 %	10.10 %	10.47 %
3-Marital Status					
Married	31.54 %	21.28 %	26.19 %	43.89%	34.67 %
Unmarried	68.46 %	78.72 %	73.81 %	56.11%	65.33 %
4-Region					
North	11.73 %	23.13 %	14.85 %	12.10 %	14.39 %
Midlands	8.64 %	14.54 %	15.37 %	8.40 %	10.68 %
East	4.66 %	7.71 %	8.17 %	10.10 %	08.34 %
London	61.14 %	37.64 %	35.20 %	40.07 %	42.80 %
South	10.26 %	12.52 %	19.86 %	19.95 %	16.84 %
Wales	1.18 %	1.40 %	2.18 %	2.19 %	1.86 %
Scotland	2.15 %	2.57 %	3.13 %	4.81 %	3.64 %
Northern Ireland	0.24 %	0.49 %	1.24 %	2.38 %	1.46 %
5-Ethnic Origin					
White	35.92 %	9.11 %	31.15 %	67.75 %	45.29 %
South Asians	19.10 %	51.84 %	45.68 %	11.02 %	25.55 %
Black	21.65 %	24.68 %	7.62 %	7.03 %	12.95 %
Mixed & Others	23.33 %	14.37 %	15.54 %	14.21 %	16.20 %
6- Education (Levels)					
Low (≤ 17)	38.44 %	40.31 %	26.41 %	26.06 %	30.89 %
Medium (18-20)	28.57 %	24.92 %	25.69 %	27.67 %	27.03 %
High (≥ 21)	32.99 %	34.78 %	47.90 %	46.26 %	42.08 %
7-Arrival Time					
Pre – 2000	70.58 %	60.18 %	50.31 %	56.26 %	58.61 %
Early- 2000	26.06 %	33.02 %	40.28 %	30.61 %	31.82 %
Since- 2000	3.36 %	6.80 %	9.41 %	13.13 %	9.57 %
8-Year of Interview					
2001	24.20 %	18.04 %	17.65 %	22.74 %	21.34 %
2002	14.59 %	13.60 %	13.51 %	13.62 %	13.78 %
2003	14.21 %	14.96 %	14.72 %	13.26 %	13.98 %
2004	16.04 %	15.42 %	15.92 %	14.70 %	15.28 %
2005	16.98 %	19.36 %	20.25 %	18.31 %	18.57 %
2006	13.97 %	18.64 %	17.94 %	17.38 %	17.05 %
No. of Observations	3392	3074	3071	8445	17982

Also a majority of immigrants prefer to migrate as single or unmarried people for the obvious reasons of it being easier to travel and settle for single persons. The percentage of married people is highest for category IV (economic migrants). Except for economic migrants, around three-quarters of each category is single or unmarried but for economic migrants almost a half of them are married as for them it is more likely that they can obtain a family visa as compared to other categories for whom the whole process of reaching a destination country and claiming asylum involves a lot more difficulties. Edin et al (2003) find substantial evidence in a study for Sweden that recent migrants tend to locate within ethnic enclaves within metropolitan areas and these improve the labour market outcomes of less skilled migrants with an earnings gain of 13% in ethnic concentrations. However, a number of other studies including Clark and Drinkwater (2002) find that enclaves have a negative impact on labour market outcomes. The concentration of immigrant groups is verified here for the UK and the regional distribution shows some interesting patterns. The majority of refugees and asylum-seekers (over 60%) live in Greater London may be because of the cosmopolitan nature of London or perhaps the network effect i.e. locating close to other migrants from the same country. Dustmann and Fabbri (2005) also find heavy concentration of immigrants (around 40% of all immigrants) in London, which is also shown for categories II-IV in the table. In contrast, the Northern regions, as well as the other parts of the UK are relatively more popular locations for the other three categories (II-IV).

More than one third of asylum seekers and refugees are white and almost a quarter is from mixed and other ethnic backgrounds. While South Asians contribute to nearly half of the category II and category III migrants and around two-thirds of economic migrants are white. Blacks have the lowest presence in the economic migrant category.

As far as education is concerned, immigrants come from countries that have different levels of qualifications according to their own education system which may or may not be equivalent to

the UK education system. For this reason, years of education are used here and in the regression analysis. In the table, education is divided into low, medium and high level depending upon the age left full time education. It shows the highest percentage with a high level of education is seen for mainly economic and economic migrants i.e. categories III and IV and that the highest percentage with low levels of education is in categories I and II i.e. refugees and asylum seekers. As economic migrants often come through the work permit system including the highly skilled migrant program (HSMP) for which certain high levels of education are required, it seems obvious that there will be a relatively high percentage in the high level education group.

The arrival time shows that the majority of each category came in the pre-2000 periods, with this being most notable for asylum seekers and refugees. The highest percentage of almost each category was interviewed in 2001 because Wave 5 information is used in this year as well.

Economic Activity:

As the analysis and comparison of labour market performance of refugees and asylum seekers with other immigrants' categories is the main focus of this study, descriptive statistics for labour market activities of different immigrant categories are presented here separately for males and females.

Males

Table 4.2(a) displays employment and economic activity for males from each of the four migrant categories. More than three-quarters of immigrant males are employed and this percentage is highest for the mainly economic migrant and economic migrant categories, while it is lowest for refugees and asylum seekers. Likewise unemployment is highest for male refugees and asylum

seekers and lowest for mainly economic and economic migrants. A larger percentage of refugees/asylum seekers are also inactive due to various reasons. A relatively high proportion (given full-time students have been excluded) of refugee/asylum seekers fall in the student category relative to other immigrants, which may reflect that they are more inclined to invest in and accumulate country specific human capital due to their longer time horizon in the host country (Cortes, 2004).

Table 4.2(a) Economic Activity/Inactivity by Immigrant Category; Males

Category	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Eco. Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>	Total
Employed	60.17 %	76.03 %	87.82 %	86.21 %	79.48 %
Unemployed	12.33 %	9.38 %	4.80 %	5.69 %	7.52 %
Students	3.33 %	1.51 %	1.15 %	1.20 %	1.67 %
Looking after Family/ Home	1.11 %	0.82 %	0.79 %	0.63%	0.79%
Temporarily Sick/ Injured/Disabled	2.34 %	2.05 %	0.86 %	0.79 %	1.34 %
Long Term Sick/ Injured/Disabled	4.99 %	3.08 %	1.22 %	1.58 %	2.47 %
Not Looking Jobs	15.72 %	7.12 %	3.37 %	3.90 %	6.74 %
No. of Observations	1622	1460	1396	3670	8148

Categories I and II males are also more likely to be inactive due to being temporarily or long term sick/injured /disabled or due to other reasons and is more than double for the refugee and mixed migrant categories. However, a negligible percentage of male immigrants are looking after the family or home. Not surprisingly the largest percentage of refugees/asylum seekers is inactive either being temporary or long term sick/disabled/ injured.

The percentage of male refugees and asylum seekers not looking for jobs is almost double that of the mixed migrant category II and is four times higher than mainly economic and economic migrant categories.

Females

Table 4.2(b) shows economic activity and inactivity for the female immigrant categories. Females from all immigrant categories perform poorly compared to males as almost 45% are not in employment. Employment rates are similar for categories I and II and are between 25 and 30 percentage points lower than for categories III and IV.

Table 4.2(b) Economic Activity/Inactivity by Immigrant Category; Females

<i>Category</i>	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Eco. Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>	<i>Total</i>
Employed	36.54 %	36.55 %	61.41 %	66.10 %	55.20 %
Unemployed	5.95 %	4.91 %	5.44 %	4.60 %	5.04 %
Students	3.62 %	1.89 %	1.47 %	1.29 %	1.83 %
Looking after Family/ Home	29.66 %	33.71 %	18.35 %	16.22 %	21.84 %
Temporarily Sick/ Injured/Disabled	1.81 %	1.70 %	0.98 %	0.85 %	1.18 %
Long Term Sick/ Injured/Disabled	11.68 %	13.36 %	6.79 %	5.55 %	8.13 %
Not Looking Jobs	10.74 %	7.88 %	5.57 %	5.38 %	6.78 %
No. of Observations	1713	1587	1635	4717	9652

Unemployment is also pretty similar for categories II-IV females and approximately two percent higher for female refugees and asylum seekers as compared to economic migrants. Inactivity due to looking after the family or home is highest form of economic inactivity and nearly a quarter of

all females immigrants are looking after the family or home. Around one-third of refugees/asylum seekers and mixed migrants are in this category. Nearly one tenth of immigrant females are out of the labour market due to long or short term sickness/injuries or disability. A further 7% are not looking for jobs due to various other reasons, with this being highest for the main and mixed categories of refugees/asylum seekers.

Comparisons between immigrant males and females shows that the employment rate is around half as high for female refugees/asylum seekers and unemployment is over double that of economic migrants for males. Interestingly the percentage with a long term sickness/disability is more than three times as high for females as it is for males and among all the immigrant categories this percentage is greatest for female refugees/asylum seekers. Male refugees/asylum seekers are more likely not to be looking for jobs possibly because they are unable to work because of their working restrictions.

On the whole immigrant males are more active than females and perform better in terms of employment. While both males and females who are categorised as refugees and asylum seekers perform far worse in terms of employment compared to other categories of immigrants.

Types of Job:

Comparison of types of jobs i.e. permanent, temporary and self-employment among different categories of immigrants are presented in Table 4.2(c). The comparison shows that the majority of both male and female immigrants are permanently employed and around three-quarters of males and almost 80% of females are in this category. This percentage is slightly lower for male refugees and asylum seekers and slightly higher for their female counterparts as compared to other immigrant categories.

Table 4.2(c) Employment Job Type by Immigrant Category

<i>Category</i>	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Eco. Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>	<i>Total</i>
Males					
Permanent	70.85 %	77.15 %	76.05 %	77.04 %	75.95 %
Temporary	10.89 %	8.16 %	12.38 %	9.97 %	10.25 %
Self-Employed	18.26 %	14.69 %	11.56 %	12.99 %	13.80 %
No. of Observations	964	1103	1220	3149	6436
Females					
Permanent	81.45 %	82.02 %	79.14 %	79.13 %	79.72 %
Temporary	12.26 %	12.04 %	13.24 %	12.79 %	12.73 %
Self-Employed	6.29 %	5.93 %	7.62 %	8.08 %	7.55 %
No. of Observations	620	573	997	3095	5285

Temporary employment is highest for mainly economic migrants for both males and females whilst self-employment ratios are highest for refugees/asylum seekers for males but not for females. Consistent with other UK findings (e.g. Clark and Drinkwater, 2002), it is found that self-employment rates for immigrant females are much lower than they are for males.

4.5 Empirical Methodology

The main contribution of this study is that it analyses the labour market performance of asylum seekers/refugees and economic immigrants separately and thus is able to conduct a comparison between these groups. This study will also investigate ethnic variations within immigrant groups and focuses on differences in employment and its determinants in this chapter and earnings and on occupational success in the next chapter. The objective is to undertake a comprehensive analysis using regression techniques to compare employment differentials between different categories of immigrants. Separate analysis for males and females will be reported here and this distinction will be kept throughout the analysis.

Employment Equation:

The following equation is used to compare the employment for refugees/asylum seekers relative to economic immigrants.

$$E_i = C_0 + \gamma Z_i + \delta Immig_i + \varepsilon \quad (4.1)$$

where

$E_i = 0$ if not employed and $E_i = 1$ if employed

$Z_i =$ A Set of control variables

$\gamma =$ Associated vector of coefficients for Z_i

$Immig_i =$ Set of Dummies for Immigrant category

$\delta =$ Associated vector of coefficients for $Immig_i$

$C_0 =$ Constant and $\varepsilon =$ Error Term

Employability using Equation (4.1) will be estimated using Ordinary Least Square (OLS) to compare the different immigrant categories. In terms of deciding on which empirical specification to use, the approach adopted was to include explanatory variables on the basis of findings of some of the key papers in the literature. These include Wheatley-Price (2001), Lindley (2002a), Dustmann and Fabbri (2005) and Clark and Lindley (2006). Thus the choice of specification is as follows:

Firstly, age in quadratic form and dummy variables for educational level will be included. Education is categorised as high, medium and low based on age left full-time education. Controls are also added for ethnic origin, region dummies, marital status and year of interview. Finally dummies are included for the number of dependent children in the family and years since migration – a key variable for assessing the extent of assimilation. Information about language is

important for understanding and assimilation in the society but information about language spoken at home is not available in the LFS on consistent basis. Therefore a language dummy could not be included in the analysis unfortunately. At the same time, there is the possibility that the LFS of excludes those individuals who claim asylum and then abscond due to various reasons such as low education, poverty or fears of forced removals. This may have the impact of inflating the proportion of refugees and asylum seekers with high levels of education. More generally, the LFS is likely to under sample the number of immigrants, especially from certain groups and areas but remains the most appropriate data source to analyse how they perform in the labour market (Dustmann and Fabbri, 2005).

The models are estimated using OLS for the ease of interpretation but Appendix 4.3 contains probit and logit estimates for comparison, the results of which are quantitatively very similar. As probits and logits generally produce similar results but differ in magnitude and logit coefficients tend to be about 1.7/1.8 times larger than the corresponding probit coefficients. For the same reason OLS will be the main estimation method used for empirical analysis in the remainder of the thesis.

Furthermore, marginal probabilities for some of the key variables of interest such as education, years since migration and categories of immigrants are given in Appendix 4.4 in order to compare the three different methods of estimation. This table shows quantitatively very similar results for all of the variables with same signs and significance levels. The estimates from each of the models are qualitatively very similar and also generally in terms of the magnitudes of the marginal effects. One slight exception is for immigrant group for males, where mainly economic migrants have the highest employment probability, whilst in the probit and logit it is economic migrants, but the differences in the effects are not great. The closeness of the estimates between the models also holds in the remainder of the analysis. Also, the employment equations are also

estimated separately for each immigrant category following the pooled analysis. Finally, endogeneity which is a problem in many econometric models should not be too problematic in the context of affecting estimates of the impact of immigrant category on employment since it is unlikely that these will be determined jointly.

Job Type Equation:

Three types of employment i.e. permanent, temporary and self-employment will be estimated using a multinomial logit model. Permanent employment will be the omitted category. The probability of an individual i being in employment type j is given as

$$P_{ij} = \frac{\exp(Z_i \gamma_j)}{\sum_{k=1}^n \exp(Z_i \gamma_k)} \quad j = 1, 2, \dots, n \quad (4.2)$$

Where Z is a vector of individual-level characteristics and γ_j is a state-specific vector of parameters to be estimated (Clark and Drinkwater, 2002). The Z vector contains the same set of characteristics as in the employment equation. Separate models for males and females will again be estimated. The following four tables present estimates using the above models. Firstly employment estimates are reported for males and females for all immigrants. This is followed by separate estimates for each immigrant group and gender. Finally multinomial logit estimates are reported separately by gender. Robust standard errors are used to correct for heteroskedasticity and these are reported in parentheses below the estimates. Furthermore, adjusted R-squared statistics and the number of observations are reported at the end of each table.

4.6. Regression Results for Employment

4.6.1 Estimates for Employment for Males and Females

Table 4.3 reports separate regression estimates for males and females for employment for all immigrants and includes the migrant group dummies. The results show that most of the variables are significant at the 5% level and many at the 1% level for both sexes. It also shows the typical influence of key factors such as age, education, marital status and years since migration on employment. A brief discussion of the employment estimates is given below. A comparison between the results for males and females reveals that employment differentials are fairly similar, with refugees and asylum seekers performing worse than the other groups. Generally the signs and significance levels are similar for both genders but some differences are present.

The effect of age is found to be very similar and equally significant for both genders with a slightly greater impact for females. It reveals that employment increases with age but at a decreasing rate. Marital status also significantly affects employment and marriage has a very significant positive effect for males but a negative effect on female employment. Married females are less likely to be employed than their single counterparts due to family responsibilities. Being married is associated with a 7 percentage point higher employment rate for males but a 8 percentage point lower employment rate for females.

The regional dummies show that employment rates are highest for immigrants in the East, the South and Wales for males. The results for females are similar, with employment lowest in the North and London. Employment of immigrants is higher in the East, the South and Wales by around 8 percentage points than in the North.

Table 4.3: Regression Estimates for Employment for Males and Females

	<i>Males</i>	<i>Females</i>
Age	0.037*** (0.004)	0.040*** (0.004)
Age Squared	-0.050*** (0.000)	-0.050*** (0.000)
Married	0.073*** (0.011)	-0.084*** (0.011)
Medium Education	0.096*** (0.012)	0.021*** (0.012)
High Education	0.124*** (0.010)	0.129*** (0.011)
Midlands	-0.003 (0.017)	0.024 (0.018)
East	0.088*** (0.017)	0.081*** (0.019)
London	0.004 (0.014)	-0.022 (0.014)
South	0.084*** (0.015)	0.086*** (0.016)
Wales	0.093** (0.029)	0.080** (0.036)
Scotland	0.012 (0.024)	0.070* (0.025)
N. Ireland	0.068 (0.061)	0.181*** (0.061)
South Asians	-0.038** (0.012)	-0.191*** (0.014)
Black	-0.084*** (0.017)	-0.040* (0.016)
Mixed & Others	-0.096*** (0.013)	-0.138*** (0.014)
Year 2001	-0.069*** (0.013)	-0.071*** (0.015)
2002	-0.047** (0.015)	-0.051** (0.016)
2003	-0.060*** (0.015)	-0.051** (0.016)
2004	-0.034* (0.014)	-0.042** (0.016)
2005	-0.028** (0.013)	-0.012 (0.015)
No. of Dependent Children	-0.023*** (0.004)	-0.119*** (0.005)
Mixed Refugees & Economic Migrants	0.141*** (0.016)	0.087*** (0.016)
Mainly Economic Migrants	0.227*** (0.015)	0.219*** (0.013)
Economic Migrants	0.206*** (0.014)	0.169*** (0.013)
Years since Migration	0.009*** (0.001)	0.012*** (0.001)
No. of Observations	8039	9555
Adjusted R-squared	0.140	0.247

Note: Robust standard errors are in parentheses. Default categories are single, low education, living in the North, white, year 2006 and refugees and asylum seekers (Category 1). * p<0.1; ** p <0.005; *** p<0.01 (two-tailed tests)

More years spent in education boost employment opportunities as a result of the positive returns to education for employment. Employability increases with education for both males and females with higher levels of education having a similar influence for both sexes but the return to medium levels of education is much higher for males for employment in comparison to those with low levels of education. Years since migration is also significantly associated with higher employment showing over time integration and assimilation in the labour market. The impact is again similar for males and females but slightly stronger for the latter, with an extra year in the UK increasing the employment rate by around 1 percentage point.

Ethnicity has an important impact on employment for immigrants. All non-white immigrants are significantly less likely to be employed compared to the reference category of whites. This possibly indicates some sort of discrimination, although cultural factors are also important (Clark and Drinkwater, 2007). For males the disadvantage is highest for the mixed and other ethnic group while females Asians are the most disadvantaged group. Again Asian females' cultural and social background can be an explanation for this. Employment rates are highest for those interviewed in 2006 compared to the other years.

The number of dependent children is also important and has a negative impact on employment but this effect is much more pronounced for females as compared to males with an extra child reducing employment by around 12 percentage points. Finally, the employment estimates show that all categories of immigrants are significantly more likely to be in employment compared to asylum seekers and refugees. Mainly economic migrants seem to do best in terms of employment after controlling for the other explanatory variables with an employment rate which is 22-23 percentage points higher than asylum seekers/refugees for both males and females.

Thus mainly economic migrants appear to perform best for employment, consistent with the descriptive findings as mainly economic migrants have higher raw employment rates than economic migrants. Economic migrants have an employment rate which is approximately 17 percentage points higher than asylum seekers/refugees (after controlling for other variables) for females and 21 percentage points for males. Whilst it is 14 percentage points higher for the mixed refugees/economic migrant males and 9 points higher for females.

Therefore asylum seekers and refugees are least likely to be employed as compared to other migrants. Possible explanations for this may be restrictions on their ability to be in full time paid job, problems of non-recognition of qualifications or a lack of suitable skills so that it may take a refugee many years to regain a recognized professional qualification and employment. There may also be a stigma attached to being an asylum seeker/refugee in the labour market.

4.6.2 Regression Estimates by Immigrant Category, Males

Employment estimates for all four categories of immigrants are presented for males in Table 4.4. These can be used to detect different returns to education and ethnic group by immigrant categories and also the effect of other social and demographic factors in detail separately for each group and gender. Age has a positive but declining impact on employment for all groups but is largest for asylum seekers/refugees (including the mixed category) and is smallest for mainly economic migrants.

Table 4.4**Regression Estimates for Employment by Immigrant Category; Males**

	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Economic Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>
Age	0.041*** (0.008)	0.045*** (0.009)	0.018** (0.009)	0.037*** (0.005)
Age Squared	-0.060*** (0.000)	-0.060*** (0.000)	-0.020*** (0.000)	-0.050*** (0.000)
Married	0.073** (0.030)	0.145*** (0.034)	0.070*** (0.025)	0.048*** (0.013)
Medium Education	0.155*** (0.028)	0.060** (0.029)	0.037 (0.029)	0.070*** (0.016)
High Education	0.183*** (0.028)	0.085*** (0.027)	0.082*** (0.023)	0.094*** (0.015)
Midlands	-0.019 (0.047)	-0.034 (0.037)	-0.035 (0.034)	0.047* (0.025)
East	0.105 (0.062)	0.061 (0.041)	0.041 (0.034)	0.108*** (0.022)
London	-0.006 (0.037)	-0.035 (0.031)	-0.016 (0.028)	0.029 (0.020)
South	0.151** (0.047)	0.067** (0.37)	0.062** (0.027)	0.077*** (0.021)
Wales*1	0.251** (0.111)	0.068 (0.092)	0.059 (0.039)	0.083** (0.039)
Scotland	-0.022 (0.074)	-0.072 (0.068)	0.039 (0.051)	0.043 (0.031)
N. Ireland	-----	0.046 (0.183)	0.108 (0.076)	-0.019 (0.114)
Asians	0.059** (0.029)	-0.069* (0.039)	-0.024 (0.017)	-0.097*** (0.022)
Black	-0.018 (0.034)	-0.030 (0.039)	-0.191*** (0.051)	-0.197*** (0.030)
Mixed & Others	-0.122*** (0.031)	-0.129*** (0.046)	-0.098*** (0.030)	-0.040** (0.017)
Year 2001	-0.092** (0.039)	-0.057 (0.037)	-0.047 (0.027)	-0.053*** (0.016)
2002	-0.057 (0.044)	-0.004 (0.039)	-0.026 (0.027)	-0.047** (0.019)
2003	-0.065 (0.043)	0.022 (0.038)	-0.044 (0.028)	-0.080*** (0.020)
2004	-0.028 (0.043)	-0.043 (0.038)	-0.032 (0.027)	-0.018 (0.017)
2005	-0.023 (0.042)	0.025 (0.035)	-0.039 (0.026)	-0.041** (0.017)
No. of Dependent Children	-0.047*** (0.011)	-0.026*** (0.009)	-0.029*** (0.010)	-0.007 (0.005)
Years since Migration	0.029*** (0.003)	0.006*** (0.003)	0.008*** (0.002)	0.002 (0.001)
No. of Observations	1617	1455	1386	3581
Adj R-squared	0.167	0.063	0.082	0.081

Note: Robust standard errors are in parentheses. Default categories are single, low education, living in North, white and year 2006, * p<0.1; ** p<0.005; *** p<0.01 (two-tailed tests)

*1 Wales and N. Ireland is the combined region for category I due to a small number of observations.

The effect of marriage is greatest for the mixed refugees category II and lowest for economic migrants. Similar effects are observed for refugees/asylum seekers and economic migrants. Regional effects vary for each category and are not very significant but the probabilities of employment are highest in the East, Wales, Midlands and the South for economic migrants, in the East for mixed refugees and economic migrants and in the South, Wales and N. Ireland for refugees and asylum seekers as the regions of Wales and N. Ireland have been combined for this category due to a small number of observations.

The effect of education on employment by immigrant group indicates that returns are highest for refugees/asylum seekers. This effect varies across all other immigrant categories and the returns to education are least for mainly economic migrants both for medium and high education groups as compared to all other immigrant categories. For example, for refugees/asylum seekers compared to those with low levels of education, individuals with medium levels are 16 percentage points and those with high levels are 18 points more likely to be employed. The equivalent figures for mainly economic migrants are 4 and 8 percentage points respectively.

Ethnicity in general does not show significant differences but being from an Asian background actually increases the employability for refugees and asylum seekers relative to whites. All other ethnic backgrounds suffer some degree of disadvantage and are less likely to be employed as compared to reference category of whites. Again the disadvantage is highest for mixed and other groups, both refugees/asylum seekers and mixed refugees and economic migrants, categories I and II. They have around a 13 percentage point lower employment rate than whites after controlling for other characteristics. For the economic migrant categories, blacks appear to be the most disadvantaged.

Apart from a few cases, the year of interview dummies are not very significant. The number of dependent children and years since migration are significant for categories I-III of immigrants but not for economic migrants for whom employment is independent of both effects. This may be because economic migrants often arrive on the basis of work permits with a job offer before arrival or as highly skilled migrants and are more likely to be employed on arrival. The effect of years since migration is particularly strong for refugees/asylum seekers with an extra year in the UK increasing employment by 3 percentage points, compared with less than 1 percentage point for the other categories.

4.6.3 Regression Estimates by Immigrant Category, Females

Regression estimates for employment by female immigrant category are reported in Table 4.5. Age is significant for all female immigrant groups but this time the effect of age is greatest for mainly economic migrants unlike for males where it is weakest for mainly economic migrants. Marital status is not significant for female refugees and asylum seekers but is highly significant, decreasing the employment probabilities of female economic migrants.

Regional dummies are not very significant for all immigrant categories apart from the South region, which is highly significant for refugees/asylum seekers and mixed refugees and economic migrants. A year since migration is important for all groups of female immigrants but it affects female refugees and asylum seekers most strongly again relative to other immigrant categories, with the impact being very similar to that observed for males.

Table 4.5**Regression Estimates for Employment by Immigrant Category; Females**

	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Economic Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>
Age	0.039*** (0.008)	0.028*** (0.004)	0.044*** (0.010)	0.035*** (0.006)
Age Squared	-0.010*** ((0.000))	-0.030*** (0.000)	-0.050*** (0.000)	-0.050*** (0.000)
Married	-0.011 (0.026)	-0.077** (0.031)	-0.075** (0.029)	-0.091*** (0.015)
Medium Education	0.168*** (0.025)	0.102*** (0.027)	0.121*** (0.032)	0.074*** (0.018)
High Education	0.193*** (0.025)	0.076*** (0.026)	0.138*** (0.030)	0.074*** (0.017)
Midlands	-0.014 (0.049)	0.065** (0.030)	-0.003 (0.043)	0.038 (0.028)
East	0.132** (0.059)	0.073 (0.044)	0.064 (0.047)	0.056** (0.027)
London	-0.086** (0.036)	0.011 (0.027)	-0.005 (0.036)	-0.035* (0.021)
South	0.138*** (0.049)	0.144*** (0.036)	0.060 (0.040)	0.054** (0.023)
Wales*1	0.027 (0.098)	0.222** (0.092)	0.103 (0.090)	0.024 (0.045)
Scotland	-0.016 (0.071)	0.013 (0.067)	0.057 (0.72)	0.076** (0.032)
N. Ireland	-----	0.258 (0.163)	0.179 (0.122)	0.163** (0.075)
South Asians	-0.022 (0.032)	-0.316*** (0.044)	-0.143*** (0.029)	-0.182*** (0.022)
Black	-0.076** (0.030)	0.091** (0.045)	-0.006 (0.045)	-0.174*** (0.027)
Mixed & Others	-0.156*** (0.028)	-0.195*** (0.049)	-0.113*** (0.035)	-0.110*** (0.019)
Year 2001	-0.016 (0.036)	-0.129*** (0.034)	-0.088** (0.038)	-0.049** (0.020)
2002	-0.017 (0.038)	-0.089** (0.037)	-0.076* (0.040)	-0.023 (0.016)
2003	-0.047 (0.039)	-0.047 (0.036)	-0.015 (0.039)	-0.051** (0.023)
2004	0.004 (0.037)	-0.078** (0.037)	-0.040 (0.039)	-0.041* (0.023)
2005	-0.036 (0.039)	-0.014 (0.035)	-0.037 (0.036)	-0.007 (0.021)
No. of Dependent Children	-0.096*** (0.010)	-0.072*** (0.008)	-0.098*** (0.004)	-0.150*** (0.009)
Years since Migration	0.026*** (0.003)	0.008*** (0.003)	0.011*** (0.003)	0.012*** (0.001)
No. of Observations	1704	1582	1634	4635
Adj R-squared	0.227	0.284	0.109	0.216

Note: Robust standard errors are in parentheses. Default categories are single, low education, living in North, white and year 2006. * p<0.1; ** p<0.005; *** p<0.01 (two-tailed tests)

*1 Wales and N. Ireland is the combined region for category I due to a small number of observations.

Regarding ethnicity, for all groups apart from refugees/asylum seekers, Asians are the most disadvantaged group, which is consistent with other findings e.g. Lindley (2002a). They are least likely to be employed, while the disadvantage is lowest for Black females. In contrast, female Black mixed refugees and economic migrants are actually more likely to be employed compared to the reference group of whites.

Again human capital plays an important part in increasing the chances of employment for immigrant females. As with male immigrants, the returns to education are greatest for refugees and asylum seekers but this time they are least for economic migrants. For economic migrant females returns are actually the same for medium and high education groups. For refugees and asylum seekers females with high education are almost 20 percentage points more likely to be in employment compared to those with low levels of education, which is easily the highest of all immigrant groups.

4.6.4 Multinomial Logit Estimates for Different Job Types for Males and Females

Multinomial logit estimates and robust standard errors for employment types are reported in Table 4.6. Employment types are split into 3 categories i.e. permanent jobs, temporary jobs and self-employed. Taking immigrant males first, self-employment tendencies increase with age but at a decreasing rate as older and more experienced people are more inclined to be self employed. While married males are far more likely to be in permanent employment as compared to temporary employment. The number of dependent children also significantly increases self-employment.

Table 4.6 Multinomial Logit Estimates for Different Job Types of Employment

	<u>Males</u>		<u>Females</u>	
	<i>Temporary</i>	<i>Self-Employed</i>	<i>Temporary</i>	<i>Self-Employed</i>
Age	-0.073** (0.034)	0.086*** (0.032)	-0.075** (0.037)	-0.000 (0.052)
Age Squared	0.010** (0.000)	-0.008* (0.000)	0.080 (0.000)	0.040 (0.000)
Married	-0.405*** (0.108)	-0.029 (0.103)	-0.306*** (0.097)	0.118 (0.134)
Medium Education	0.362*** (0.130)	0.146 (0.100)	0.410*** (0.134)	-0.099 (0.158)
High Education	0.514*** (0.118)	-0.154 (0.094)	0.590*** (0.128)	0.232 (0.139)
Midlands	-0.357* (0.170)	-0.234 (0.163)	-0.345* (0.179)	-0.175 (0.276)
East	-0.396** (0.179)	-0.168 (0.171)	-0.503*** (0.173)	-0.177 (0.260)
London	-0.415*** (0.128)	0.264** (0.118)	-0.569*** (0.133)	0.517*** (0.193)
South	-0.364** (0.149)	0.035 (0.135)	-0.771*** (0.151)	0.065 (0.211)
Wales	0.309 (0.255)	-0.037 (0.304)	0.087 (0.284)	-0.404 (0.485)
Scotland	0.140 (0.215)	0.234 (0.247)	0.097 (0.214)	0.239 (0.296)
N. Ireland	0.559 (0.461)	0.243 (0.632)	-0.067 (0.465)	-0.354 (1.053)
South Asians	-0.004 (0.128)	-0.440*** (0.105)	0.053 (0.135)	-0.595*** (0.171)
Black	0.366** (0.152)	-1.267*** (0.165)	0.201 (0.153)	-1.602*** (0.277)
Mixed & Others	0.323*** (0.127)	-0.674*** (0.129)	0.156 (0.129)	-0.431** (0.165)
Year 2001	0.429*** (0.133)	0.042 (0.124)	0.665*** (0.143)	-0.067 (0.179)
2002	0.128 (0.154)	-0.071 (0.137)	0.330* (0.162)	-0.022 (0.199)
2003	0.083 (0.159)	0.121 (0.131)	0.242 (0.162)	0.055 (0.194)
2004	-0.041* (0.152)	-0.132 (0.131)	0.211 (0.164)	0.299 (0.178)
2005	0.066* (0.143)	-0.082 (0.125)	0.278* (0.153)	0.171 (0.182)
No. of Dependent Children	-0.039 (0.035)	0.096** (0.038)	-0.033 (0.047)	0.248*** (0.078)
Mixed Refugees & Economic Migrants	-0.417** (0.162)	0.036 (0.129)	-0.214 (0.190)	0.495* (0.264)
Mainly Economic Migrants	-0.129 (0.146)	-0.304** (0.135)	-0.224 (0.163)	0.533** (0.225)
Economic Migrants	-0.432*** (0.137)	-0.365*** (0.114)	-0.330** (0.146)	0.389** (0.192)
Years since Migration	-0.114*** (0.014)	0.089*** (0.008)	-0.114*** (0.014)	0.050*** (0.013)
No. of Observations	6344		5222	
Pseudo R-squared	0.066		0.069	

Note: Robust standard errors are in parentheses. Default categories are single, low education, living in North, white, year 2006, in permanent employment and refugees and asylum seekers (Category 1). * p<0.1; ** p <0.005; *** p<0.01 (two-tailed tests)

Education is not a strong predictor of self-employment status, reflecting heterogeneity amongst self-employment occupations (Clark and Drinkwater, 2002). However, higher levels of education do increase the probability of temporary employment both for males and females. This is a somewhat surprising result and requires further investigation. It could be that more highly educated immigrants enter the UK on short-term employment contracts, remembering that a higher proportion of less educated have been excluded from this analysis because they are not in employment. In terms of region, self-employment is most and temporary employment is least likely in London. After controlling for other factors significant differences remain for all ethnic communities. Self-employment probabilities are lower for all ethnic groups compared to whites but are by far the lowest for Black immigrants. Comparatively, Black and mixed and other ethnic groups are more likely to be in temporary employment as compared to whites. Years since migration reduce the likelihood of being temporarily employed and increase the probability of self-employment.

All three categories of male immigrants (i.e. category II-category IV) are less likely to have temporary jobs as compared to the reference category of refugees and asylum seekers and this effect is significant at least at the 5% level for mixed refugees/economic migrants and economic migrants whilst, self-employment is significantly higher for refugees and asylum seekers than for either mainly economic or economic migrants. The estimates for females are fairly similar to those for males but there are some notable exceptions. Age is not a significant determinant of job type. Whilst for immigrant group, all three other categories are significantly more likely than refugees/asylum seekers to be self-employed for females. However, as with males, refugees/asylum seekers have a higher chance of being in temporary employment but this only significant at the 5% level compared to economic migrants.

4.7 Conclusion

The employment analysis shows that refugees/asylum seekers do worst in terms of having a job compared to other categories of immigrants. This demonstrates that there are significant differences in the performance of immigrants in the UK labour market and both categories of economic migrants perform substantially better than refugees/asylum seekers in terms of employment. Employment outcomes of immigrants are also greatly influenced by different factors, especially education, location, ethnicity and years since migration.

Ethnicity plays a vital role in determining employment and non-white immigrants suffer more than white-immigrants, which may be due to discrimination or language difficulties. Mixed and other males and Asian females are the most disadvantaged groups and have poor employment outcomes. Education as is usually the case has a powerful influence on employment. The separate results for education and migrant categories show that the highest returns to education for employment are experienced by refugees/asylum seekers. A year since migration has the largest effect for refugees/asylum seekers, indicating that assimilation is the greatest for this group of immigrants. However, the quality of jobs is important and the multinomial estimates suggest refugees/asylum seekers males are less likely to have permanent jobs and be self employed for males compared to economic migrants. The heterogeneity of labour market outcomes for immigrants in the UK emphasises that the policy focus should target the welfare of different migrant and ethnic groups (Clark and Drinkwater, 2007).

However, only employment outcomes have been analysed in this chapter. Therefore, building on these findings the next chapter will focus on the performance of different immigrant groups whilst in employment and the factors responsible for generating earnings differentials.

Appendices 4

Appendix 4.1 List of Asylum Sending Countries

<i>FS ode</i>	<i>Country</i>	<i>No. of Asylum Applications</i>	<i>Refugee-Business Ratio(2000-2006)</i>	<i>Category I, II, III,IV</i>
3	UK	---	---	UK Born
	Ireland	---	---	IV
	Channel Islands	---	---	IV
	Isle of Man			
	Australia	---	0	IV
	Canada	---	0	IV
	New Zealand	---	0	IV
	Kenya	High in Mid 1990s	1-5	II
	Uganda	High in early 1990s & 2000	>5	I >=1989
	Tanzania	High 1993-96	1-5	I: 1989-1996 II >=1997
	Malawi	---	---	---
	Zambia	---	<1	III
	Zimbabwe	Nothing until 1996, V. high since then, especially early 2000s	<1: 2000 & 2006 >1: 2003	IV: 1989-96 II >=1997
	Botswana	---	---	---
	Gambia	High 1995-97 Lower since then	---	II >=1989
	Ghana	V. High in early 1990s Lower since then	1-5: 2000 & 2006 <1: 2003	I: 1989-96 II >=1997
	Nigeria	V. high in mid-90s & high since then	<1: 2000 1-5: 2003 & 2006	II >=1989
	Sierra Leone	V. High until 2002	>5	I >=1989
	Barbados	---	---	IV
	Jamaica	Nothing until 1996 High in Early 2000	>5: 2000 <1: 2003 & 2006	IV: 1989-95 III >=1996
32	Trinidad & Tobago, West Indies, Caribbean, Belize, & Guyana	----	----	IV
	Bangladesh	Nothing until 1997, Quite high till 2003, lower since then	<1: 2000 1-5: 2003 & 2006	IV: 1989-96 II >=1997
	India	Generally quite high, especially in mid 1990s	<1	III
	Sri Lanka	V. high especially early 2000s	>5: 2000 & 2006 1-5: 2003	I >=1989

<i>FS Code</i>	<i>Country</i>	<i>No. of Asylum Applications</i>	<i>Refugee-Business Ratio(2000-2006)</i>	<i>Category I, II, III,IV</i>
5-38	Hong Kong, Malaysia & Singapore	---	<1 & 0	IV
1-44	Gibraltar, Malta, Seychelles, Mauritius & Other New Commonwealth	---	0	IV
	Algeria	High 1994-2002 Lower since then	>5	I >=1989
	Morocco	---	1: 2000 <1 2003 & 2006	III
	Tunisia	---	>5: 2000 1: 2003 & 2006	II
	Libya	---	1-5: 2000 & 2006 <1 : 2003	II
-50	Egypt & South Africa	---	<1	III
	Other Africa	Fairly large number each year	>1	II
-54	USA, Caribbean & other America	---	<1	IV
	Ecuador			II
	Pakistan	High till 2002 Lower since then	1-5 : 2000 & 2006 <1 : 2003	II
	Burma	----	----	----
	China	V. High since 1997	<1	III
-60	Japan & Philippines	----	<1	IV
	Vietnam	Nothing until 1996 High from 2001	----	I >=1997
	Iran	V. High in early 2000s	>5	I >= 1989
	Israel	----	<1	IV
	Other Middle East	High in early 2000	>5	II
	Other Asia	High 1994-2002 Lower since then	>5	II
-73	Western Europe	----	----	IV
	Albania	Nothing till 1991. High 1997-02 Lower since then	>5 : 2006	I >= 1991
	Bulgaria	1989-97 Nothing after that	<1	I 1989-97 IV >=1998
	Germany	----	----	IV
	Czechoslovakia		1-5 : 2000 0 : 2003	I : 1989-99 IV : >=2000
	Hungary	----	----	IV
	Poland	High in late 1990s Nothing after 2000	<1	I : 1989-99 IV >=2000

<i>FS ode</i>	<i>Country</i>	<i>No. of Asylum Applications</i>	<i>Refugee-Business Ratio(2000-2006)</i>	<i>Category I, II, III,IV</i>
1	Romania	High in late 1990s & early 2000s	1 : 2000 <1 : 2003 & 2006	I : 1989-99 III >=2000
-88	Other Western European Countries	----	----	IV
1	Yugoslavia, Other & Former Yugoslavia	High from 1992-99 Nothing after that	>5	I >= 1989
	Iceland	----	----	IV
	Turkey	V. High until 2003 Lower since then	>5	I >= 1989
	Former USSR	High in late 1990s	1-5	II
	Rest of the World	----	----	----
	Angola	High in early 2000s	>5	I >=1989
	Ethiopia	High in early 90s	>5	I >=1989
	Somalia	High throughout	>5	I >=1989
	Zaire	High in early 90s, Nothing after 1997	---	I: 1989-97
0	Cuba	---	---	----
1-104	Mexico, Argentina, Brazil & Chile	---	<1	IV
5	Columbia	High in late 1990s	1-5 : 2000 >5 : 2003 & 2006	II
6	Uruguay	---	---	IV
7	Venezuela	---	<1	IV
8	Iraq	High in late 1990s and early 2000s	>5	I >=1989
9	Lebanon	High in early 1990s, Nothing after that	>5 : 2000 >5 : 2003 & 2006	II
0	Bali, Timor etc	---	---	I
1	Korea	---	0	IV
2-115	Macao, Liechtenstein, Andorra, Belarus	---	---	IV
6	Bosnia	---	---	I
7	Croatia	---	>5 : 2000, 2006 1-5: 2003	I
8	Czech Republic	High 1997-99	1-5 : 2000 <1 : 2003	I :1989-1999 IV >=2000
9	Estonia	---	<1	I :1989-1999 IV >=2000
0	Macedonia	Fairly low 1997- 2000	----	I >=1997
1	Lithuania	----	>5 : 2000 1-5 : 2003	I : 1989-2003 IV >=2004
2	Latvia	----	N/A	I : 1989-2003 IV >=2004

<i>FS ode</i>	<i>Country</i>	<i>No. of Asylum Applications</i>	<i>Refugee-Business Ratio(2000-2006)</i>	<i>Category I, II, III,IV</i>
3	Moldova	Some from 1997, High in early 2000	<1	I : 1997-2006
5	Slovak Republic	---	---	I : 1989-1999 IV >=2000
6	Slovenia	---	---	I : 1989-1999 IV >=2000
7	Ukraine	Nothing until 1995 High 1996-2003	----	I : 1997 -1999 III >=2000
8-129	San Marino & Vatican city	----	----	IV
0	Sudan	High in early 1990s	>5 : 2000 & 2003 1-5 : 2006	I
1	Cambodia	---	---	I
2	Indonesia	----	0	IV
3-136	Micronesia, Miquelon, Greenland, Bermuda	----	----	IV
7	Taiwan	----	0	IV
8	Laos	----	----	I
9	Afghanistan	High in late 1990s & early 2000	>5 : 2006	I >=1989
)	Thailand	----	<1	IV
l-142	Former soviet states Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan Uzbekistan	V. High in late 1990s	>5	I : 1989-2000 II >=2001

Note:

Category I: Refugees and asylum seekers

Rb-ratio >5

Category II: Mixed Refugees and Economic Migrants

Rb-ratio 1 – 5

Category III: Mainly Economic Migrants

Rb-ratio 0< & < 1

Category IV: Economic Migrants

Rb-ratio = 0

Appendix 4.2: Distribution in Each Category by Country

<i>Category I</i>	<i>Percentage</i>	<i>Category II</i>	<i>Percentage</i>	<i>Category III</i>	<i>Percentage</i>
Uganda	2.80%	Kenya	6.34%	Zambia	2.78%
Tanzania	1.06%	Tanzania	0.46%	Jamaica	4.64%
Ghana	3.77%	Zimbabwe	11.68%	India	46.49%
Sierra Leone	2.18%	Gambia	1.14%	Morocco	2.03%
Sri Lanka	11.23%	Ghana	3.29%	Egypt	1.86%
Algeria	2.56%	Nigeria	12.04%	South Africa	29.70%
Vietnam	0.53%	Bangladesh	10.47%	China	7.59%
Iran	6.28%	Cyprus	1.79%	Romania	1.83%
Albania	2.06%	Tunisia	0.52%	Russia Federation	2.42%
Bulgaria	0.71%	Libya	1.40%	Ukraine	0.98%
Czechoslovakia	0.44%	Other South America	2.41%		
Poland	4.04%	Pakistan	35.36%		
Romania	1.18%	other middle east	5.07%		
Yugoslavia	7.46%	Other Asia	2.80%		
Turkey	12.15%	former USSR	1.21%		
Angola	2.06%	Columbia	2.41%		
Ethiopia	1.42%	Lebanon	1.63%		
Somalia	10.91%				
Zaire	0.62%				
Iraq	6.75%				
Indonesia	0.12%				
Bosnia	1.24%				
Croatia	1.50%				
Czech Republic	0.88%				
Estonia	0.12%				
Macedonia	0.24%				
Lithuania	2.89%				
Latvia	0.68%				
Moldova	0.21%				
Russia	1.33%				
Slovak republic	0.71%				
Slovenia	0.06%				
Ukraine	0.77%				
Sudan	2.42%				
Cambodia	0.09%				
Laos	0.03%				
Former USSR	0.70%				

Table A4.2 Continued:

<i>Category IV</i>	<i>Percentage</i>	<i>Category IV</i>	<i>Percentage</i>
Ireland,	7.87%	Netherlands	1.86%
Australia	6.44%	Germany	5.17%
Canada	2.49%	Bulgaria	0.61%
New Zealand	3.46%	Czechoslovakia	0.20%
Zimbabwe	1.15%	Hungary	0.53%
Barbados	0.19%	Poland	6.35%
Jamaica	1.01%	Austria	0.39%
Trinidad and Tobago	0.76%	Switzerland	0.52%
West Indies	0.19%	Greece	1.20%
Caribbean	0.56%	Portugal	4.06%
Belize	0.04%	Spain	3.06%
Guyana	0.36%	Finland	0.75%
Bangladesh	5.13%	Norway	0.61%
Hong Kong	2.00%	Sweden	1.35%
Malaysia	1.34%	Iceland	0.15%
Singapore	0.40%	Mexico	0.36%
Cyprus	0.02%	Argentina	0.31%
Gibraltar	0.05%	Brazil	1.57%
Malta	0.17%	Chile	0.15%
Seychelles	0.06%	Uruguay	0.06%
Mauritius	0.77%	Venezuela	0.21%
Other New Commonwealth	0.45%	Korea	0.69%
Other Africa	3.97%	Macao, Macau	0.14%
United States	7.54%	Belarus	0.11%
Caribbean	0.11%	Czech	0.68%
Other Central America	0.13%	Estonia	0.08%
Japan	2.27%	Lithuania	0.82%
Philippines	5.24%	Latvia	0.30%
Israel	0.44%	Slovak Republic	1.31%
Belgium	0.82%	Slovenia	0.01%
Denmark	0.83%	Indonesia	0.31%
France	5.59%	Bermuda	0.01%
Italy	3.43%	Taiwan	0.13%
Luxembourg	0.04%		
Thailand	0.91%		

Appendix 4.3: Probit and Logit Estimates for Employment for Males and Females

	<u>Probit</u>		<u>Logit</u>	
	<i>Males</i>	<i>Females</i>	<i>Males</i>	<i>Females</i>
Age	0.126*** (0.012)	0.133*** (0.013)	0.219*** (0.021)	0.229*** (0.021)
Age Squared	-0.002*** (0.000)	-0.002*** (0.000)	-0.003*** (0.000)	-0.003*** (0.000)
Married	0.307*** (0.046)	-0.245*** (0.035)	0.533*** (0.081)	-0.392*** (0.059)
Medium Education	0.331*** (0.044)	0.369*** (0.037)	0.570*** (0.076)	0.607*** (0.063)
High Education	0.475*** (0.041)	0.388*** (0.035)	0.831*** (0.072)	0.634*** (0.059)
Midlands	-0.010 (0.063)	0.076 (0.058)	-0.025 (0.109)	0.122 (0.097)
East	0.386*** (0.079)	0.263*** (0.062)	0.693*** (0.144)	0.426*** (0.105)
London	0.009 (0.050)	-0.062 (0.044)	0.006 (0.088)	-0.115 (0.075)
South	0.394*** (0.065)	0.277*** (0.052)	0.709*** (0.120)	0.455 (0.088)
Wales	0.422** (0.151)	0.245** (0.116)	0.769** (0.286)	0.439** (0.201)
Scotland	0.031 (0.097)	0.222** (0.083)	0.043 (0.171)	0.368** (0.142)
N. Ireland	0.274 (0.276)	0.565** (0.202)	0.442 (0.496)	0.905** (0.343)
South Asians	-0.174*** (0.050)	-0.569*** (0.041)	-0.280** (0.089)	-0.946*** (0.070)
Black	-0.341*** (0.058)	-0.125** (0.048)	-0.574*** (0.104)	-0.206** (0.081)
Mixed & Others	-0.374*** (0.049)	-0.424*** (0.041)	-0.655*** (0.085)	-0.707*** (0.070)
Year 2001	-0.294*** (0.056)	-0.221*** (0.047)	-0.515*** (0.101)	-0.361*** (0.079)
2002	-0.199** (0.063)	-0.172*** (0.052)	-0.346** (0.113)	-0.281*** (0.087)
2003	-0.253*** (0.063)	-0.166*** (0.052)	-0.426*** (0.113)	-0.267** (0.087)
2004	-0.153** (0.062)	-0.143** (0.051)	-0.266** (0.111)	-0.231** (0.087)
2005	-0.136** (0.059)	-0.046 (0.049)	-0.223** (0.107)	-0.063 (0.084)
No. of Dependent Children	-0.090*** (0.018)	-0.412*** (0.020)	-0.176*** (0.032)	-0.722 (0.029)
Mixed Refugees & Economic Migrants	0.410*** (0.053)	0.277*** (0.052)	0.694*** (0.091)	0.467*** (0.087)
Mainly Economic Migrants	0.799*** (0.058)	0.668*** (0.051)	1.378*** (0.104)	1.117*** (0.087)
Economic Migrants	0.676*** (0.046)	0.508*** (0.041)	1.171*** (0.080)	0.839*** (0.068)
Years since Migration	0.035*** (0.005)	0.042*** (0.004)	0.064*** (0.008)	0.072*** (0.006)
No. of Observations	8039	9555	8039	9555
Pseudo R-squared	0.141	0.207	0.141	0.209

Appendix 4.4

Marginal Probabilities for key variables* (Males)

	LPM	PROBIT	LOGIT
Medium Education	0.096*** (0.012)	0.079*** (0.009)	0.073*** (0.009)
High Education	0.124*** (0.011)	0.118*** (0.009)	0.112*** (0.009)
Years since Migration	0.009*** (0.001)	0.009*** (0.001)	0.009*** (0.001)
Mixed Refugees & Economic Migrants	0.141*** (0.016)	0.092*** (0.010)	0.083*** (0.009)
Mainly Economic Migrants	0.227*** (0.015)	0.156*** (0.008)	0.143*** (0.008)
Economic Migrants	0.206*** (0.014)	0.167*** (0.011)	0.158*** (0.010)

Marginal Probabilities for key variables* (Females)

	LPM	PROBIT	LOGIT
Medium Education	0.121*** (0.012)	0.143*** (0.014)	0.146*** (0.015)
High Education	0.129*** (0.011)	0.152*** (0.014)	0.154*** (0.014)
Years since Migration	0.012*** (0.001)	0.016*** (0.002)	0.018*** (0.002)
Mixed Refugees & Economic Migrants	0.087*** (0.016)	0.107*** (0.019)	0.112*** (0.020)
Mainly Economic Migrants	0.219*** (0.016)	0.246*** (0.016)	0.251*** (0.017)
Economic Migrants	0.170*** (0.013)	0.198*** (0.016)	0.204*** (0.016)

* Note: The LPM used here and OLS model in text are the same.

Chapter 5

Earnings and Occupational Attainment of Refugees and Asylum Seekers

5.1 Introduction

The previous chapter focused on the economic activity and employment of refugees/asylum seekers and confirmed that significant differences are present between the labour market performances of immigrant groups. This chapter will examine the earnings gap between different immigrant categories (as described in the previous chapter). Along with employment, earnings are another important indicator of labour market success so it is important to analyze the earnings differentials between different immigrant groups such as refugees/asylum seekers and economic migrants and also to investigate if any double disadvantage exists for female refugees and asylum seekers.

Based on previous evidence, it is expected that earnings differentials will be directly linked with differences in the education, skill, social, demographic and cultural background of immigrants. These factors may affect wages in one way or another resulting in advantages or disadvantages for the particular immigrant group as immigrants assimilate in host societies in terms of their earnings and occupational attainment. Along with economic motives and socioeconomic background, ethnicity has a separate impact on labour market considerations.

In the same way as the employment gap is associated with ethnicity, research has shown that different ethnic groups assimilate differently in the labour market as compared to whites, in

terms of their earnings. Therefore this study will explore further the difference in earnings across different ethnic groups, given that the earnings assimilation has been one of the main concerns for economists interested in migration.

The study will also look at another measure of employment success i.e. occupational attainment. Occupation is broadly defined as the job or profession which a person adopts to earn a livelihood and whatever he earns is directly linked with the type of occupation adopted. The choice of occupation has a direct impact on an individual's earnings and earnings may vary with the occupation and in this regard, implying that occupational analysis cannot be ignored in assessing labour market performance of a person. Nickell (1982) regards a person's occupation as a portrayal of his general well-being such as his health condition, language usage, food taste, clothes, cars, and his position in society and being in high level occupation means a chance to earn a high income.

Conversely, a low level occupation is related with poor rewards and less opportunities. Occupational analysis is also very important in the other disciplines. For example an extensive literature in sociology has investigated how educational achievements and other individual characteristics affect a person's achieved socio-economic status. For example, Blau and Duncan (1967) is one of the classic studies in sociology.

Finally, not all the individuals interviewed in the LFS answer the earnings questions, some may misrepresent their earnings or sometimes earnings proxies are used instead. So because of measurement error and missing observations in the earnings data it seems appropriate to examine occupational attainment as well as another measure of success at work.

5.2 Empirical Literature Review

There has been extensive research on the earnings assimilation of immigrants from different perspectives. An immigrant's integration and assimilation is of great concern for governments in the US, Europe, Asia to Australia for policy reasons. The study of immigrants' earnings assimilation was pioneered by Chiswick (1978) following his examination of the US labour market using cross sectional regression analysis. His findings were that the initial earnings of newly arrived immigrants were 17% less than native workers because of a lack of specific skills e.g. language and education but over time they accumulated country-specific human capital and their earnings grew at a rate faster than native born workers, eventually overtaking natives after around 14 years in the US. Borjas (1985) re-examined the Chiswick conclusion using a cohort analysis for the US and finds a slower rate of assimilation for immigrants and this decline in the earnings of earlier cohorts as compared to more recent cohorts can be attributed to the consequence of being from different waves of immigration. In particular, there was a decline in the characteristics of immigrants admitted to the US in the later part of his period of analysis. Hatton (1997) also discussed differences in the assimilation of pre-1890 immigrants. His findings were that immigrants who arrived as children had similar earnings profiles to the native-born while those who arrived as adults suffered an initial earnings disadvantage but their earnings grew at a rate faster than the native-born.

McDonald and Worswick (1998) looked at the earnings of immigrants in Canada and found that differences in job tenure were a significant factor in explaining the earnings gap relative to natives. Furthermore the rate of earnings convergence was also dependent upon the labour market or macroeconomic conditions on arrival for each immigrant cohort. Schaeffer (1995) presented a theoretical framework for the analysis of work effort and consumption of US immigrants relative to native born citizens and found that immigrants perform differently

because of externally imposed differences in incentives such as the monetary cost of moving, staying in touch with family and obligations left behind. In particular, immigrants outperform natives, and also that immigrants as well as the host society both invest in the assimilation process. Bratsberg and Ragan (2002) also support the fact that immigrants who acquire US schooling earn higher wages than other immigrants and this advantage is mainly due to greater educational attainment and higher returns to education for those who complete their schooling outside the US. Bleakley and Chin (2004) concluded that English language proficiency also significantly positively affected wages among adults who immigrated to the US as children although much of the English language skills are mediated by years of schooling.

Chiswick and Miller (2002) analyze the impact of language fluency on U.S. immigrant earnings and find a 14% wage differential between fluent and non-fluent immigrants from non-English speaking countries. They also find some evidence of a complementary relationship between language ability and other forms of human capital. Various other US studies also show a positive relationship between language skills and immigrants success e.g. Chiswick (1993); Carliner (1995); White and Kaufman, (1997). Friedberg (2000) considers the source of human capital as the most important determinant of the earnings gap between immigrants and natives and that education obtained before migration is an important explanation of the initial earnings disadvantage of different immigrants including refugees and asylum seekers. She also concludes that experience and education obtained domestically is more valuable than human capital attained in the home country.

British research confirms many of these broad findings for immigrants to the UK. Chiswick (1980) was the first study on the adaptation of immigrants to the UK labour market. He used the 1972 General Household Survey (GHS) and found no significant earnings gap between white immigrants and non-white UK-born individuals, but a 25% gap between white UK-born and

non-white immigrants. He also finds no wage gap between white and non-white UK-born individuals, though the sample size for the latter group was quite small. Bell (1997) used the GHS for 1973-1992 and found that immigrants in the UK have on average more years of schooling and that this gap increased across successive cohorts. He also found black immigrants were the most disadvantaged group in terms of earnings but that this gap significantly decreases with the increase in the duration of stay in the UK. Shields and Wheatley-Price (1998) also report that UK labour market assimilation is dependent upon ethnicity and different socio-economic characteristics. Most immigrants received lower returns to schooling obtained in the UK than native born whites and education obtained abroad was less valuable for all immigrants than that obtained in the UK. Whereas Battu and Sloane (2004) found that over education is higher and under education is lower for nonwhites relative to whites and their earnings regression results also confirm that there exist differences for returns to over-education, required education and under-education. They also found that UK born nonwhites have lower returns to required education compared to non-white immigrants and whites and receive no premium for over-education.

Furthermore, potential UK experience was more valuable for non-whites than all other immigrants. A lack of language fluency is also a part of economic disadvantage and acts as an incentive in the acquisition of the host country's language. Leslie and Lindley (2001) established in their study that the higher earnings of white natives in Britain are heavily influenced by their comparative advantage in terms of language. Both from a social and economic point of view, language is a separating barrier between immigrants and natives and actually facilitates discrimination and so plays an important role in widening the earnings gap between immigrants and natives. The presence of fluency related earnings gaps between ethnic minority immigrants and natives is also confirmed by Dustmann and Fabbri (2003, 2005).

In terms of refugees and asylum seekers, the empirical work of Khan (1997) analyzing both refugees and economic migrants found that refugees have a higher probability of investing in schooling than other foreign born immigrants but she analyzed only Cuban and Vietnamese refugees in the US. Also, in this regard the distinctive work by Cortes (2004) analyzes the differences in time horizons between refugees and economic immigrants and its effect on subsequent human capital investments and wage assimilation. Using the 1980 and 1990 Integrated Public Use Samples of the US Census and comparing both groups, she finds that in 1980 refugees earned less but after their arrival they made substantial gains and in 1990 surpassed the earnings of economic immigrants and the greater accumulation of human capital actually contributed to the higher earnings of refugees. She concludes that refugees on average start at lower annual earnings but have faster earnings growth over time and have relatively higher country-specific human capital investment than economic migrants. A study of the Dutch labour market by Hartog and Zorlu (2005) found that during the first five years, higher education achieved at home does not pay off for refugees. A number of factors account for this such as language barriers, the equivalency of certifications of professional qualifications in the host country, an element of discrimination, either physical or mental distress for refugees and asylum seekers or social integration problems for other immigrants.

For the UK, Lindley (2002a) undertook an analysis of the labour market performance of British refugees and economic migrants and finds that economic migrants self select into those who perform well in the labour market whereas refugees are the forced migrants and are relatively poor labour market performers. Ethnic comparisons show lower earnings and employment outcomes for non-whites, both for refugees and non-refugee immigrants. This implies significant differences between the labour market performance of these two groups and refugee earnings assimilation patterns differ from those of non-refugee immigrants. Lindley (2002a) also finds that a lack of fluency has a negative impact on the earnings of ethnic minority men and

women and there also exist significant unexplainable ethnic penalties for UK-born south Asians and non-whites, relative to native born whites with an underlying element of discrimination to this.

The earnings of economic migrants and refugees are greatly influenced by their choice of occupation. As with earnings, one's occupational success in the labour market depends on a number of factors such as education, experience, skills and other expertise. For immigrants it includes some other factors, as they have to compete with natives, such as country-specific skills which can also be enhanced over time implying assimilation. Chiswick and Miller (2007) examine the determinants of occupational attainment and the impact of occupation on earnings both for native born and foreign born individuals using a longitudinal survey of immigrants to Australia. Their comparison shows an association between earnings penalties and less-than-perfect transferability of human capital skills internationally and estimates of occupational attainment show that years of schooling and English language proficiency mainly determine access to high paying occupations. Similarly Shields and Wheatley-Price (2001) consider English language fluency as an important determinant of occupational success amongst British immigrants and an increase in the provision of English language training would reduce the employment gap by 10% between white natives and ethnic minorities in the UK.

The study by Elliott and Lindley (2008) on UK immigrants suggests that higher and lower pay occupations have an overrepresentation of immigrants and there is an ethnic pay penalty even after taking into account occupational segregation. Their occupational segregation model has used LFS data for 1993-2003 and shows that white immigrants are overrepresented in the professional category and non-white immigrants in low paid occupations possibly having an element of ethnic-based discrimination which prevents those individuals from obtaining higher paying occupations.

The study here will attempt to add to the literature by differentiating between refugees and asylum seekers, mainly economic migrants and economic migrants to explore the earnings differentials between them using LFS data from 2001 to 2006. The focus will remain on refugees and asylum seekers and their performance will be compared with other immigrants to the UK using regression techniques separately by gender. The influence of characteristics such as ethnicity and education on the earnings of these immigrant categories will also be investigated. The determinants of occupation will also be analysed as an alternative measure of labour market success to earnings, although the influence of occupation on earnings will not be investigated.

5.3 Data Sources

As in the previous chapter, the main data source to be examined here is the LFS. This is because the LFS, the largest social survey carried out across the UK, contains information on the immigrant's country of origin, year of arrival in the UK, earnings, education and other socio-economic characteristics. LFS data is again used from 2001 to 2006 as during this period the number of asylum applications filed in the UK reached its peak.

Again only the working age population (16 to 59/64) excluding those in full time education are included in the sample. Furthermore it just includes employees and so excludes the self-employed. LFS data is also used to construct an earnings variable. This has been widely used in the literature e.g. Dustmann and Fabbri (2005) and Clark and Lindley (2006) and has better information on low earners than other earnings data sources in the UK. Gross hourly earnings from the LFS are deflated using the Retail Price Index (RPI) values from Economic Trends Annual Supplement 2006 edition, a measure of inflation, so that real earnings are used in the comparisons.

In the LFS, individuals sometimes either refuse to report their earnings or proxy respondents are used. So there are missing values or they are assigned imputed earnings by choosing a respondent with similar characteristics as non-respondents. Thus, earnings data have the drawback of measurement error due to missing observations and proxy earnings. Therefore, to complement earnings, an occupational analysis also becomes important, in order to compare the findings. The occupational classification is defined in the LFS using the NS-SEC measure. This is the National Statistics Socio-economic Classification (NS-SEC) which is an occupationally based classification and the grouped variable has eight classes.

As discussed in the previous chapter, there is no indicator in the LFS that can be used to identify different types of immigrants e.g. asylum seekers/refugees and economic migrants. Therefore in order to construct four different categories of immigrants including asylum seekers/refugees, information on the migrant's country of origin and year of arrival from the LFS is matched with other data sources using information from the UNHCR's Global Refugee Trends and asylum statistics from the Home Office in the same manner as described in chapter 4.

The following four categories of immigrants will be used in the following analysis;

Category I: Refugees and asylum seekers

Category II: Mixed Refugees and Economic Migrants

Category III: Mainly Economic Migrants

Category IV: Economic Migrants

Key socio-economic variables will be again be used as explanatory variables, as well as employment related variables. However, as discussed in the literature review, an important

determinant of earnings assimilation is language proficiency, which unfortunately could not be used as it is not available in the LFS on a consistent basis.

5.4 Descriptive Statistics

Given that socio-economic characteristics were analysed in the previous chapters, just the labour market characteristics of different immigrant categories are discussed below.

5.4.1 Job Related Characteristics by Immigrant Category

Males

Table 5.1(a) displays descriptive statistics for job related characteristics including job tenure, firm size, sector and industry for different categories of male immigrants. The results are discussed separately for each gender excluding those who are self-employed and so the focus is just on those in the paid employment.

In terms of industry, a similar percentage of all categories of immigrants work in production and manufacturing industries. Refugees/asylum seekers and the mixed category of male migrants are relatively highly concentrated in the retail sector, hospitality and transport/communications as compared to other industries, all of which tend to be low paying sectors. A higher proportion of both mainly economic and economic male migrants are found in finance/real estate, public and social services such as education and other services, including IT related office jobs. The percentage of economic migrants involved in health and social work is lowest among all migrants.

Table 5.1 (a)**Job Related Characteristics by Immigrant Category; Males**

<i>Category</i>	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Eco Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>	<i>Total</i>
1-Grouped Industries					
Production	0.00%	1.06%	1.02%	1.53%	1.22%
Manufacturing/Supply	16.65%	19.45%	17.01%	17.23%	17.48%
Construction	4.79%	2.34%	5.18%	4.77%	4.44%
Retail Industry	18.99 %	25.47 %	14.48 %	10.39 %	15.46 %
Hospitality	15.26%	13.28%	8.13%	12.56%	12.21%
Transport/Communications	10.34%	10.31%	7.67%	8.19%	8.76%
Finance/ Real estate	3.15%	4.36%	6.28%	8.05%	6.38%
Public Admin/ Education	6.94%	6.06%	6.28%	9.29%	7.82%
Health / Social Work	8.45%	11.26%	15.43%	7.90%	10.01%
Other Services	13.11%	17.32%	20.33%	20.36%	18.81%
2-Part Time	15.52%	17.97%	7.10%	6.29%	9.75%
3-Firm Size					
Less than 25 Employees	37.86%	40.54%	27.92%	30.26%	32.63%
25-50 Employees	47.13%	45.69%	48.74%	50.90%	49.06%
More than 50 Employees	15.01%	13.77%	23.35%	18.84%	18.31%
4-Tenure					
Under 1 Year	33.04%	32.59%	35.34%	33.17%	33.48%
2-5 Years	47.58%	52.03%	47.22%	45.14%	47.06%
5-10 Years	15.43%	10.90%	13.73%	12.07%	12.67%
10+ Years	3.95%	4.49%	3.71%	9.61%	6.79%
5-Sector					
Private	84.74%	84.91%	79.76%	82.91%	82.90%
Public	15.26%	15.09%	20.24%	17.06%	17.10%
No. of Observations	793	941	1082	2746	5562

A relatively high percentage of refugees/asylum seekers are part time (more than 15%), compared with well under 10% of economic migrants. Approximately a half of all immigrant males work in average size firms, having 25-50 employees, and have 2-5 years of job tenure, which is even more than 50% for mixed refugees and economic migrants. But a relatively large proportion of refugees/asylum seekers and mixed refugees are present in smaller firms, at around 40%, whereas a higher proportion of economic migrant males are employed in larger firms, those which have more than 50 workers.

Economic migrants have the highest proportion with tenure of over 10 years, while over 80% of refugees/asylum seekers have less than 5 years tenure. Again consistent with firm size, more than three quarters of immigrants work in the private sector, with the highest percentage amongst refugees and asylum seekers.

Females

Job-related characteristics for female immigrants are shown in Table 5.1 (b). These descriptive statistics show that health and social services is the most preferred industry for each of the female immigrant categories i.e. particularly for mixed refugees/economic migrants, in which more than a third work in this sector. Production and construction are the least preferred industries as less than 1% of each category work in these industries. Female immigrants are also under-represented in the transport/communication industry, with around half the proportion seen here as compared to male immigrants.

The proportion of economic migrant women in finance and real estate is higher than refugees/asylum seekers, as was seen for males. For all other industries their distribution is more or less the same. A quarter of all immigrant females work part time, but again this is higher among refugees and asylum seekers, where more than one-third are in part time work.

As with males nearly a half of females are employed in medium sized firms, with 25-50 employees. Less than three-quarters work in the private sector but this is still the highest of all groups. The percentage in smaller firms with less than 25 employees is highest for refugees and lowest in large firms for this category, whilst again this position is reversed for economic migrants.

Table 5.1(b)**Job Related Characteristics by Immigrant Category; Females**

<i>Category</i>	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Eco Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>	<i>Total</i>
1-Grouped Industries					
Production	0.68%	0.18%	0.54%	0.52%	0.51%
Manufacturing/Supply	10.09%	7.38%	9.74%	9.28%	9.26%
Construction	1.54%	0.37%	1.62%	0.77%	0.98%
Retail Industry	16.07%	12.36 %	11.80%	9.74%	11.17%
Hospitality	9.06%	6.64%	5.30%	8.76%	7.91%
Transport/Communications	5.98%	3.51%	4.65%	4.96%	4.86%
Finance/ Real estate	4.96%	4.98%	8.23%	7.23%	6.90%
Public Admin/ Education	12.99%	14.76%	13.64%	16.06%	15.09%
Health / Social Work	20.21%	34.69%	30.09%	20.73%	24.08%
Other Services	17.44 %	15.13%	14.39%	21.95%	19.24%
2-Part Time	33.22%	34.56%	23.30%	22.96%	25.53%
3-Firm Size					
Less than 25 Employees	40.18%	39.03%	29.98%	32.87%	33.87%
25-50 Employees	44.29%	42.14%	49.43%	49.43%	48.02%
More than 50 Employees	15.54%	18.83%	20.59%	17.70%	18.11%
4-Tenure					
Under 1 Year	30.48%	36.60%	38.19%	36.57%	36.15%
2-5 Years	49.32%	51.39%	53.07%	47.78%	49.36%
5-10 Years	15.75%	9.43%	6.69%	11.35%	10.78%
10+ Years	4.45%	2.59%	2.05%	4.31%	3.71%
5-Sector					
Private	75.51%	69.06%	70.23%	71.37%	71.39%
Public	24.49%	30.94%	29.77%	28.63%	28.61%
No. of Observations	585	542	924	2865	4916

5.4.2. Hourly Earnings

It is important to have a look at raw statistics for the hourly earnings of both males and females immigrants before proceeding to any regression analysis to have a general idea of these differentials. The earnings data relates to gross hourly pay prior to any tax deductions and has been deflated using the RPI. Also, the number of observations is much lower than in the previous analyses because not all those in employment answer the earnings questions. The pattern of gross hourly earnings for both males and females is discussed below.

Males

Table 5.2(a) shows gross hourly earnings for male immigrant categories. The hourly earnings are on average pretty similar for both categories I and II i.e. the refugee categories, but much higher, in relative terms, for categories III and IV i.e. the economic migrants.

Table 5.2(a)

Gross Hourly Earnings in £ by Immigrant Category; Males

<i>Variable =Hourearn</i>	<i>No .of Obs.</i>	<i>Mean</i>	<i>Std .Dev</i>	<i>Min</i>	<i>Max</i>	<i>% with Earnings >£15</i>
Refugees & Asylum seekers	536	8.46	5.39	1.97	65.15	10.26%
Mixed refugees & Eco. Migrants	610	8.67	6.83	0.71	86.63	12.46%
Mainly Economic Migrants	743	12.81	8.94	1.31	75.43	30.01%
Economic Migrants	1845	12.86	12.03	0.13	228.80	26.83%
All Immigrants	3757	11.53	10.13	0.13	228.80	22.74%

Average earnings of the economic migrant groups are over £4 an hour higher. As discussed previously, this may be because of the fact that they are self selecting in their objective to maximize their economic welfare and are more likely to be highly skilled and educated, in turn maximizing their chances of getting higher returns for their skills and education. This will be explored more fully in the regression analysis.

Category III and IV immigrants also have far more dispersed earnings, especially for economic migrants due to the higher levels in professional and managerial jobs, also to be discussed later. The percentage of those with hourly earnings of more than £15 an hour is more than double for mainly economic and economic migrants as compared to asylum seekers and refugees. Almost one-third of mainly economic migrant males earn more than £15 an hour, while over a quarter of economic migrants earn over this amount, while this fraction is around one-tenth for both

categories I and II of refugees/asylum seekers. Their lower hourly wages indicate that they are more likely to do routine and semi routine jobs as shown by their high percentage in retail and hospitality industries, which will again be explored later in the occupational analysis.

Females

Female hourly earnings are presented in Table 5.2(b) and again the dispersion is quite high for economic migrants. Hourly earnings for categories I and II of refugees/asylum seekers and mixed immigrants are very similar to males but average earnings for females are much lower for mainly economic and economic migrants compared to their male counterparts. Thus the gap between the groups is narrower than seen for males.

Table 5.2 (b)

Gross Hourly Earnings in £ by Immigrant Category; Females

<i>Variable =Hourearn</i>	<i>No .of Obs.</i>	<i>Mean</i>	<i>Std .Dev</i>	<i>Min</i>	<i>Max</i>	<i>% with Earnings >£15</i>
Refugees & Asylum seekers	421	8.76	7.38	1.42	98.09	9.03%
Mixed refugees & Eco. Migrants	371	8.36	4.54	0.68	32.29	7.01%
Mainly Economic Migrants	675	9.69	5.85	0.27	47.81	14.37%
Economic Migrants	2086	10.50	8.56	0.19	189.74	16.68%
All Immigrants	3587	9.92	7.65	0.19	189.74	14.33%

Also the percentage of females earning more than £15 an hour is lower than males for all four categories, but the differential is not great for refugees and asylum seekers between males and females. In contrast, this difference is quite high for mainly economic and economic migrant females as the percentage of females earning more than £15 an hour is around half that seen for their male counterparts.

5.4.3 Occupational Attainment

Males

Descriptive statistics for the occupational distribution of jobs are reported here in Table 5.3(a) for males for different immigrant categories. The statistics show that professional and elementary occupations have the highest percentages of immigrants in them. There are some differences between the groups, with refugees/asylum seekers concentrated in the latter occupation and economic migrants in the former. While personal services and administrative and secretarial jobs are the least preferred occupations for males, with the smallest fraction of refugees/asylum seekers in these categories as both require language fluency along with other skills.

Table 5.3(a)

Occupational Attainment by Immigrant Category; Males

<i>Category</i>	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Eco .Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>	<i>Total</i>
Managers and Senior Officials	7.83%	8.29%	13.14%	18.87%	14.39%
Professional Occupations	11.74%	12.96%	31.54%	19.82%	19.79%
Associate Professional and Technical	7.59%	9.46%	10.08%	14.21%	11.71%
Administrative and Secretarial	4.80%	5.95%	5.37%	4.52%	4.96%
Skilled Trade Occupations	14.52%	10.84%	8.88%	11.99%	11.55%
Personal Service Occupations	2.40%	4.68%	2.59%	3.53%	3.38%
Sales and Customer Service Occupations	9.72%	7.12%	5.92%	3.57%	5.50%
Process, Plant and machine Operatives	14.77%	14.88%	9.25%	7.50%	10.13%
Elementary Occupations	26.26%	25.82%	13.23%	15.99%	18.58%
No. of Observations	792	941	1081	2745	5559

The percentage in professional occupations is the highest for mainly economic and economic migrants and around one-third of mainly economic and one-fifth of economic migrant males are in such jobs. This is not that surprising as economic migrants who have a strong educational and professional background can easily fit into these jobs. Chiswick and Miller (2007) also found similar results for Australia, and agree that years of schooling and the proficiency in English are the key influential factors for the access to high paying occupations.

Over 10% of immigrants from categories III and IV are in associate professional and technical jobs and a much higher percentage from categories I and II are in skilled trade or manual jobs such as process, plant and machine operative jobs. Refugees and asylum seekers are therefore much more concentrated in lower skilled occupations. For example, around 40% are in operatives or in elementary occupations, compared with less than a quarter of economic or mainly economic migrants.

Females

The occupational distribution of females by immigrant category is shown in Table 5.3(b). The table shows that the highest percentage of women is employed in professional and associate professional and technical jobs and personal services. The later category was the least preferred type of job for males.

Again there are large differences by immigrant category. Mainly economic and economic female migrants are more inclined towards associated professional or technical jobs and the highest proportion of mixed refugees and economic migrants (Category II) are in personal service occupations, as more than 20% of each category are in these occupations.

Table 5.3(b)**Occupational Attainment by Immigrant Category; Females**

<i>Category</i>	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Eco. Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>	<i>Total</i>
Managers and Senior Officials	7.34%	4.05%	6.69%	10.51%	8.70%
Professional Occupations	10.58%	10.31%	17.80%	18.19%	16.34%
Associate Professional and Technical	12.12%	17.50%	21.47%	19.87%	18.98%
Administrative and Secretarial	15.19%	16.94%	18.12%	14.70%	15.65%
Skilled Trade Occupations	1.71%	1.47%	1.19%	1.43%	1.42 %
Personal Service Occupations	16.72%	21.55%	11.76%	12.88%	14.09%
Sales and Customer Service Occupations	10.75%	10.87%	8.20%	6.88%	8.03%
Process, Plant and machine Operatives	3.07%	3.31%	3.13%	2.93%	3.03%
Elementary Occupations	22.53%	14.00%	11.65%	12.60%	13.76%
No. of Observations	543	543	927	2864	4920

On the other hand, similar to their male counterparts and consistent with other results, the highest percentage of female refugees and asylum seekers is seen in low level elementary jobs. The lowest percentage of each category is in skilled trade jobs, which is just a mere fraction, of less than 2%. At least 15% of each category, with the highest percentage seen for mainly economic migrants, is in administrative or secretarial jobs as women generally find office and secretarial work relatively easier, not normally requiring many specific skills. While personal service occupations are dominated by both refugee categories, with about 22% mixed refugees and economic migrant females in this occupation.

Overall the results show that differentials exist for both males and females, though with similar findings for economic migrants and refugees and asylum seekers across the genders. Economic

migrants are more likely to have professional jobs, while refugees and asylum seekers are more involved in elementary level jobs. Personal services and administrative and secretarial jobs are more dominated by females, with relatively few male immigrants in these occupations. These differentials will be further examined using regression analysis in the following sections.

5.5 Empirical Methodology

Labour market outcomes for asylum seekers/refugees and economic immigrants in terms of their earnings and occupational success will now be compared using regression analysis. This study differentiates between asylum seekers/refugees and economic immigrants and investigates ethnic variations and other differences within immigrant groups by focusing on differences in earnings and occupational achievements. Thus regression techniques are used to compare earnings and occupational attainment between the different categories of immigrants, with separate analysis for male and female immigrants.

Earnings Equation

Formal regression analysis is used to explore the determinants of earnings for immigrants and to compare the earnings of refugees/asylum seekers relative to other immigrants, as shown by the equation below:

$$\ln(Y_i) = \alpha_0 + \beta X_i + \gamma Immig_i + \varepsilon_i \quad (5.1)$$

where:

$\ln(Y_i)$ = Log hourly earnings

X_i = Set of control variables (e.g. age, education, region, marital status)

β = Associated vector of coefficients for X_i

$Immig_i$ = Set of dummies for Immigrant Category

γ_i = Associated vector of coefficients for $Immig_i$

α = Constant and ε_i = Error Term

Therefore, the coefficients in the vector γ give the difference in log earnings of other immigrants relative to asylum seekers/refugees, after controlling for other factors. Multiplying this coefficient by 100 gives approximately the percentage differential in earnings for a particular category. Earnings are estimated using a basic specification, including just socio-economic characteristics and an augmented specification which adds job related factors.

Earnings differentials for different categories of immigrants will be estimated using Equation (5.1). As discussed in chapter 4, the empirical specification is based on some of the key papers in the literature including Wheatley-Price (2001), Lindley (2002a), Dustmann and Fabbri (2005) and Clark and Lindley (2006).

Occupational Attainment Equation

Given the categories of occupations used to classify occupational attainment, the observed dependent variable is of an ordered and categorical nature. The NS-SEC categorizes occupations into eight classes, as discussed previously in the descriptive statistics for occupational success. For the simplicity, these eight classes have been grouped into four job types i.e. routine, semi-routine, intermediate and professional/managerial jobs. This occupational distribution is thus described on a 1-4 scale with 1 being lowest and 4 the highest. Therefore, an ordered response model is used for the occupational analysis.

The observed categorical dependent variable is related to occupational attainment as follows:

$$O_i^* = \beta X_i + \gamma Immig_i + \varepsilon_i \quad (5.2)$$

where O_i^* is an unobserved variable indicating the individual's occupational attainment. Individual characteristics are included as the explanatory variables and are represented by X and its associated coefficient vector by β .⁷

The latent dependent variable (O_i^*) is related to the variable (O_i) as follows:

$$O_i = 1 \text{ if } O_i^* \leq \delta_1$$

$$O_i = 2 \text{ if } \delta_1 < O_i^* \leq \delta_2$$

$$O_i = 3 \text{ if } \delta_2 < O_i^* \leq \delta_3$$

$$O_i = 4 \text{ if } \delta_3 < O_i^* \leq \delta_4$$

where the δ 's are the unknown parameters to be estimated jointly with β .

The logical order of alternative choices implies that ordered probit models which are estimated as an ordered response model, which is more parsimonious than an unordered model. The explanatory variables are the same as in the basic specification. The occupational attainment of different immigrant categories is estimated along with the effect of other variables. Marginal effects of being in professional/managerial occupations are also reported. The specification comprises of age in quadratic form and educational dummies. Education is again measured on the basis of age left full time education and is divided into three levels i.e. high, medium and low levels of education.

⁷ For a detailed discussion of the application of an ordered probit model see Verbeek (2000) pp 190-194.

Equation (5.1) will be estimated using two sets of control variables for both males and females. Firstly, controls for ethnic origin, region dummies, marital status, year of interview and years since migration, as an indicator of assimilation, are included. Secondly, controls are also added for labour market variables such as industry, job tenure, firm size and sector to see their impact on earnings variations between different categories of immigrants.

Separate estimates for each immigrant group and gender are also reported using the basic specification. Earnings estimates for all immigrant males and females with the workplace control variables are then presented. Robust standard errors are used and also the number of observations and adjusted R-squared statistics are reported at the end of each table.

5.6 Regression Results for Earnings

5.6.1 Earnings Estimates for Immigrant Males and Females

Males

Table 5.4 reports log hourly earnings estimates for an earnings regression for all immigrants and includes the migrant group dummies. The results are typical from those of standard wage equations, with more educated and experienced workers earning significantly higher wages and there being an earnings premium for those living in London. The estimates for males show that age, education, ethnicity and years since migration are quite important determinants of earnings. Age has a very significant positive but overtime decreasing impact on earnings and initially increases an individual's earnings by around 7%. Marital status is not significant for male immigrants, although the impact of being married is positive on earnings.

Table 5.4: Log Hourly Earnings Estimates for Earnings; Males and Females

	<i>Males</i>	<i>Females</i>
Age	0.069*** (0.008)	0.105*** (0.007)
Age Squared	-0.070*** (0.000)	-0.010*** (0.000)
Married	0.024 (0.022)	-0.034* (0.019)
Medium Education	0.159*** (0.024)	0.154*** (0.023)
High Education	0.492*** (0.023)	0.413*** (0.022)
Midlands	-0.007 (0.033)	0.028 (0.036)
East	0.190*** (0.039)	0.131*** (0.038)
London	0.208*** (0.028)	0.245*** (0.030)
South	0.170*** (0.032)	0.099*** (0.031)
Wales	0.008 (0.069)	0.115* (0.067)
Scotland	0.004 (0.047)	0.041 (0.046)
N. Ireland	0.029 (0.118)	-0.019 (0.111)
South Asians	-0.382*** (0.025)	-0.212*** (0.026)
Black	-0.326*** (0.031)	-0.151*** (0.027)
Mixed & Others	-0.273*** (0.029)	-0.141*** (0.026)
Year 2001	0.046 (0.030)	-0.073** (0.029)
2002	0.046 (0.032)	-0.033 (0.031)
2003	0.045 (0.031)	-0.021 (0.031)
2004	0.083** (0.031)	-0.017 (0.029)
2005	0.022 (0.028)	-0.010 (0.028)
Mixed Refugees & Economic Migrants	0.062* (0.032)	0.158*** (0.035)
Mainly Economic Migrants	0.314*** (0.029)	0.249*** (0.032)
Economic Migrants	0.132*** (0.027)	0.195*** (0.028)
Years since Migration	0.011*** (0.002)	0.015*** (0.002)
No. of Observations	3671	3508
Adjusted R-squared	0.296	0.236

Note: Robust standard errors are in parentheses and default categories are single, low educated, living in the North, white, year 2006 and refugees and asylum seekers (Category 1). *p<0.1; ** p <0.05; *** p<0.01 (two-tailed tests)

Region of residence also affects earnings, since as well as in London, earnings are significantly higher in the East and the South compared to the North. The earnings advantage is over 20% higher for those living in London as compared to the North. Being in the East and the South has an earnings premium of just less than that seen in London. Clark and Drinkwater (2007) find that living in London and the South East increases the probability of getting a professional/managerial position for an individual and this impact is greater for men than women which can be another obvious reason for locating in London, even if the cost of living is much higher there.

Education plays a very important role in improving earnings as is obvious from the large positive returns to education for earnings. For example the hourly earnings of male workers are more than 16% higher for the medium education group and around 50% higher for highly educated group compared to the low education reference group. Years since migration are also positively associated with earnings, which is consistent with the Chiswick (1978) findings that immigrant earnings are initially lower and then over time grow as they assimilate into the host labour market. An extra year in the UK increases earnings by more than 1%. Year dummies are not very significant for males and only year 2004 is significant at the 5% level reflecting real earnings premium for males in year 2004 as compared to reference year of 2006. This could be because of influx of Eastern Europeans to low wage jobs after 2004.

All ethnic minority males have a significant earnings gap and earn less than comparable whites. Asians, Blacks, other and mixed groups earn significantly less and the difference in earnings is more than a quarter for all ethnic groups, especially for Asians male migrants who have the highest earnings disadvantage as they earn more than 35% less than the comparable category of whites. The estimates of the earnings of the immigrant categories are also what we might expect.

All immigrant categories for males have significantly higher earnings compared to asylum seekers/refugees, apart from the mixed refugees and economic migrant category, which is significant only at the 10% level. This confirms that refugees earn significantly less than economic immigrants in accordance with the results for raw hourly wages, even after controlling for characteristics. In particular, asylum seekers/refugees earn approximately 6% less than the mixed category, more than 30% less than mainly economic migrants and around 13% less than economic migrants. Mainly economic migrant males are the highest earning group among all immigrant categories, performing better than economic migrants after controlling for observed characteristics.

Females

The estimates for females show that age is relatively more important for females, with young females earning approximately 3% more than their male counterparts of the same age. Married females have a comparative disadvantage and their earnings are lower by around 3% as compared to singles, although this is only significant at the 10% level. As far as regions are concerned, immigrant females in the East, South and London and to some extent Wales have significantly higher earnings. For example, female immigrant workers in London earn around a quarter more than female workers in the north. All year dummies are not significant except for year 2001 which is significant at 5% level of significance and shows that females' real earnings are around 7% less for those interviewed in year 2001 as compared to the reference year of 2006. Similar to males, years since migration are also very significant for females, with a slightly greater impact seen compared to males.

Like for males, education is very important for females and returns to education are far higher for both the medium and high education groups as compared to the low education group. In

particular, they earn respectively around 15% and 40% more than the reference group of low education. Ethnic penalties also exist for females and they earn less than white females but this earnings differential is less for ethnic females than compared to males. The earnings disadvantage is nearly half as high for the Black and Other and mixed groups for females as compared to males. Earnings penalties are around 6% higher for Asian women as compared to Blacks and Other and mixed ethnic groups.

Females from all other immigrant categories earn more than refugees and asylum seekers. Mainly economic migrant females have the highest earnings advantage, which is approximately 10% more than the mixed refugees/economic migrants' category and 5% more than economic migrants and 25% more than the default refugee/asylum seeker category. Thus mainly economic migrants have a large advantage relative to refugees, and the mixed category a smaller disadvantage for females compared to males.

A comparison between the results for males and females reveals that generally the signs and significance levels are similar for both genders but some differences are present. For example female refugees seem to do relatively worse in terms of earnings compared to the other categories of immigrants, although mainly economic migrant males have the largest advantage. Age, education, ethnicity and years since migration are roughly equally important for both genders. Returns to education are similar for both males and females for medium levels of education but slightly greater for highly educated males. Both genders suffer ethnic penalties but the differentials are about half as high for Black and Other and mixed ethnic females. South Asians are the most disadvantaged group both for males and females. Furthermore, mainly economic migrants are the most advantaged group among all immigrants for both males and females.

5.6.2 Estimates for Earnings by Immigrant Category, Males

Earnings estimates for all four categories of male immigrants are reported in Table 5.5. The estimates show that earnings differentials are present among males of different migrant categories, some of which are due to differences in education, ethnicity, regions and years since migration along with other factors. As expected education, ethnicity and years since migration has a typical and similar influence on earnings for all categories of immigrants. Though somewhat surprisingly age has no significant effect on refugees/asylum seekers and mixed refugees and economic migrants but a highly significant effect for mainly economic and economic migrants, for whom age also increases earnings by a significant 8% initially.

Marital status is also not important for the earnings of any of the immigrant groups. The highest returns to education are seen for economic migrants. For example for the medium education group, earnings adds around 5% more for economic migrants compared to the other categories of immigrants relative to those with no qualifications. While highly educated mainly economic migrants earn relatively more than all other immigrant groups and their earnings are more than 60% higher than those with low education, nearly double the advantage compared to refugees and asylum seekers. Economic migrants in the high education group also have a similar, although slightly smaller earnings advantage.

Regional differences vary across the four immigrant categories. Earnings are significantly higher in the East, London and the South than in other regions both for mainly economic and economic migrants but for mixed refugees and economic migrants only for those living in the South and Northern Ireland region there is a significantly positive effect on earnings, where they earn approximately 16% more in the South as compared to the North.

Table 5.5: Log Hourly Earnings Estimates by Immigrant Category; Males

	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Economic Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>
Age	0.014 (0.015)	0.029 (0.018)	0.076*** (0.018)	0.081*** (0.014)
Age Squared	-0.080 (0.000)	-0.020 (0.000)	-0.080*** (0.000)	-0.080*** (0.000)
Married	0.028 (0.046)	-0.047 (0.057)	0.059 (0.047)	0.038 (0.032)
Medium Education	0.145*** (0.044)	0.172** (0.049)	0.140** (0.055)	0.203*** (0.041)
High Education	0.365*** (0.049)	0.321*** (0.051)	0.595*** (0.049)	0.549*** (0.039)
Midlands	-0.098 (0.072)	0.104 (0.071)	-0.137* (0.073)	0.015 (0.052)
East	0.106 (0.111)	0.108 (0.076)	0.188** (0.088)	0.237*** (0.060)
London	-0.007 (0.061)	0.083 (0.057)	0.112* (0.062)	0.336*** (0.045)
South	0.040 (0.072)	0.162** (0.081)	0.134** (0.065)	0.198*** (0.048)
Wales¹	-0.141 (0.147)	0.064 (0.198)	0.095 (0.116)	-0.015 (0.105)
Scotland	-0.152 (0.152)	0.121 (0.121)	0.045 (0.114)	0.033 (0.064)
N. Ireland		0.407*** (0.131)	-0.016 (0.124)	-0.147 (0.359)
South Asians	-0.113** (0.052)	-0.536*** (0.082)	-0.337*** (0.045)	-0.525*** (0.048)
Black	-0.149*** (0.055)	-0.296*** (0.084)	-0.416*** (0.068)	-0.445*** (0.054)
Mixed & Others	-0.046 (0.058)	-0.298*** (0.097)	-0.436*** (0.064)	-0.274*** (0.045)
Year 2001	-0.052 (0.068)	-0.149* (0.081)	-0.007 (0.067)	0.154*** (0.042)
2002	-0.122* (0.067)	-0.097 (0.082)	-0.107 (0.067)	0.175*** (0.047)
2003	-0.099 (0.069)	-0.011 (0.073)	-0.182*** (0.064)	0.157** (0.045)
2004	-0.043 (0.066)	-0.082 (0.075)	-0.046 (0.062)	0.183*** (0.046)
2005	-0.056 (0.071)	-0.082 (0.067)	-0.103* (0.056)	0.109** (0.043)
Years since Migration	0.023*** (0.006)	0.012** (0.006)	0.013** (0.005)	0.012*** (0.003)
No. of Observations	534	607	738	1792
Adjusted R-squared	0.164	0.198	0.334	0.317

Note: Robust standard errors are in parenthesis. Default categories are single, low educated, living in the North, white and year 2006. *p<0.1; ** p <0.05; *** p<0.01 (two-tailed tests)

¹ Wales and N. Ireland is a combined region for category I due to a small number of observations.

For economic migrants the earnings advantage is around 10% higher in London than in the East and South while mainly economic migrants in the East have the highest earnings.

Years since migration has a stronger effect on the earnings of refugees and asylum seekers since their earnings increase by more than a 2% for an extra year in the UK. For the other categories of male immigrants, earnings increase by only around 1% for each additional year. All ethnic groups earn less than whites but earnings differentials are smaller for ethnic minority refugees and asylum seekers and higher for other categories of economic migrants from all ethnic backgrounds. Asians males from the mixed migrant category and economic migrants have the largest earnings penalties and their earnings are around 50% lower than comparable white immigrants. Black economic migrants and mainly economic Mixed and other migrants are also very disadvantaged groups in terms of their earnings. Finally, the fit of the earnings equations is much better for categories III and IV compared to categories I and II.

5.6.3 Estimates for Earnings by Immigrant Category, Females

Estimates for log hourly earnings for female immigrant groups are presented in Table 5.6. From the table it can be seen that age, education and years since migration are also important determinants of female earnings in the different migrant groups. Age effects are highest for economic migrants and although being in a married relationship depresses earnings for all female immigrant groups but this is not significant for any of them. Similar to men, regional earnings differentials for refugees and asylum seekers and mixed refugees and economic migrant female categories are not significant for any area. While for mainly economic and economic migrants earnings are significantly higher in the East and South but the highest in London, as their earnings gains are around 30% higher compared to the North. The estimates for ethnicity and education in Table 5.6 show many significant differences.

Table 5.6: Log Hourly Earnings Estimates by Immigrant Category; Females

	<i>Refugees & Asylum Seekers</i>	<i>Mixed Refugees & Economic Migrants</i>	<i>Mainly Economic Migrants</i>	<i>Economic Migrants</i>
Age	0.072*** (0.018)	0.085*** (0.021)	0.077*** (0.014)	0.124*** (0.011)
Age Squared	-0.090*** (0.0002)	-0.010*** (0.000)	-0.010*** (0.000)	-0.010*** (0.000)
Married	-0.001 (0.056)	-0.073 (0.055)	-0.050 (0.046)	-0.028 (0.025)
Medium Education	0.160*** (0.059)	0.209*** (0.055)	0.094* (0.049)	0.170*** (0.034)
High Education	0.373*** (0.061)	0.274*** (0.057)	0.374*** (0.045)	0.464*** (0.032)
Midlands	0.015 (0.128)	-0.025 (0.099)	0.090 (0.086)	0.008 (0.046)
East	-0.068 (0.106)	0.112 (0.109)	0.272** (0.095)	0.122** (0.051)
London	0.086 (0.097)	0.079 (0.082)	0.277** (0.081)	0.281*** (0.038)
South	-0.081 (0.107)	0.014 (0.082)	0.183** (0.081)	0.104** (0.038)
Wales	0.114 (0.140)	0.181 (0.207)	0.279 (0.172)	0.037 (0.087)
Scotland	0.140 (0.143)	-0.248 (0.192)	0.078 (0.121)	0.054 (0.054)
N. Ireland		-0.012 (0.224)	0.074 (0.104)	-0.073 (0.176)
Asians	-0.047 (0.072)	-0.252** (0.083)	-0.239*** (0.051)	-0.238*** (0.044)
Black	-0.145** (0.065)	-0.108 (0.071)	-0.291*** (0.066)	-0.110** (0.047)
Chinese & Others	-0.110* (0.064)	-0.069 (0.084)	-0.231*** (0.058)	-0.122*** (0.035)
Year 2001	0.000 (0.083)	-0.135 (0.087)	-0.176*** (0.068)	-0.039 (0.039)
2002	0.073 (0.098)	-0.058 (0.071)	-0.155** (0.069)	-0.005 (0.044)
2003	0.095 (0.099)	-0.098 (0.085)	-0.131** (0.063)	0.018 (0.044)
2004	-0.002 (0.077)	-0.107 (0.086)	-0.052 (0.062)	0.009 (0.043)
2005	-0.037 (0.079)	-0.079 (0.068)	-0.035 (0.061)	0.014 (0.042)
Years since Migration	0.031*** (0.007)	0.005 (0.006)	0.012** (0.005)	0.014*** (0.003)
No. of Obs	418	370	673	2047
Adj R-squared	0.176	0.178	0.188	0.264

Note: Robust standard errors are in parenthesis. Default categories are single, low educated, living in the North, white and year 2006. *p<0.1; ** p <0.05; *** p<0.01 (two-tailed tests)

1 Wales and N. Ireland is a combined region for category I due to a smaller number of observations.

Again, returns are large for highly educated females. Highly educated female refugees/asylum seekers and mainly economic migrants have similar returns to education and their earnings are

around 40% higher than those with low education, which is around 10% more than mixed refugees and economic migrants but about 10% less than for highly educated economic migrants. Relative returns to medium levels of education are similar for refugees/asylum seekers and economic migrants but highest for the mixed refugees and economic migrant group who earn more than 20% more than comparable workers with low levels of education.

The ethnicity results show differences between both refugees and economic migrants. Earnings of Asian females in categories II-IV are reduced roughly by a quarter as compared to white female immigrants. For female Asian refugees and asylum seekers there is a smaller earnings penalty (just below 5%). The table clearly shows that the relative penalties are less for Asian females as compared to their male counterparts. Mainly economic Black migrants also suffer a large disadvantage. Earnings assimilate fastest for refugees/asylum seekers over time since an extra year in the UK increases earnings by 3%, the highest of all immigrant categories. Years since migration are not significant for the mixed refugees and economic migrant category, and just over 1% for the two economic migrant categories. The year dummies are not significant apart from the mainly economic migrant category.

To summarise, the main findings from the separate earnings estimates by immigrant group and gender indicate that returns to education are similar for both male and female immigrants and are greater for the highly educated as compared to those with lower levels of education. For both males and females, economic migrants have the highest rewards. Also there are large earnings ethnic penalties for some of the Asian and Black migrant groups. However, amongst Asian females, ethnic penalties are lowest for refugees and asylum seekers. Furthermore, years since migration have a more influential impact on refugees and asylum seekers than economic migrants both for males and females, suggesting more rapid earnings assimilation for this group.

5.6.4 Earnings Estimates for Males and Females with additional Workplace Controls

Table 5.7 contains separate estimates for males and females for earnings including the additional workplace controls. These relate to grouped industry, tenure, firm size, sector and part time dummies which are added to the existing specification to see the influence of these controls compared to the earlier results.

A comparison of the results for males and females reveals that generally the signs and significance levels for most of the variables are similar to before, as reported in Table 5.4. However the impact and significance of some variables is reduced after additional controls are added e.g. for age, education and years since migration. In particular the advantage of highly qualified immigrants falls to just over 30% from over 40% when job-related characteristics are included. The patterns of regional and ethnic effects are very similar to before. The fit of the model also increases quite considerably as compared to the basic model, especially for males.

For males, employees in finance and real estate earn the most, while those in manufacturing, energy supply, retail industry, hospitality, transport and telecommunications earn less than the reference group of other services. Manufacturing, supply, Transport and communications workers earn around 20% less while Finance workers earn about 20% more than those in other services and those in hospitality have the highest earnings deficit of over 30%. Workers in the retail sector also earn around a quarter less than those in other services. Health and social care service workers enjoy a slight but not significant earnings premium.

Table 5.7: Earnings Estimates with Additional Controls; Males and Females

	<i>Males</i>	<i>Females</i>
Age	0.046*** (0.008)	0.081*** (0.007)
Age Squared	-0.010*** (0.000)	-0.010*** (0.000)
Married	0.027 (0.021)	-0.021 (0.018)
Medium Education	0.106*** (0.023)	0.108*** (0.022)
High Education	0.331*** (0.023)	0.323*** (0.022)
Midlands	-0.017 (0.031)	0.031 (0.035)
East	0.156*** (0.037)	0.113** (0.037)
London	0.180*** (0.027)	0.238*** (0.030)
South	0.152*** (0.031)	0.113*** (0.031)
Wales	-0.023 (0.063)	0.122* (0.069)
Scotland	0.022 (0.043)	0.088* (0.046)
N. Ireland	0.042 (0.109)	-0.006 (0.110)
South Asians	-0.317*** (0.025)	-0.174*** (0.027)
Black	-0.299*** (0.028)	-0.156*** (0.028)
Mixed & Others	-0.238*** (0.029)	-0.128*** (0.024)
Year 2001	0.050* (0.028)	-0.064** (0.027)
2002	0.023 (0.031)	-0.024 (0.032)
2003	0.036 (0.028)	-0.024 (0.029)
2004	0.076* (0.028)	-0.020 (0.028)
2005	0.025 (0.026)	-0.009 (0.027)
Production	-0.112 (0.096)	-0.109 (0.134)
Manufacturing/Supply	-0.195*** (0.032)	-0.082** (0.034)
Construction	-0.114** (0.041)	0.119* (0.069)
Retail Industry	-0.263*** (0.033)	-0.204*** (0.032)
Hospitality	-0.358*** (0.032)	-0.279*** (0.036)

Table 5.7: Continued

	<i>Males</i>	<i>Females</i>
Transport/Communications	-0.208*** (0.037)	-0.056 (0.040)
Finance/ Real estate	0.207*** (0.049)	0.165*** (0.040)
Public Admin/ Education	-0.060 (0.046)	-0.049 (0.040)
Health / Social Work	0.025 (0.043)	-0.053* (0.031)
Part Time	-0.209*** (0.031)	-0.131*** (0.022)
Less than 25 Employee	-0.261*** (0.028)	-0.224*** (0.028)
25-50 Employee	-0.152*** (0.024)	-0.099*** (0.024)
2-5 Years of Tenure	0.101*** (0.019)	0.128*** (0.019)
5-10 Years of Tenure	0.198*** (0.031)	0.253*** (0.034)
10+ Years of Tenure	0.441*** (0.051)	0.179*** (0.062)
Public Sector	-0.016 (0.037)	0.072** (0.028)
Mixed Refugees & Economic Migrants	0.049* (0.029)	0.136*** (0.034)
Mainly Economic Migrants	0.224*** (0.027)	0.189*** (0.031)
Economic Migrants	0.073*** (0.025)	0.150*** (0.028)
Years since Migration	0.006** (0.002)	0.009*** (0.002)
No. of Observations	3505	3366
Adj. R-squared	0.413	0.331

Note: Robust standard errors are in parenthesis. Default categories are single, low educated, living in the North,, white, year 2006, in other services, working full time, firm size of more than 50 employees, less than one year of tenure, in private sector and refugees and asylum seekers (Category 1). *p<0.1; ** p <0.05; *** p<0.01 (two-tailed tests)

Earnings increase as the firm size increases as is clear from Table 5.7, which is a standard finding in the literature possibly because of the union effect on wages, deferred compensation or possibly efficiency wages. Those working in smaller firms, of less than 25 employees, earn around a quarter less and those in firms with 25-50 employees earn around 15% less than comparable workers with over 50 colleagues. Earnings rise significantly as tenure increases and all immigrants earn more with larger tenure as compared to the reference category of less than one year. Earnings increase by around 10% for each tenure period of 2-5 years and 5-10 years

whilst individuals with more than 10 years have the highest returns, as earnings are over 40% higher for this category compared to those with less than 1 year of tenure. There are no significant differences between the earnings of male immigrants in the public and private sectors but full-time employees earn 20% more.

Finally, earnings gains remain significant for all three categories of immigrants as compared to the reference group of refugees and asylum seekers. Again this differential is highest for mainly economic migrant males with an earnings premium of over 20%. While the earnings premium for mixed refugees and economic migrant category and economic migrant category is around 5% and 7% respectively. All of these relative earnings advantages are smaller than before, especially for economic migrants, which has more or less halved.

For female workers employed in production, manufacturing and supply, retail, transport and communications and health and education all have lower earnings as compared to those in other services. While females in finance and real estate as well as in construction have earnings advantages over workers in other services. The relative earnings advantage for those in finance/real estate is similar to males, but female construction workers enjoy an earnings advantage, which is opposite to what was seen for males.

Earnings are lower for part time women who earn around 13% less than full-timers. Similar to men, earnings differentials for women also increase with firm size. Those working in larger firms, with more than 50 employees, are the largest earners while those females working in smaller firms of less than 25 and 25-50 employees have earnings gaps of around 20% and 10% respectively as compared to workers in firms with more than 50 employees. Tenure also significantly increases earnings since females with 5-10 years of tenure have an earnings gain of more than a quarter compared to workers with less than 1 year of tenure. However, the return to

more than 10 years of tenure is smaller than for the previous category. Females working in the public sector, earn a significant 7% more than those in the private sector.

Earnings differences are again significant for all three categories of female immigrants as compared to reference group of refugees and asylum seekers. This differential is highest for mainly economic migrants, with an earnings premium of around 20%. While for mixed refugees and economic migrants the earnings are very similar at around 15%. As with males, the differentials have been lowered compared to the previous specification but the earnings gap between refugees/asylum seekers and other immigrant categories remain larger for females than males, even after controlling for workplace factors.

5.6.5 Estimates for Occupational Attainment

The main objective of the occupational analysis is to compare the determinants of occupational success with those for earnings. The dependent variable is coded such that higher (positive) values of coefficients indicate greater chances of success in high level jobs and lower values indicate a higher probability of having lower level jobs. Separate estimates for males and females for occupational attainment are presented in Table 5.8. The results show that age and education are very significant for both males and females as mentioned earlier in relation to earnings, with education and experience increasing occupational attainment. Age equally affects the occupational level of males and females while marital status matters for both but differently. For males, occupational success increases with marriage while for women it decreases. This is not an unexpected finding as family responsibilities often force men to find better jobs and earn more while for women family and child care responsibilities are often an obstacle to success in the labour market.

Table 5.8: Ordered Probit Estimates and Marginal Effects for Occupational Attainment

	<u>Males</u>		<u>Females</u>	
	<i>Coef.</i>	<i>Marginal Effects (Prof/man)</i>	<i>Coef.</i>	<i>Marginal Effects (Prof/man)</i>
Age	0.133*** (0.013)	0.047*** (0.005)	0.124*** (0.014)	0.036*** (0.004)
Age Squared	-0.010*** (0.000)	-0.010*** (0.000)	-0.010*** (0.000)	-0.000*** (0.000)
Married	0.103** (0.039)	0.036** (0.013)	-0.079** (0.036)	-0.023** (0.010)
Medium Education	0.246*** (0.043)	0.089*** (0.016)	0.357*** (0.045)	0.109*** (0.014)
High Education	1.021*** (0.040)	0.351*** (0.013)	1.032*** (0.044)	0.302*** (0.012)
Midlands	-0.227*** (0.066)	-0.076*** (0.021)	-0.097 (0.073)	-0.027 (0.020)
East	0.038 (0.065)	0.014 (0.023)	0.108 (0.069)	0.033 (0.021)
London	0.016 (0.049)	0.006 (0.017)	0.094* (0.055)	0.028 (0.016)
South	0.095 (0.056)	0.034 (0.203)	0.041 (0.057)	0.012 (0.017)
Wales	0.276** (0.109)	0.103** (0.042)	0.060 (0.109)	0.018 (0.033)
Scotland	0.048 (0.088)	0.017 (0.032)	0.001 (0.092)	0.000 (0.027)
N. Ireland	0.475** (0.206)	0.181** (0.082)	0.451** (0.153)	0.153** (0.057)
South Asians	-0.573*** (0.046)	-0.185*** (0.013)	-0.496*** (0.049)	-0.126*** (0.011)
Black	-0.574*** (0.058)	-0.176*** (0.015)	-0.432*** (0.053)	-0.110*** (0.012)
Mixed & Others	-0.307*** (0.047)	-0.102*** (0.015)	-0.366*** (0.048)	-0.096*** (0.011)
Year 2001	0.293*** (0.051)	0.107*** (0.019)	0.195*** (0.053)	0.059*** (0.017)
2002	0.277*** (0.057)	0.102*** (0.022)	0.169*** (0.058)	0.052** (0.018)
2003	0.196*** (0.057)	0.071** (0.022)	0.188*** (0.056)	0.058** (0.018)
2004	0.198*** (0.055)	0.072*** (0.020)	0.150** (0.057)	0.046** (0.018)
2005	0.100* (0.053)	0.036 (0.019)	0.028 (0.055)	0.008 (0.016)
Mixed Refugees & Economic Migrants	0.203** (0.062)	0.074** (0.023)	0.400*** (0.069)	0.130*** (0.025)
Mainly Economic Migrants	0.691*** (0.060)	0.259*** (0.023)	0.594*** (0.063)	0.196*** (0.022)
Economic Migrants	0.420*** (0.052)	0.147*** (0.018)	0.440*** (0.055)	0.124*** (0.015)
Years since Migration	0.024*** (0.004)	0.008*** (0.001)	0.034*** (0.004)	0.010*** (0.001)
No. of Observations	5465		4831	
Pseudo R-squared	0.131		0.094	

Notes: Robust standard errors are in parentheses. p<0.1; ** p<0.005; *** p<0.01 (two-tailed test).
Default categories are single, living in the North, white, year 2006 and refugees and asylum seekers (Category 1).

The marginal effects imply that males and females with high levels of education are 30 percentage points more likely to have a professional/managerial job and those with medium education around 10 percentage points more likely compared to migrant workers with low levels of education. Apart from Wales and N. Ireland, regions do not play a significant role in migrant males' occupational success. Male immigrants in N. Ireland and Wales are more likely to obtain high level professional and managerial jobs. Female immigrants in London and N. Ireland have better chances of being successful in terms of occupation. Ethnic penalties are present for all ethnic groups including the Mixed and other ethnic group compared to whites. These differentials are largest for Asians and Blacks for both males and females. For Asians and Black males the chances of getting a professional or managerial job are around 18% points lower than for whites. Instead, they are more likely to do routine and semi-routine jobs. While males and females from the Mixed and other ethnic group have a lower disadvantage compared to whites. Years since migration provides better opportunities for success and females are relatively more likely to do well than males with more years spent in the UK. For them an extra year in the UK increases the probability of having a high level job by 1 percentage point compared to slightly less than this for males.

Immigrants from other categories are more successful in the labour market in terms of occupational success compared to refugees and asylum seekers. Mainly economic migrant males and females are the most likely to have professional and managerial jobs, which is quite consistent with the earnings estimates. The probability of an immigrant from this group having a high level job is 26 percentage points higher for males and 20 percentage points higher for females compared with refugees/asylum seekers. Economic migrant males and females are also more successful relative to refugees and asylum seekers but are less likely to get professional and managerial jobs compared to mainly economic migrants. In fact female economic migrants have a lower probability of having a top job than the mixed category.

5.7 Conclusion

The labour market outcomes for earnings and occupation are similar to those for employment in that they reveal that for both males and females, refugees/asylum seekers do far worse than other immigrants after controlling for personal, as well as workplace, characteristics. It is also found that education, location, ethnicity and years since migration are important in determining the earnings and occupational achievements of immigrants.

Consistent with Lindley (2002) findings, refugees' earnings patterns differ from non-refugee migrants and they assimilate differently from economic migrants. It is found that asylum seekers and refugees get the largest return to their education in terms of employment while lowest returns to their education in terms of earnings. In addition to this ethnicity also plays an important role in determining economic performance and assimilation. Ethnicity can not be ignored while analyzing the labour market performance of immigrants as it is an important factor affecting their assimilation and there also exists large element of disadvantage, possibly due to discrimination for all ethnic groups as compared to whites. The influence of education on immigrant labour market success shows that returns to education in terms of earnings are positive but returns to education are lower for refugees/asylum seekers, especially for males.

Asylum seekers/refugees earn significantly less than other migrants after controlling for other variables, with larger differentials for females. The significantly lower earnings of refugees and asylum seekers are consistent with the results for occupation, where it is found that this group is concentrated in low level jobs. However, once again assimilation has the highest effects for asylum seekers/refugees, implying those who stay in the UK for long periods often perform well.

Assimilation over time is a consistent finding with Cortes (2004) that due to implicit difference in the time horizon of economic and refugee immigrant categories, higher rates of human capital accumulation leads to substantial gains over time for refugee immigrants. As most of the immigrants arrived in the UK during 1990s, they are expected to perform better in the labour market with the accumulation of country-specific skills over time even though they may have started from a very low position on average.

Nevertheless, the poorer performance of refugees and asylum seekers compared to other immigrant categories both in terms of earnings and occupational achievement is likely to be attributed to a number of factors including a lack of country specific human capital, non-recognition of their education and as well as discrimination. As they earn significantly less their tax contributions are lower as well, especially as they are less likely to have top level jobs. For this reason they are often viewed as a greater burden on the government and people become more and more hostile in their attitudes towards them.

The next chapter will analyze the changes in people's attitudes towards refugees and asylum seekers over the last decade. The impact of the socio-economic factors in affecting these attitudes will also be discussed.

Chapter 6

Attitudes towards Asylum Seekers and Refugees in the UK

6.1 Introduction

The arrival and settlement of new ethnic migrant groups, including refugees and asylum seekers, has made a massive social, cultural and economic contribution to the history of the UK, despite hostile negative responses from some sections of the general public and sometimes from the government. This has become a very serious public and political issue not only in the UK but in almost all European countries. Usually negative attitudes are associated with native views towards immigrants as the native population slowly adjusts and accepts the new social and cultural impacts.

The complexity of the issue can be seen by the fact that even basic economic theories and evidence can seemingly not make people believe that immigration can play a positive role in the country's economy. Their contribution towards enhancing economic growth and balancing skill shortages has been ignored by some people leading to increasingly polarised race relations. Attitudes are influenced by a number of factors as the formation of people's attitudes depends on a complex mix of personal circumstances, values and the external environment and challenging them requires action at the local and national level (Lewis, 2006).

A recent survey undertaken in September 2008 by the British Council reported that almost two-thirds (60%) of young people thought that the presence of foreign immigrants was "diluting"

their sense of national identity and young people think that a steady stream of immigrants is eroding Britain's national identity and threatening jobs.

Race is basically an organising principle of society's social order, but due to increasing xenophobia and racism, the proportion of people identifying immigration and race as one of the most important issues facing the UK has been on the rise, especially reaching high levels since the late 1990s. It has been argued that some people are quite ignorant and that a considerable amount of confusion and poor knowledge is present regarding asylum and immigration issues. For example, a MORI/Migration Watch poll (2003) found that on average people thought that the UK had 23% of the world's refugees but the actual figure was closer to 2%.

A number of surveys have been conducted to analyse the different attitudes of the population towards ethnic minorities including asylum seekers and refugees. Several polls have found that according to people's responses, the issues of immigration, asylum and race have to be considered among the most important issues facing Britain today. A MORI Political Monitor poll (2003) and a YouGov poll (2004) both found the issue to be second most important to their respondents after defence/foreign affairs/international terrorism and health respectively.

A YouGov poll in 2005 reported that 49% of the respondents considered immigration and asylum among the three most important issues in the UK and 78% said that government immigration and asylum policies are not tough enough to stop people coming and seeking asylum in the UK. While the same poll in 2006 reported that 69% believed that Britain was already crowded and another 76% agreed that there should be an annual limit to the number of migrants entering the UK. According to the polling agency Populus, nine out of 10 voters in 2003 believed the number of asylum seekers in the UK was a serious problem and 67% said that the immigration laws should be tougher. In February 2005, for the first time in this poll, 40% of

people polled viewed race and immigration as ahead of any other set of public policy issues for the government.

Research published by the National Centre for Social Research in the 21st Annual British Social Attitudes (BSA) Survey for 2003 showed that the proportion wanting the number of immigrants to be curbed increased from two thirds in 1995 to three-quarters in 2003. Indeed, more than 60% of the population felt there are too many immigrants in Britain. It is argued that many people are concerned about preserving the British culture and feel that it is being endangered by the presence of migrants. The same survey also indicates that most people thought that Britishness could be acquired and did not depend on ethnic factors. But people do seem concerned about the social consequences of immigration. The BSA Survey for 2006 reports that people who believe that Britishness is declining and fewer people said that British is the right word to describe them now compared to 10 years ago. But the fact that the Britishness of the 60 million living in Britain is thought to being endangered by 3 million migrant raises fears of negative racial attitudes.

6.1.1 Attitudes towards Immigrants

The study of social attitudes is not new to the economics. Becker (1957) represents the first effort to construct an economic theory of discrimination drawing from social psychology and functionalism, according to his theory some people have a taste for discrimination (cognitive prejudice). Despite the increased number of anti-racist movements across Europe, increased prejudice, direct and indirect discrimination, political opposition and extreme violence are major European reactions to new minorities. All of these suggest that anti-immigration attitudes and openly racist parties have succeeded in shifting the political spectrum on this issue. These phenomena are remarkably consistent across Western Europe (Pettigrew, 1998).

Native attitudes and sentiments towards immigrants are directly related with the country's immigration policies. Bloch (2000) examines the direction and impact of social policy towards asylum seekers/refugees in Britain (drawing on a sample of 180 refugees and asylum seekers from Somali, Tamil and Congolese communities in East London) and concludes that the direction of government policy, which has continued to erode access to social institutions, has had an adverse effect on the settlement of refugees in Britain. Thus open migration policies are often a reflection of positive attitudes and vice versa.

Bauer, Lofstrom and Zimmermann (2000) analysed native attitudes towards immigrants across a range of developed countries and attempted to explain the differences in attitudes between countries by differences in socio-economic characteristics. They used the International Social Survey Programme, of which the BSA survey is one element. They analysed individual data from 12 OECD countries and found that countries selecting immigrants on their skills are more likely to be in favour of immigration and to believe that immigrants are good for the economy than the natives in countries mainly receiving refugees and asylum seekers. But Scheve and Slaughter (2001) in their empirical results find no strong evidence for a relationship between skills and immigration opinions in high immigration communities.

Dustmann and Preston (2001) using the BSA Survey for several years analysed the effect of individual characteristics, labour market conditions and most importantly the concentration of ethnic minorities on the hostility of the native population towards ethnic minorities. Their findings are that a high concentration of ethnic minorities does lead to more hostile attitudes of the majority group towards ethnic minorities and these are an important determinant of ethnic minorities' welfare and social exclusion.

The debates on immigration and race relations must also be seen against the background of wider social-political and economic scenario in the country. “The rapid transformation of many inner city localities, particularly in relation to economic and social infrastructure, provided a fertile ground for the racialisation of issues such as employment, housing, education and law and order” (Solomos, 2003: p. 66). High concentrations of ethnic minorities in different regions often result in the occurrence of increased resentment against minorities and this prejudice may lead to physical violence, death or severe injuries (Krueger and Pischke, 1997).

By looking at the history of UK’s Immigration and Asylum legislation it becomes obvious that the racialisation of British politics took place during the 1970s and 1980s. The decade of 1961-71 can be seen as an era of major concerns about immigration and the social and cultural impact of migrant communities. Although the main aim of the immigration laws and race relation acts was to produce an environment of good race relations and integration, it could not successfully depoliticise the question of black immigration (Solomos, 2003).

The anxiety about large scale immigration and its impact has been fuelled by politicians as well as by media attention. The image of immigrants being portrayed in some quarters as criminals and a burden on society is often inaccurate. Despite some local perceptions of the link between crime and immigrants, an empirical study by Butcher (2005) for the US concludes from ten years of data that cities with higher immigration had no higher crime rates than otherwise similar cities and the involvement of immigrants in crime is less than for the native born. The perceived entrance of coloured immigrants into the community, perceived job and housing competition are likely to be factors leading individuals to form an opinion of having more stringent controls of immigration (Studler, 1977).

The study of racial attitudes has been a well established tradition in British race relations research. A considerable amount of hostility towards ethnic minorities existed in the UK in the 1980s and similar results were found in the 1990s and afterwards. According to the 1994 BSA survey 'colour first and culture second' continued to influence people's responses. Since the first research into the attitudes of whites towards coloured immigrants, a number of hypotheses have been put forward in a sociological context to find an associated link between the attitudes of natives and the number of immigrants. Three of these are particularly important. The first argues that there is a linear relationship i.e. the hostility towards immigrants increases as the number of immigrants in the community increases. Second, is the states of the colours 'shock effect', where people feel more threatened by commonwealth immigrants but the hostility declines over time as the number of immigrants increase and become accepted in the community. Third, the proximity hypothesis is based on a 'tipping point' for racial hostility, i.e. intolerance increases disproportionately after reaching a certain high level (Studlar, 1977).

As far refugees are concerned Daley (2009) has explored community relationships between refugees and asylum seekers, other immigrants and long term residents with in local area of refugee settlement in the UK. The study has discovered a lack of meaningful relationships between people from different backgrounds, significant prejudice, underlying tensions and few opportunities for inter-group contact. Shared aspects helped to bring people together while differences in culture and faith are linked to stronger division.

The aim of this study is to examine the overall change in people's attitudes over a decade (1995-2006) and also to establish the characteristics that affect an individual's opinion towards asylum seekers and refugees in the UK. How people's attitudes vary between different groups and how their attitudes are linked with different aspects related to the presence and impact of immigrants

are important questions to be answered. This is achieved using data from the 1995 and 2006 BSA Surveys.

The contribution of the analysis here is that it enables us to draw a general conclusion about people's attitudes towards refugees and asylum seekers based on their different individual socio-economic characteristics. The approach adopted is to show and explain differences in responses over time to the particular questions asked in the 1995 and 2006 surveys, of letting in the political refugees stay in the UK. The results are further analysed using ordered probit analysis which is used due to the categorical nature of the variable of interest.

6.2 Data and Descriptive Statistics

This analysis of attitudes of the British population is based on information obtained from the 1995 and 2006 BSA Surveys. The BSA survey has been conducted almost every year since 1983 and is a repeated cross-sectional data set based on annual surveys. It consists of randomly selected samples of adults aged 18 and over living in households in Great Britain, excluding areas of north of the Caledonian canal because of their dispersed population. A separate survey is conducted in Northern Ireland which is not included in the analysis here.

The BSA survey covers and charts a variety of topics including social, economic, political and moral issues in relation to other changes in society. Each year up to 3600 respondents are asked about their attitudes and opinions on a wide range of issues, some of which are covered every year. The questionnaire covers a wide range of topics such as social benefits, education, labour market, economic prospects, poverty, health, race, religion, immigration, sex and violence etc.

The data set contains information not only on individual attitudes towards refugees and immigrants but a large range of information related to personal and socio-economic characteristics. One of the main objectives of this survey is to monitor the relative rates of change of people's attitudes over time on different social issues. This 1995 BSA survey had a total sample size of 3633, with a slightly higher proportion of females (57%), a specific characteristic of the BSA survey series since its introduction in 1983. The 1995 survey contained several questions associated with immigration which were asked to around a third of the sample.

Each individual taking part in the survey was allocated to a questionnaire which was divided into A, B and C parts. Only the individuals allocated to part A of the questionnaire were asked to answer the questions on migration issues. Thus the sample size used here is reduced to less than one thousand once non-responses are excluded as only the information relevant to the refugee question has been used.

The 2006 BSA survey had 4290 respondents and assesses the consequences for public attitudes of a number of recent fundamental social issues including an aging society, terrorism, the growth of the internet, Britishness, globalization and increasingly competitive labour markets. The BSA Survey for 2006 was divided into four questionnaires: version A, version B, version C and version D, in order to increase the number of topics on the BSA Survey and respondents were randomly assigned to one of the versions. All individuals answered the core set of demographic and other classificatory questions before carrying on with other versions. Only those answering the B version of the questionnaire were asked to respond to the refugee question used here. which again reduced the sample to less than 1000 once the exclusions have been made.

The variable being analyzed here is about refugees, which was asked in both surveys with a relatively minor change to the question wording between the two years, which should be noted.

The exact question asked in the 1995 BSA survey was “How much do you agree or disagree that refugees who have suffered political repression in their country should be allowed to stay in the UK?” (refstay1). The comparable question asked in the 2006 BSA survey was “How much do you agree or disagree that refugees who are in danger because of their political beliefs should always be welcome in Britain?” (refstay2). Arguably, the question included in 1995 was more restrictive than that in 2006 since the former asks about staying in the UK rather than just being welcome.

Despite the difference in the exact wordings, both questions enable us to draw a general conclusion about people attitudes towards political refugees, based on their socio-economic characteristics and an overall change in their attitude towards refugees can be analysed. In particular, although the two questions are different, general patterns and a hardening of attitudes can still be identified, even if two years’ data are not directly comparable.

The respondents were given five options to express their preferences, which are recoded on a five- point scale as follows;

1-Strongly Disagree

2- Disagree

3- Neither

4- Agree

5- Strongly Agree.

Table 6.1 shows the cross tabulation results concerning the attitudes of different sub groups of the British population towards allowing refugees to stay in the UK for 1995 and Table 6.2 displays cross tabulation results for 2006.

It can be seen from the Table 6.1 that on the whole people are relatively compassionate towards refugees, which to some extent contradicts the general image portrayed by the media, since a fairly large proportion (around 43%) of the people agreed that the political refugees should be allowed to stay in the UK, compared to just over a one quarter who disagreed with this idea. The remaining 31% neither agreed nor disagreed with the statement.

However Table 6.2 indicates that people have become more negative towards asylum seekers by 2006. In this year, a half of the people disagreed with political refugees should be welcome in Britain, with 14% of these respondents strongly disagreeing with the idea. Just over 20% agreed (only 3% strongly so) and again around 30% neither agreed nor disagreed. Women have long been stereotyped as having more liberal attitudes and men as being more conservative.

According to research in the socio-political literature, women's views are more liberal than men's on social compassionate issues and more conservative on traditional morality issues (Eagly et al, 2004). The results for 1995 support this view as well. The cross tabulation of refstay1 with gender shows that women are more sympathetic towards refugees as nearly half (45%) of the women in sample agreed that political refugees should be allowed to stay in the UK, compared to 40% of males who showed slightly more restrictive responses than women.

Furthermore, almost one third of males disagreed with the statement, of whom 12% strongly disagreed, while only 21% of women disagreed or strongly disagreed. But in the 2006 survey, the majority of both male and female respondents were negative about welcoming political refugees to Britain and the proportion of females agreeing with the statement fell substantially compared to 1995. In 2006 almost a half of females were against asylum seekers but the percentage disagreeing or strongly disagreeing was still higher for males.

Age is also likely to affect attitudes towards refugees for various reasons. In particular, it is a measure of lifetime experience and so has a strong impact on attitudes towards minorities. People exposed to ethnic minorities at later stages of their life are likely to be less flexible (Dustmann and Preston, 2001). In terms of age, middle-aged persons appear to show both a much stronger response for and against letting refugees stay compared to the young and old.

However, there seems to be no clear relationship between attitudes and the age bands. The percentage agreeing in 1995 and disagreeing in 2006 that political refugees should be allowed to stay was highest amongst the middle-aged group. Whilst, the largest proportion of respondents who strongly agreed with the statement was found among the young in 1995 and the smallest among the old. Part of the reason for the unclear impact of age may be that young individuals often have to compete for similar jobs as immigrants.

The differences in terms of marital status do not appear that great. In contrast with the other two categories, unmarried people are more sympathetic to refugees since they had the highest proportion in both the strongly agree and agree categories for 1995 and for the strongly agreed category in 2006.

Table 6.1**Attitudes towards Refugees, 1995**

<i>Let political refugees stay in the UK(refstay1)</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neither</i>	<i>Agree</i>	<i>Strongly Agree</i>	<i>No Of Obs.</i>
TOTAL	8.62%	17.44%	31.03%	33.16%	9.74%	986
1- SEX (rsex)						
MALE	12.07%	20.69%	27.09%	31.03%	9.11%	406
FEMALE	6.21%	15.17%	33.79%	34.66%	10.17%	580
2- AGE(rage1)						
YOUNG (18-40)	10.82%	14.35%	32.00%	31.53%	11.29%	425
MIDDLE AGE (41-59)	7.92%	21.45%	24.42%	37.29%	8.91%	303
OLD (60-95)	5.86%	17.97%	37.11%	30.86%	8.20%	256
3-MARITAL STATUS (marstat1)						
MARRIED	9.74%	18.46%	30.60%	32.65%	8.55%	585
SEPERATED & WIDOWED	5.58%	16.28%	37.21%	31.16%	9.77%	215
NOT MARRIED	8.60%	15.59%	25.27%	37.10%	13.44%	186
4-HIGHEST EDUCATION QUALIFICATION (hedqual1)						
DEGREE QUALIFICATION	4.42%	12.05%	19.28%	46.99%	17.27%	249
NO QUALIFICATION	10.96%	20.21%	40.07%	23.97%	4.79%	292
SOME QUALIFICATION	9.44%	18.65%	31.69%	31.46%	8.76%	445
5- ECONOMIC ACTIVITY(reconact1)						
EMPLOYED	8.11%	18.87%	27.92%	35.28%	9.81%	530
UNEMPLOYED	15.63%	7.81%	37.50%	31.25%	7.81%	64
INACTIVE	8.16%	17.09%	34.18%	30.61%	9.95%	392
6-ETHNIC ORIGIN (ethnicorig)						
NON-WHITES	8.00%	4.00%	36.00%	24.00%	28.00%	25
WHITES	8.72%	17.96%	30.99%	33.19%	9.14%	952
7-SOCIO- ECONOMIC. CLASS (rrgclass1)						
PROFESSIONAL / MANAGER	5.06%	15.82%	25.95%	40.19%	12.97%	316
SKILLED NON-MANUAL	9.62%	17.15%	33.47%	31.80%	7.95%	239
SKILLED MANUAL	10.53%	20.53%	34.21%	26.84%	7.89%	190
PARTLY SKILLED	11.76%	19.61%	32.03%	28.10%	8.50%	153
UNSKILLED	8.33%	18.75%	31.25%	37.50%	4.17%	48

Table 6.1 Continued:

<i>Let political Refugees stay in UK(refstay1)</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neither</i>	<i>Agree</i>	<i>Strongly Agree</i>	<i>No Of Obs.</i>
8-RELIGION (Religion1)						
NO RELIGION	11.69%	15.42%	30.85%	29.60%	12.44%	402
CHURCH OF ENGLAND	5.43%	16.28%	30.23%	41.09%	6.98%	129
ROMAN CATHOLIC	5.10%	12.24%	34.69%	35.71%	12.24%	98
OTHER CHRISTIANS	6.90%	23.51%	31.35%	33.23%	5.02%	319
OTHER RELIGIONS	10.81%	5.41%	24.32%	35.14%	24.32%	37
9-REGION (stregion1)						
SCOTLAND	10.75%	13.98%	27.96%	38.71%	8.60%	93
NORTH	8.23%	17.75%	36.36%	30.74%	6.93%	231
MIDLANDS	11.38%	16.77%	34.13%	29.34%	8.38%	167
SOUTH	7.74%	17.56%	28.57%	36.61%	9.52%	336
GREATER LONDON	7.29%	16.67%	26.04%	31.25%	18.75%	96
WALES	6.35%	23.81%	28.57%	28.57%	12.70%	63

A possible explanation for the more restrictive attitudes of the married can be their social and economic responsibilities which make them feel that an additional number of refugees would be a burden on society and the economy. The separated and widowed for 1995 and the not married for 2006 showed the most indifferent attitudes.

Education, as expected, broadens people's views and results in a very positive impact in terms of individual attitudes towards refugees. Education may affect attitudes in two ways. Firstly higher education may reduce the prejudice towards individuals from different ethnic backgrounds. Secondly education may pick up the long term prospects of individuals (Dustmann and Preston, 2001). In 1995 around 47 per cent of graduates agreed with the statement and a further 17% strongly agreed, whilst people having some qualifications showed a fairly similar response in all five categories. People with no qualifications were the most indifferent (40%) and more likely to disagree or strongly disagree compared to the other two educational categories. By 2006 even degree holders had become more negative towards refugees but the proportion agreeing was still much higher than for the other two categories and over a half of the people with no or some qualifications disagreed with the statement.

Table 6.2
Attitudes towards Refugees, 2006

<i>Let political refugees welcome in Britain (refstay2)</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neither</i>	<i>Agree</i>	<i>Strongly Agree</i>	<i>No Of Obs.</i>
TOTAL	13.94%	36.01%	29.10%	17.73%	3.23%	897
1-SEX(rsex)						
MALE	17.20%	36.02%	28.49%	15.86%	2.42%	372
FEMALE	11.62%	36.00 %	29.52%	19.05%	3.81%	525
2- AGE(rage1)						
YOUNG (18-40)	11.61%	37.80%	32.14%	15.77%	2.68%	336
MIDDLEAGE (41-59)	18.60%	36.54%	23.59%	16.94%	4.32%	301
OLD (60-95)	11.54%	33.08%	31.54%	21.15%	2.69%	260
3-MARITAL STATUS (marstat1)						
MARRIED	14.12%	38.43%	28.04%	16.27%	3.14%	510
SEPERATED & WIDOWED	11.76%	35.78%	29.90%	20.10%	2.45%	204
NOT MARRIED	15.93%	29.67%	30.77%	19.23%	4.40%	182
4-HIGHEST EDUCATION QUALIFICATION(hedqual1)						
DEGREE QUALIFICATION	10.00%	33.57%	28.21%	23.21%	5.00%	280
NO QUALIFICATION	13.02%	40.29%	29.98%	13.76%	2.95%	407
SOME QUALIFICATION	21.05%	30.62%	28.71%	18.18%	1.44%	209
5- ECONOMIC ACTIVITY(reconact1)						
EMPLOYED	13.80%	39.60%	28.40%	14.80%	3.40%	500
UNEMPLOYED	35.71%	14.29%	28.57%	17.86%	3.57%	28
INACTIVE	13.37%	33.72%	30.23%	20.35%	2.33%	344
6-ETHNIC ORIGIN (ethnicorig)						
NON-WHITES	6.00%	14.00%	52.00%	26.00%	2.00%	50
WHITES	14.49%	37.20%	27.78%	17.39%	3.14%	828
7-SOCIO- ECONOMIC. CLASS (RRGCLASS1)						
PROFESSIONAL / MANAGER	6.02%	40.96%	20.48%	27.71%	4.82%	83
SKILLED NON-MANUAL	11.53%	39.56%	27.73%	16.51%	4.67%	321
SKILLED MANUAL	25.74%	28.71%	31.68%	13.86%	0.00%	101
PARTLY SKILLED	14.29%	38.31%	25.97%	20.13%	1.30%	154
UNSKILLED	14.63%	32.68%	33.66%	15.61%	3.41%	205

Table 6.2 Continued:

<i>Let political refugees welcome in Britain (refstay2)</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neither</i>	<i>Agree</i>	<i>Strongly Agree</i>	<i>No Of Obs.</i>
8-RELIGION (Religion1)						
NO RELIGION	16.50%	34.98%	28.33%	15.76%	4.43%	406
CHURCH OF ENGLAND	10.60%	41.47%	29.95%	17.05%	0.92%	217
ROMAN CATHOLIC	14.94%	37.93%	17.24%	25.29%	4.60%	87
OTHER CHRISTIANS	12.84%	33.11%	34.46%	17.57%	2.03%	148
OTHER RELIGIONS	7.89%	21.05%	39.47%	26.32%	5.26%	38
9-REGION (stregion)						
SCOTLAND	11.39%	34.18%	31.65%	17.72%	5.06%	79
NORTH	11.92%	41.15%	27.31%	17.31%	2.31%	260
MIDLANDS	17.57%	31.76%	30.41%	16.89%	3.38%	148
SOUTH	13.82%	33.64%	30.88%	19.35%	2.30%	217
GREATER LONDON	14.29%	37.41%	27.89%	15.65%	4.76%	147
WALES	17.39%	30.43%	26.09%	21.74%	4.35%	46

Economic activity has been divided into three categories i.e. employed, unemployed and inactive (including permanently sick, looking after the home and students). For 1995 around twice the amount of unemployed people strongly disagreed that refugees should be allowed to stay compared to the other two groups. On the other hand, the employed were the most likely to agree or strongly agree (45%). For 2006, the employed were the most likely to disagree (39%), but the unemployed again have the highest percentage strongly disagreeing (35%) although there are a very small number of people unemployed in this year. The category showing more indifferent views appears to be those inactive in the labour market.

Table 6.1 reveals that there are only a small number of ethnic minority individuals in the sample. However for 1995 it shows a relatively high percentage from the ethnic minorities strongly agreed with the statement. Whilst over a quarter of whites disagreed or strongly disagreed, only a few non-whites (12%) disagreed. This is not an unexpected result as many of the non-whites themselves or their parents came to Britain as immigrants.

But in Table 6.2 even non-whites have shown some restrictive attitudes and more than half of non-whites are indifferent and for the remainder more than half agreed but those who strongly agreed with the statement are just a mere fraction of 2%. This may confirm some evidence of hostility from ethnic minorities but it may not be very surprising as they may simply want to “kick the ladder away”. But it should be noted here that the number of ethnic minorities is again very small (a sample of only 50). In contrast, more than half of the whites disagreed to welcoming political refugees to Britain and among those who opposed around 15% strongly disagreed.

Among the different social classes, professionals and managers showed the strongest response in 1995 in favour of refugees, with more than half of them agreeing to allow refugees to stay in the UK and a mere 5 per cent strongly disagreeing. The availability of cheap labour to these managers is a possible explanation for this support or perhaps the correlation with education, which the regression analysis will help to separate out. Among the skilled and non skilled categories, the unskilled were least likely to strongly agree with the statement. Similar results are found by Scheve and Slaughter (2001) in their empirical analysis that less-skilled workers are significantly more likely to prefer limiting immigrant inflows into the United States. Non-skilled workers were found to have similar views to the partly skilled. These differences in attitudes towards immigrants on the part of skilled and unskilled workers (in a skill abundant economy like the US) is consistent with the Heckscher-Ohlin model of international trade since immigrants will be boosting the stock of labour in the country and hence seen as a threat to unskilled workers.

In 2006 the picture by social class was again very different, with far more negative attitudes being observed. More than a quarter of the skilled-manual class strongly disagreed with the

statement while a high percentage neither agreeing nor disagreeing was seen amongst the unskilled. Professionals and managers were again most likely to agree or strongly agree with the statement.

Surprisingly among the different religious groups, those who were amongst the most likely to strongly agree with the statement in the 1995 survey had no-religion, contradicting the views that religious people should be more sympathetic towards other people and their problems. Attitudes are most likely to be influenced by religions on the basis of tolerance and brotherhood preached by these religions and by the historic experiences of persecution of particular groups of the population (Dustmann and Preston, 2001). However, this group also had the highest proportion strongly disagreeing. This suggests that those with a religion had more homogeneous views. More than a quarter of the other Christians category disagreed and just 5% strongly agreed with the statement. The other religions category (including Muslims, Hindus and Sikhs etc) showed a very considerate response in 1995 and almost 60% agreed with the idea of letting refugees stay in the UK, which was the highest percentage of people strongly agreeing with the statement.

This amount dropped to less than one-third in 2006, although again the number with other religions who responded to this question is small. Roman Catholics appeared to have more lenient views than Protestants as 12% of them strongly agreed in comparison with 7% of Protestants in 1995. By 2006, although attitudes of each had become more hostile, this was less so for Roman Catholics.

The region-wise comparison also shows some interesting results. In 1995 more than a quarter in each region disagreed with allowing refugees to stay in the UK but this amount was more or less twice as high in 2006. People living in the Midlands showed relatively more hostile attitudes in both years in terms of strongly disagreeing with the statement. The lowest proportion strongly

disagreeing in 1995 was in Wales but for 2006 the highest percentage who disagreed in welcoming refugees came from Wales. These results seem to be consistent with other studies which have found higher hostility in the Midlands towards immigrants (Studlar, 1977).

Greater London had by far the highest proportion of the regions with people strongly agreeing and lowest strongly disagreeing in 1995, showing its openness to multiculturalism. However, even in the capital in 2006, positive attitudes appear to have weakened with a higher proportion strongly agreeing with the statement in Scotland and over 14% in London strongly disagreeing in this year.

6.3 Econometric Methodology

Given that respondents have a five point scale to state their attitudes towards refugees/asylum seekers, the observed dependent variable is of an ordered and categorical nature. Moreover, due to the conceptual difficulties in answering the question, respondents may be unwilling or unable to give a precise answer. Therefore, a multi response model is used.

The nature of the data implies that ordered probit models are estimated. The important distinction between an ordered response model and an unordered model is that an order response model is more parsimonious but is applicable only if there exists a logical order of alternative choices as it is sensitive to the ordering of the alternatives. While an unordered model is not sensitive to the different ways in which the alternatives are numbered/ordered.

Two different sets of ordered probit models are estimated here. The first model uses an individual's main personal characteristics whilst the other model uses some additional questions which were asked in 1995, that may potentially have an influential effect on their responses.

The observed categorical dependent variable is related to Refstay1 and Refstay2 as follows:

$$R_i^* = x_i' \beta + \varepsilon_i \quad (6.1)$$

Where R_i^* is an unobserved variable indicating the individual's opinion towards the question of letting refugees stay in the UK. Individual characteristics are the explanatory variables and are represented by x_i' and its associated coefficient vector by β . The existence of latent dependent variable (\mathbf{y}) is related to the refugee opinion variables Refstay1 and Refstay2 (R_i^*) as follows:

$$\begin{aligned} R_i &= 1 \quad \text{if} \quad R_i^* \leq \gamma_1 \\ R_i &= 2 \quad \text{if} \quad \gamma_1 < R_i^* \leq \gamma_2 \\ R_i &= 3 \quad \text{if} \quad \gamma_2 < R_i^* \leq \gamma_3 \\ R_i &= 4 \quad \text{if} \quad \gamma_3 < R_i^* \leq \gamma_4 \\ R_i &= 5 \quad \text{if} \quad \gamma_4 < R_i^* \leq \gamma_5 \end{aligned}$$

where the γ 's are the unknown parameters to be estimated jointly with β .

The personal characteristics to be included are those discussed in Tables 6.1 and 6.2. Therefore, the inclusion of controls for age, gender, marital status, qualification, economic activity, region along with ethnic origin as explanatory variables enables us to estimate the influence of these variables on refstay1 and refstay2. Detailed information is available in the BSA survey on these personal characteristics. Dummy variables are then constructed and added to indicate the response of each individual.

Augmented Specification

In the second specification additional controls for social class and religion, which may influence on individual's opinion, are added to their basic characteristics. Due to the possible correlation

between education and social class and ethnicity and religion, separate models are estimated to explore the effect of each variable more vividly. Consequently, two different ordered probit models are estimated here, one with the basic specification and one with augmented specification for each year. The results are presented in Tables 6.3 and 6.4.

6.3.1. Estimates of Attitudes towards Refugees

The main objective of this analysis is to examine the attitudes towards letting refugees stay in the UK for the different sub-groups of the British people based on their individual characteristics. Table 6.3 reports the ordered probit estimates for the basic specification and Table 6.4 presents similar information for the augmented specification. The reference or base category in the basic specification is female, old, has no qualifications, inactive, non-whites, and those living in Wales. The refstay variables are coded such that a higher value indicates those who are more sympathetic towards refugees/asylum seekers (those who strongly agree with the statement that political refugees should be allowed to stay), so a positive coefficient attached to a particular variable implies that the variable is associated with a more sympathetic opinion towards political refugees/asylum seekers and a negative coefficient implies a more negative attitude, holding other characteristics constant, relative to the base category.

a- Basic Specification

Due to a relatively small sample size, many of the estimated coefficients reported in Table 6.3 are insignificant. Indeed some of the interesting results found in the cross-tabs are not significant, though many of the econometric estimates do support the initial findings. Only

gender, age, marital status, educational qualifications and ethnicity are found to be statistically significant at the 5 or 1% levels of significance in one or both of the years.

Gender is found to be significant at the 5 per cent level for 1995 and at the 1 per cent level for 2006. Females appear to be more sympathetic in agreeing with the statement of allowing refugees to stay in the UK. Age does not exert a very significant effect in 1995 but the 2006 data shows that both young and middle aged groups are more negative as compared to the reference category of old after controlling for other characteristics. Marital status has a significant effect in 1995 on attitudes towards refugees, with married people less likely to agree with the statement compared to the reference category of unmarried. Whilst although negative, the coefficient for separated/widowed is not significant in either year. Ethnicity is also very significant and whites are much less welcoming than non-whites and this attitude becomes more significant and stronger in 2006. However, some ethnic minority individuals may be opposed towards refugees and immigrants because of a fear of competition from newcomers.

The educational qualification dummies are highly significant for both years and the coefficient values on the qualification dummies increase as the education level rises. Since people tend to be more liberal as they become more educated, those with degrees are significantly more in favour of letting political refugees stay. The extent of the difference decreases by 2006, possibly because of the larger and more diverse number of graduates in 2006. Those with some qualifications were also significantly more sympathetic relative to those with no qualifications in 1995 but not in 2006.

There was no significant effect for economic activity or regional differences in either year. However the positive coefficient in London in 1995 became negative in 2006, although it was not significant in either year.

Table 6.3**Ordered Probit Estimates of Attitudes towards Refugees (Basic Specification)**

<i>Let Political refugees stay in the UK</i>	<i>Refstay1 1995</i>	<i>Refstay2 2006</i>
Male	-0.211** (0.073)	-0.183** (0.075)
Young	-0.177 (0.112)	-0.248** (0.121)
Middle Age	-0.085 (0.107)	-0.217* (0.113)
Married	-0.225** (0.095)	-0.152 (0.100)
Separated & widowed	-0.118 (0.118)	-0.066 (0.124)
Degree	0.768*** (0.099)	0.438*** (0.108)
Some Qualification	0.286*** (0.086)	0.162 (0.102)
Employed	-0.017 (0.092)	-0.042 (0.101)
Unemployed	-0.045 (0.159)	-0.235 (0.228)
Whites	-0.424** (0.219)	-0.504*** (0.169)
Scotland	-0.060 (0.174)	-0.004 (0.199)
North	-0.071 (0.150)	-0.123 (0.169)
Midlands	-0.158 (0.156)	-0.159 (0.180)
South	-0.019 (0.145)	-0.107 (0.173)
Greater London	0.074 (0.176)	-0.213 (0.182)
No. of Observations	975	852
Pseudo R-squared	0.0304	0.0177

Note: Default categories are female, old, has no qualifications, inactive, non-whites and those living in Wales.
Standard errors are in parenthesis. *p<0.1; ** p <0.05; *** p<0.01 (two-tailed tests)

b- Augmented Specification

The augmented specification allows for the potentially influential variables of social class and religion to be added to the basic specification. The inclusion of these potentially important

covariates helps in further collaboration of the estimated results. Again sex, age, marital status, education and ethnicity are significant for one or both years.

Although the attitudes of males are still the same i.e. negative compared to women, it is more profound in 1995 than in 2006 but age is once again significant in 2006, though only at 10% level of significance. None of the respondent's economic activity or region are significant at any level whilst ethnic origin is significant at the 5 per cent level with more negative attitudes displayed by whites. In terms of social class, only the professional and managerial dummy is significant for 2006 but only at the 10% level of significance.

Concerning religion, only the other-Christians category is significant for 1995 and this group appears to be less tolerant than the default category of Roman Catholic. As expected, people with religion have shown more positive attitudes towards refugees/asylum seekers than the people with no-religion, although the dummy for those not following a particular religion is insignificant in either year.

Interestingly, the significance of the educational qualification dummies has decreased to quite a noticeable extent. In 1995 both those with a degree and some qualifications, were sympathetic towards allowing more refugees to stay in the UK but in 2006 the educational qualifications dummies are not as significant as in 1995 and only those with a degree qualification is significant and that is at 1% level. This may again be because of the larger cohorts of graduates in recent decades but also this specification includes occupational controls, which are highly correlated with education. Interestingly, only the professional managerial dummy is significant (just at the 10% level) in 2006, whereas there are no significant occupational effects in 1995.

Table 6.4**Ordered Probit Estimates of the Attitudes towards Refugees (Augmented Specification)**

<i>Let Political refugees stay in the UK</i>	<i>Refstay1 1995</i>	<i>Refstay2 2006</i>
Male	-0.243*** (0.079)	-0.192** (0.079)
Young	-0.173 (0.119)	-0.244* (0.129)
Middle Age	-0.075 (0.112)	-0.220* (0.117)
Married	-0.256** (0.098)	-0.190* (0.104)
Separated & widowed	-0.182 (0.122)	-0.091 (0.127)
Degree	0.706*** (0.115)	0.366*** (0.122)
Some Qualification	0.303*** (0.093)	0.141 (0.106)
Employed	-0.029 (0.095)	-0.036 (0.104)
Unemployed	-0.055 (0.166)	0.014 (0.249)
Whites	-0.312 (0.267)	-0.480** (0.239)
Scotland	-0.094 (0.182)	-0.022 (0.208)
North	-0.068 (0.154)	-0.113 (0.175)
Midlands	-0.149 (0.161)	-0.125 (0.186)
South	-0.021 (0.149)	-0.083 (0.179)
Greater London	0.067 (0.181)	-0.233 (0.187)
Professional/ Managerial	0.096 (0.120)	0.315* (0.162)
Skilled non-manual	-0.078 (0.116)	0.062 (0.116)
Skilled manual	0.023 (0.118)	-0.116 (0.143)
Unskilled	0.049 (0.178)	0.061 (0.117)
No Religion	-0.042 (0.115)	-0.115 (0.144)
Protestant-Christians	0.065 (0.149)	-0.116 (0.151)
Other-Christians	-0.198* (0.119)	0.006 (0.289)
Other Religions	0.142 (0.237)	-0.099 (0.134)
No. of Observations	936	829
Pseudo R-squared	0.0351	0.0217

Note: Default categories are female, old, has no qualifications, inactive, non-whites, those living in Wales, partly skilled and Roman-Catholic. Standard errors are in parenthesis. *p<0.1; ** p <0.05; *** p<0.01 (two-tailed tests)

6.3.2 Further Analysis on Attitudes towards Refugees

The 1995 BSA survey also asked several further questions related to immigration, of which four questions were related to respondent's views about the impact of immigrants. These questions were not asked in the 2006 survey. To see how the responses to these questions affected their opinion of letting refugees stay in the UK a separate analysis is reported below. In this case equation (6.1) can be rewritten as

$$R_i^* = x_i'\beta + O_i'\gamma + \varepsilon_i \quad (6.2)$$

Where O_i' consists of respondents' opinions regarding immigrants, with the associated vector of coefficients γ . Each of these may have a very influential impact on the estimates because if respondents feel that immigrants are beneficial and they expose the country to new and better ideas, they may then be more likely to be in favour of refugees as well. But those who believe that the presence of immigrants increases crime rates and native unemployment are expected to be less likely to favour refugees. So the controls are added for the following variables relating to attitudes towards immigrants;

Immigrant1: Immigrants increase crime rates

Immigrant2: Immigrants are good for the British economy

Immigrant3: Immigrants take jobs away from the British-born.

Immigrant4: Immigrants make Great Britain open to new ideas.

The problem of endogeneity due to the inclusion of these potentially influential variables may arise here due to possible correlations of these variables and the dependent Refstay variables. In particular, views towards refugees letting stay and attitudes towards immigrants in general are likely to be co-determined rather than the latter having a causal impact on the former.

But the problem of this possible endogeneity will not be addressed here to keep the focus simple and on attitudes towards refugees. Because the main objective here is to include these potentially influential additional variables to explore the possible links between views in general about immigrants and the impact on attitudes towards refugees and asylum seekers in particular. This is because of the emphasis on the socio-economic impact of immigrants and refugees earlier in the thesis and it is of interest to observe how individual views on these issues are related to attitudes towards refugees.

Again these variables are answered using a five-point scale where

1-Strongly Disagree

2- Disagree

3-Neither

4- Agree

5- Strongly Agree.

Descriptive Statistics and Correlation Matrix for Additional Controls related to Immigrants

Descriptive statistics for all four of the questions asked about immigrants in the BSA survey for 1995 are reported and discussed here. In addition to this, the correlation between an individual's opinion towards refugees and views towards immigrants are also included here before proceeding on to the econometric analysis.

A general look at Table 6.5 above shows that overall more than half of the people agreed with the statement that immigrants make Britain open to new ideas, whilst a half of the sample was also of the view that immigrants take jobs away from British people. Moreover, less than 20%

agreed that immigrants are good for the British economy and more than a quarter feel that they increase crime rates. At least a quarter remains indifferent in each case.

Table 6.5: Attitudes towards Immigrants, 1995

Immigrants	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	No. of Obs.
Immigrant1	7.83%	18.17%	34.94%	31.73%	7.33%	996
Immigrant2	1.85%	15.18%	43.90%	33.54%	5.54%	975
Immigrant3	14.57%	35.53%	25.39%	19.39%	5.12%	1016
Immigrant4	6.77%	48.08%	26.77%	15.25%	3.13%	990

The remaining descriptive statistics are provided in Appendix 6 and are discussed below.

The gender-wise analysis shows that around 42% of women disagreed that immigrants increase crime rates while a one-third of males consider immigrants responsible for an increase in crime rates. Roughly a similar percentage of both men and women believe that immigrants take jobs away from the British-born but the proportion of those who strongly agreed with the statement is slightly higher for males. Regarding age, the young tend to have more liberal views about immigrants and this is consistent with nearly half of the sample disagreeing with immigrants increasing crime rates. Among the other age groups, middle and older aged people showed a very similar response and around 40% of each group disagreed with the statement that immigrants are good for the British economy.

For marital status, the separated and widowed category, which showed an indifferent response for refugees, had more negative attitudes towards immigrants as compared to the other two categories of married and unmarried. Surprisingly, the highest percentage of people who

disagreed that immigrants are good for the British economy and agreed that immigrants make Britain open to new ideas belonged to the separated and widowed group.

Ethnic background is also an important characteristic in attitudes formation, with non-whites displaying very sympathetic attitudes towards immigrants compared to whites. For the latter group, a half of the sample believed that immigrants take jobs away from natives and a quarter also agreed that they increase crime rates. Education, as was the case before, shows a positive association with attitudes towards immigrants. A vast majority (67%) of graduates agreed that immigrants bring new ideas to society, with 10% among them strongly agreeing with the statement. While those with some qualification had a more hostile attitude and two-thirds believed that immigrants take their jobs away and among this group a quarter strongly agreed with this statement. This is surprising since the less educated are among those groups who typically have to compete with easily available cheap substitutes due to immigrants in the job market.

Similarly the unemployed were not likely to think that immigrants took jobs but were also more likely to agree and disagree that immigrants are good for the British economy. But again a very small number of people in the sample are unemployed, whilst the employed category showed the most indifferent response for this latter statement. Furthermore, those most likely to consider immigrants to be good for the British economy were among the professional and managerial social classes, while over a third of the skilled category believed that immigrants increased crime rates, over 10% of whom strongly agreed with this belief.

Among the different religions, Roman-Catholic and other religion categories show a very favourable response towards the statements that immigrants are good for the economy and bring new ideas to the society but again a small sample size for these two categories should be noted.

While over 40% of the other Christians category disagreed that immigrants are good for the British economy and in addition to this more than a quarter consider that immigrants increase crime rates.

In terms of regions, people have more opposing attitudes in the Northern regions including Scotland, as the most likely group to disagree that the immigrants are good for the economy was in the North. Almost an equal proportion (45%) in the Midlands, the South and Wales agreed that immigrants takes jobs away from the British-born but the percentage is a bit higher (nearly 50%) in London, which could be due to the clusters of immigrants in the London area. Also, around a quarter in these regions believed that immigrants increase crime rates.

On the whole, a majority of the people in 1995 believed that immigrants bring new ideas with them but at the same time they tended to disagree with the statement that immigrants are good for the British economy and that they increase crime rates. People are more concerned about immigrants from a jobs market perspective and strongly believe that they take jobs away from British people.

Correlation with letting refugees stay in the Country

As one might expect, there exists a general correlation between different attitudes towards migration. If people have more open views towards immigrants, they are more likely to have favourable attitudes towards allowing refugees stay in the UK and vice versa.

To analyse the underlying correlation between refstay1 and the other four immigrant attitudinal variables in the 1995 Survey, a correlation matrix is presented in Table 6.6. The P-values are shown in parenthesis and each of the associations is highly significant.

Table 6.6

Correlation Matrix for Attitudes towards Refugees with Immigrants

	<i>Let political refugees stay in the UK?(Refstay1)</i>	<i>Immigrants increase crime rates (Immigrant1)</i>	<i>Immigrants are good for the British Economy (Immigrant2)</i>	<i>Immigrants take jobs away (Immigrant3)</i>	<i>Immigrants open Britain to new ideas (Immigrant4)</i>
<i>Let political refugees stay in the UK? (Refstay1)</i>	1.000				
<i>Immigrants increase crime rates(Immigrant1)</i>	-0.370 (0.000)	1.000			
<i>Immigrants are good for Britain Economy (Immigrant2)</i>	0.378 (0.000)	-0.405 (0.000)	1.000		
<i>Immigrants take jobs away (Immigrant3)</i>	-0.429 (0.000)	0.561 (0.000)	-0.440 (0.000)	1.000	
<i>Immigrants open Britain to new ideas(Immigrant4)</i>	0.433 (0.000)	-0.408 (0.000)	0.449 (0.000)	-0.411 (0.000)	1.000

As all the variables are based on an ordered response 1-5 scale, in which 1 relates to strongly disagreeing and 5 strongly agreeing, for all of the variables. The matrix shows that a negative association exists between immigrant1 and refstay1, and between immigrant3 and refstay1, meaning those who believe that immigrants increase crime rates and take jobs away are more likely to disagree to letting political refugees stay in the UK.

The correlation is stronger where the belief is that immigrants take jobs away from British-born natives, further verifying the initial raw results. Immigrant1 and immigrant3 are also positively correlated with each other, which is also true for immigrant2 and immigrant4. However the latter variables are positively correlated with attitudes to refugees, with the effect stronger for those believing immigrants bring new ideas with them.

While there exists a positive correlation between immigrant2, immigrant4 and refstay1 variables, supporting the fact that those having opinions that immigrants are good for the British economy and bring new ideas in the society are more in favour of allowing political refugees stay in the UK, with the degree of correlation higher for the latter two variables.

The correlation is highest of all for immigrant1 and immigrant3 as those who think immigrants take jobs away have more restrictive attitudes and blame immigrants for increasing crime rates in the society. At the same time these people are against the statement that immigrants are good for the UK economy. On the contrary those who acknowledge immigrants for new ideas also greatly favour them as being good for the economy. Moreover they do not agree with the statements that immigrants increase crime rates or takes jobs away from the natives.

Ordered Probit Estimates

Table 6.7 shows ordered probit estimates with the inclusion of above mentioned attitudes towards immigrants' variables for the 1995 BSA survey data.

Some of the variables in the augmented specification have a very significant influence on attitudes towards refugees but there are some differences worth noting. Table 6.7 reports that the dummies for sex and religion are no longer significant at the 5 per cent level in the augmented specification. The married dummy has still the same sign and is significant showing more hostile attitudes towards refugees. On the contrary, education once again proves to be significant in affecting attitudes in such a way that people with more education have more positive attitudes.

Table 6.7 Ordered Probit Estimates of the Attitudes towards Refugees**with Immigration Controls (1995)**

<i>Let Political refugees stay in the UK</i>	<i>Coefficient</i>	<i>Standard Error</i>
Male	-0.144	0.086
Young(18-24)	-0.223	0.131
Middle Age	-0.081	0.121
Married	-0.261**	0.105
Separated & widowed	-0.227	0.132
Degree	0.476***	0.125
Some Qualification	0.217**	0.101
Employed	-0.097	0.100
Unemployed	0.008	0.176
Whites	0.158	0.290
Professional/ Managerial	0.023	0.131
Skilled non-manual	-0.069	0.125
Skilled manual	0.021	0.129
Unskilled	0.119	0.196
No Religion	-0.017	0.134
Protestant-Christians	-0.058	0.161
Other-Christians	-0.161	0.137
Other Religions	-0.109	0.263
Scotland	-0.192	0.198
North	-0.025	0.166
Midlands	-0.123	0.171
South	0.056	0.158
Greater London	0.093	0.191
Immigrants increase crime rates	-0.121***	0.047
Immigrants good for Economy	0.234***	0.054
Immigrants take jobs away	-0.223***	0.045
Immigrants open Britain to new ideas	0.296***	0.048
No. of Observations	843	
Pseudo R-squared	0.132	

Note: Default categories are female, old, has no qualifications, inactive, non-whites, those living in Wales, partly skilled and Roman-Catholic. *p<0.1; ** p <0.05; *** p<0.01 (two-tailed tests)

All of the new added control variables on attitudes towards immigrants turn out to be very significant at all levels. The direction of the impact of these variables is as expected. Those believing that immigrants increase crime rates and take jobs away from natives are far less likely to be in favour of allowing refugees stay in the UK. Once again people's perception that

immigrants take jobs away from natives leads to more negative attitudes as compared to the belief that they increase crime rates. In contrast, attitudes towards refugees are significantly more sympathetic amongst those who consider immigrants to be good for the economy and open Britain to new ideas with more positive attitudes towards the latter. This analysis therefore suggests that general attitudes on the social and economic impact of immigrants have important influences on the formation of attitudes towards refugees.

At the same time the possibility of endogeneity between dependent variables and additional immigrants' attitudinal variables can not be ignored. However the main objective here is to include additional variables to explore the possible links between views in general about immigrants and their impact on attitudes towards refugees and asylum seekers in particular. Also the public appears to be more apprehensive about socio-economic impact of immigration as discussed in chapter 2 and as shown by the results here that people are more anxious about economic issues i.e. job market competition and their sensitivity is greater in this case as compared to the other issues. Secondly, endogeneity is difficult to address in ordered probits because of the added complexity due to the categorical nature of the dependent variable.

6.4 Conclusion

In this chapter, data from the 1995 and 2006 BSA surveys are used to establish the British population's attitudes towards refugees, set against a background of an increasing inflow of this type of immigrant. The variations in the attitudes are measured against personal characteristics such as age, gender, marital status, qualifications, economic activity, religion, social class, region along with ethnic origin. The raw results initially point to some variations according to socio-economic characteristics. Although the question asked in each of the surveys is worded differently, attitudes certainly appear to have become more negative towards refugees. In particular the data suggest that proportion of people who were happy to allow refugees to stay in the UK has decreased in 2006 relative to 1995.

The ordered probit results confirm the importance of socio-economic characteristics and it can be concluded that educated people and females are far more likely to be sympathetic towards refugees. Furthermore, an individual's attitudes towards immigrants per se (including economic effects) have an important effect on attitudes towards asylum seekers and people who believe that immigrants are good for the economy and bring new ideas are more inclined towards to having refugees stay in the country while those who blame the immigrants for increasing crime rates and unemployment are against allowing refugees to stay in the UK.

To summarise, attitudes towards asylum seekers have become harsher in the last decade. Yet some of the British public also support political refugees and asylum seekers. Hostility is strongest where people have less or no education. Non-white ethnic minority groups were also more tolerant towards refugees.

Appendix 6: Attitudes towards Immigrants, 1995

	Immigrants	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	No. of Obs.
1- SEX							
Male	Immigrant1	10.51%	22.49%	33.50%	26.16%	7.33%	409
	Immigrant2	1.96%	16.38%	39.36%	33.25%	9.05%	409
	Immigrant3	15.90%	34.94%	25.78%	17.35%	6.02%	415
	Immigrant4	6.17%	43.95%	27.41%	18.77%	3.70%	405
Female	Immigrant1	5.96%	15.16%	35.95%	35.60%	7.33%	587
	Immigrant2	1.77%	14.31%	47.17%	33.75%	3.00%	566
	Immigrant3	13.64%	35.94%	25.12%	20.80%	6.02%	601
	Immigrant4	7.18 %	50.94%	26.32%	12.82%	2.74%	585
2- AGE							
Young	Immigrant1	4.77%	11.36%	34.77%	37.95%	11.14%	440
	Immigrant2	1.40%	11.92%	49.07%	31.78%	5.84%	428
	Immigrant3	14.22%	31.15%	26.19%	20.99%	7.45%	443
	Immigrant4	9.49%	46.76%	26.39%	14.35%	3.01%	432
Middle	Immigrant1	8.41%	22.01%	34.95%	29.13%	5.50%	309
	Immigrant2	1.32 %	17.16%	41.25%	34.98%	5.28%	303
	Immigrant3	13.18%	36.66%	24.76%	21.22%	4.18%	311
	Immigrant4	4.21%	52.10%	24.92%	15.53%	3.24%	309
Old	Immigrant1	12.65%	25.71%	34.69%	24.08%	2.86%	245
	Immigrant2	3.31%	18.60%	37.60%	35.12%	5.37%	242
	Immigrant3	16.92%	41.54%	24.62%	14.62%	2.31%	260
	Immigrant4	5.26%	45.34%	29.55%	16.60%	3.24%	245
3-MARITAL STATUS							
MARRIED	Immigrant1	6.60%	17.77%	36.38%	33.67%	5.58%	591
	Immigrant2	0.86%	15.07%	44.69%	33.73%	5.65%	584
	Immigrant3	12.23%	36.85%	25.63%	21.78%	3.52%	597
	Immigrant4	3.23%	49.66%	28.91%	15.65%	2.55%	588
SEPERATED & WIDOWED	Immigrant1	9.30%	23.72%	33.95%	25.58%	7.44%	215
	Immigrant2	4.88%	16.59%	37.56%	36.10%	4.88%	205
	Immigrant3	18.83%	35.43%	25.11%	15.25%	5.38%	223
	Immigrant4	9.43%	48.11%	23.58%	15.57%	3.30%	212
NOT MARRIED	Immigrant1	10.00%	13.16%	31.58%	32.63%	12.63%	190
	Immigrant2	1.61%	13.98%	48.39%	30.11%	5.91%	186
	Immigrant3	16.84%	31.63%	25.00%	16.84%	9.69%	196
	Immigrant4	14.74%	43.16%	23.68%	13.68%	4.74%	190
4-Ethnic Origin							
NON-WHITES	Immigrant1	3.85%	3.85%	11.54%	38.46%	42.31%	26
	Immigrant2	11.54%	50.00%	38.46%	0.00%	0.00%	26
	Immigrant3	0.00%	11.54%	19.23%	26.92%	42.31%	26
	Immigrant4	34.62%	50.00%	11.54%	3.85%	0.00%	26
WHITES	Immigrant1	8.01%	18.63%	35.69%	31.43%	6.24%	961
	Immigrant2	1.60%	13.94%	44.26%	34.47%	5.74%	940
	Immigrant3	15.09%	36.29%	25.59%	19.16%	3.87%	981
	Immigrant4	5.97%	47.96%	27.23%	15.60%	3.25%	955
5-HIGHEST QUALIFICATION							
DEGREE QUALIFICATION	Immigrant1	4.71%	11.37%	33.73%	38.04%	12.16%	255
	Immigrant2	2.39%	21.12%	45.82%	25.10%	5.58%	251
	Immigrant3	5.10%	24.71%	31.76%	29.41%	9.02%	255
	Immigrant4	9.77%	57.42%	19.14%	12.50%	1.17°	256
NO-QUALIFICATION	Immigrant1	6.19%	17.92%	35.84%	32.74%	7.30%	452
	Immigrant2	0.67%	12.78%	47.09%	34.75%	4.71%	446
	Immigrant3	13.45%	37.53%	25.60%	18.44%	4.99%	461
	Immigrant4	6.19%	48.23%	28.32%	13.94%	3.32%	452

Appendix 6 Continued:

	Immigrants	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	No. of Obs.
SOME-QUALIFICATION	Immigrant1	13.15%	24.57%	34.60%	24.57%	3.11%	289
	Immigrant2	3.24%	13.67%	37.05%	39.12%	6.83%	278
	Immigrant3	24.33%	41.67%	19.67%	12.33%	2.00%	300
	Immigrant4	4.96%	39.36%	31.21%	19.86%	4.61%	282
6- ECONOMIC ACTIVITY EMPLOYED	Immigrant1	4.74%	15.15%	36.68%	34.49%	8.94%	548
	Immigrant2	1.48%	13.89%	47.78%	31.48%	5.37%	540
	Immigrant3	10.16%	33.76%	27.40%	22.14%	6.53%	551
	Immigrant4	7.01%	50.37%	25.46%	14.76%	2.40%	542
UNEMPLOYED	Immigrant1	13.43%	25.37%	26.87%	28.36%	5.97%	67
	Immigrant2	1.49%	20.90%	32.84%	38.81%	5.97%	67
	Immigrant3	24.64%	33.33%	24.64%	15.94%	1.45%	69
	Immigrant4	10.45%	40.30%	25.37%	17.91%	5.97%	67
INACTIVE	Immigrant1	11.29%	21.26%	33.86%	28.35%	5.25%	381
	Immigrant2	2.45%	16.03%	40.22%	35.60%	5.71%	368
	Immigrant3	18.94%	38.38%	22.73%	16.16%	3.79%	396
	Immigrant4	5.77%	46.19%	28.87%	15.49%	3.67%	381
7-SOCIO-ECON CLASS PROFESSIONAL / MANAGER	Immigrant1	6.11%	16.72%	33.44%	34.73%	9.00%	311
	Immigrant2	2.26%	19.68%	46.13%	26.77%	5.16%	310
	Immigrant3	7.28%	29.11%	31.01%	26.58%	6.01%	316
	Immigrant4	7.67%	54.95%	22.68%	13.74%	0.96%	313
SKILLED NON-MANUAL	Immigrant1	7.35%	16.33%	39.59%	29.80%	6.94%	245
	Immigrant2	0.42%	12.13%	46.44%	34.31%	6.69%	239
	Immigrant3	15.20%	37.60%	26.80%	16.00%	4.40%	250
	Immigrant4	4.10%	52.46%	28.28%	11.89%	3.28%	244
SKILLED MANUAL	Immigrant1	10.36%	22.28%	32.64%	30.57%	4.15%	193
	Immigrant2	2.09%	14.14%	35.60%	42.93%	5.24%	191
	Immigrant3	18.69%	40.40%	19.19%	16.67%	5.05%	198
	Immigrant4	6.88%	36.51%	30.69%	22.22%	3.70%	189
PARTLY SKILLED	Immigrant1	6.04%	15.44%	36.91%	32.89%	8.72%	149
	Immigrant2	0.00%	13.89%	47.92%	31.94%	6.25%	144
	Immigrant3	19.75%	34.39%	22.93%	20.38%	2.55%	157
	Immigrant4	7.19%	45.75%	24.84%	14.38%	7.84%	153
UNSKILLED	Immigrant1	11.54%	23.08%	34.62%	28.85%	1.92%	52
	Immigrant2	6.00%	6.00%	44.00%	40.00%	4.00%	50
	Immigrant3	27.45%	37.25%	23.53%	9.80%	1.96%	51
	Immigrant4	8.16%	32.65%	36.73%	22.45%	0.00%	49
8-RELIGION NO RELIGION	Immigrant1	8.35%	16.95%	33.42%	30.96%	10.32%	407
	Immigrant2	1.75%	13.25%	45.50%	31.75%	7.75%	400
	Immigrant3	17.35%	31.81%	23.61%	20.24%	6.99%	415
	Immigrant4	8.37%	44.83%	25.37%	17.49%	3.94%	406
CHURCH OF ENGLAND	Immigrant1	7.75%	15.50%	37.21%	33.33%	6.20%	129
	Immigrant2	2.33%	15.50%	42.64%	36.43%	3.10%	129
	Immigrant3	13.53%	38.35%	29.32%	15.04%	3.76%	133
	Immigrant4	4.58%	49.62%	31.30%	12.21%	2.29%	131
ROMAN CATHOLIC	Immigrant1	10.20%	14.29%	35.71%	30.61%	9.18%	98
	Immigrant2	2.08%	17.71%	50.00%	23.96%	6.25%	96
	Immigrant3	11.00%	35.00%	21.00%	26.00%	7.00%	100
	Immigrant4	9.47%	52.63%	21.05%	13.68%	3.16%	95

Appendix 6 Continued:

	Immigrants	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	No. of Obs.
OTHER CHRISTIANS	Immigrant1	6.25%	23.75%	37.19%	30.94%	1.88%	320
	Immigrant2	0.64%	14.10%	40.71%	40.38%	4.17%	312
	Immigrant3	13.98%	41.03%	26.14%	17.33%	1.52%	329
	Immigrant4	3.14%	48.43%	30.82%	15.09%	2.52%	318
OTHER RELIGIONS	Immigrant1	9.76%	4.88%	24.39%	41.46%	19.51%	41
	Immigrant2	10.81%	37.84%	40.54%	10.81%	0.00%	37
	Immigrant3	2.63%	21.05%	34.21%	26.32%	15.79%	38
	Immigrant4	20.51%	61.54%	7.69%	7.69%	2.56%	39
9-REGION SCOTLAND	Immigrant1	4.44%	12.22%	38.89%	33.33%	11.11%	90
	Immigrant2	1.19%	17.86%	46.43%	28.57%	5.95%	84
	Immigrant3	11.96%	42.39%	21.74%	16.30%	7.61%	92
	Immigrant4	7.87%	47.19%	33.71%	6.74%	4.49%	89
NORTH	Immigrant1	7.79%	12.99%	39.83%	34.20%	5.19%	231
	Immigrant2	2.65%	11.50%	42.92%	38.05%	4.87%	226
	Immigrant3	13.39%	45.61%	22.18%	16.74%	2.09%	239
	Immigrant4	4.35%	47.83%	26.96%	16.96%	3.91%	230
MIDLANDS	Immigrant1	8.24%	19.41%	34.71%	28.24%	9.41%	170
	Immigrant2	1.18%	15.98%	40.24%	37.28%	5.33%	169
	Immigrant3	19.32%	27.84%	27.84%	18.75%	6.25%	176
	Immigrant4	6.47%	45.88%	28.82%	17.06%	1.76%	170
SOUTH	Immigrant1	8.48%	20.47%	31.29%	33.63%	6.14%	342
	Immigrant2	1.19%	16.07%	45.24%	32.14%	5.36%	336
	Immigrant3	14.12%	31.12%	27.67%	22.77%	4.32%	347
	Immigrant4	5.29%	51.18%	24.12%	16.18%	3.24%	340
GREATER LONDON	Immigrant1	8.08%	25.25%	28.28%	27.27%	11.11%	99
	Immigrant2	4.04%	18.18%	44.44%	27.27%	6.06%	99
	Immigrant3	15.15%	34.34%	20.20%	12.70%	8.08%	99
	Immigrant4	15.15%	46.46%	23.23%	11.11%	4.04%	99
WALES	Immigrant1	7.81%	18.75%	42.19%	26.56%	4.69%	64
	Immigrant2	1.64%	13.11%	45.90%	31.15%	8.20%	61
	Immigrant3	11.11%	34.92%	31.75%	22.22%	9.52%	63
	Immigrant4	9.68%	41.94%	30.65%	17.74%	0.00%	62

Chapter 7

Conclusions

Despite varying political views and public attitudes, the UK has long been considered a safe haven for immigrants, especially for genuine refugees and asylum seekers. Refugees and asylum seekers have come to Britain from countries not only from areas with already established migrant communities (such as India, Pakistan, Sri Lanka, Yugoslavia and China) but also from countries without a previous history of migration to the UK including the Congo, Sudan, Colombia and Kosovo. This has contributed considerably to the changing ethnic composition of British cities, schools, its cultural and religious landscape and the workforce. The UK has traditionally been seen as being unusual among the main countries in North-West Europe, as it has been a country of emigration as well as immigration. However, as elsewhere across Europe, the past decade has seen a dramatic increase in net immigration to the UK. The different religious, social and ethnic background of immigrants to the UK is a key feature of its labour market and it is this heterogeneity which makes for an interesting topic of analysis. Immigrants, either economic migrants or refugees and asylum seekers, can affect the host country either socially or economically.

The main contribution of this research is the analysis of the labour market performance of the different categories of migrants, especially focusing on refugees and asylum seekers. Despite the increased interest in immigration there has not been much in the literature on how refugees/asylum seekers perform in the host labour market and most studies have examined only immigrants as whole and there appears only one study about refugees/asylum seekers in the UK using large scale survey data - a working paper by J. K. Lindley (2002). So in terms of a socio-economic analysis, this study is most up to date and comprehensive study of labour market

performance of refugees and asylum seekers for the UK. Moreover, the economic impact of immigrants has been an increasingly important issue and labour market performance is the most important determinant of this fiscal contribution. Secondly, the literature on attitudes also tends to focus on immigrants as a whole. Social attitudes are a key barometer for social cohesion in the UK and refugees and asylum seekers are an important element of views towards immigrants due to the growth of their numbers in the late 1990s and due to the fact that they are now integrated in the labour market. So the second major contribution is to analyse the attitudes of British people towards refugees and the main determinants of those attitudes.

Given this background, the review of the literature in chapter 2 discussed the social and economic impacts of immigration. The chapter led to the conclusion that the fiscal impact is mainly dependent on the economic activity and labour market performance of different categories of immigrants. The positive fiscal effect is directly related to the migrant's net tax contribution and this is a direct result of a person's labour market activity i.e. their employment and earnings. The positive fiscal impact is determined by the amount of tax contributions and the receipt of welfare and consumption of public goods and services such as education and health care. If migrants utilize relatively more in the way of social welfare programmes then they are a net burden but if they pay more in the form of taxes and consume less social security benefits then they make a positive contribution to the government. It was shown that asylum seekers were less likely to be employed and have lower earnings suggesting they were on average less likely to make a positive fiscal contribution. The labour market performance is then examined in the detail in chapters 4 and 5.

The analysis of the social impact of immigrants indicates that hostile attitudes are likely to be present irrespective of the contribution of immigrants and asylum seekers and the possible reasons behind this are economic, labour market concerns and as well as racial discrimination.

Demographically, on one hand, immigrants slow down the aging process in the country but at the same time their environmental impact is an issue for population experts.

Chapter 3 contains a detailed analysis of trends in the flow of asylum seekers and refugees and the evolution of immigration policies in the UK. It therefore shows how immigration control has evolved over time and the impact that politicians and the media have had in leading to stricter immigration control thus making it more difficult for genuine refugees and asylum seekers to get refuge or seek asylum.

Chapter 3 also includes some useful background information and so provides a helpful framework to define the different categories of migrants depending upon their time of arrival and the source country's actual political, social and economic conditions. This information is then used to differentiate between different categories of migrants in terms of asylum seekers and refugees and economic migrants for the empirical analysis that follows.

Chapter 4 examines the economic activity and employment of asylum seekers using micro data from the Quarterly Labour Force Survey for 2001-2006. Immigrants are split into four categories: refugees/asylum seekers, mixed refugees/asylum seekers, mainly economic migrants and economic migrants. These categories are constructed using information from the Labour Force Survey, the Control of Immigration Statistics from Home Office and UNHCR information. It also investigates the role of other variables in affecting the labour market performance of immigrants. Ethnicity also plays a vital role in determining employment and non-white immigrants suffer more than white-immigrants, possibly due to discrimination and a lack of language fluency. Chapter 4 concludes that there are significant differences between the labour market performances of different immigrant groups in terms of employment. Refugees/asylum seekers do worst and that there is not great gender differences between this group and the mixed

refugee/economic migrant category and both categories of economic migrants perform substantially better for both males and females. However, the separate estimates by migrant group show that highest returns to education and years since migration i.e. assimilation for employment belong to refugees/asylum seekers. The quality of jobs is also important and on the basis of the multinomial estimates it can be seen that male refugees and asylum seekers are more likely to have temporary jobs and be self employed.

Chapter 5 suggests that the results for earnings and occupation are very similar to those for employment and economic activity. In particular, the analysis of the different immigrant categories shows that for both males and females, refugees/asylum seekers do worse than other immigrants. Again education, location, ethnicity and years since migration are important determinants of earnings and occupational achievements. Asylum seekers/refugees earn significantly less than other migrants after controlling for other variables, with larger differentials present for females. Again rates of earnings assimilation are higher for refugees/asylum seekers but returns to education in terms of earnings are lower for refugees/asylum seekers earnings, especially for males.

Occupational attainment is another important measure of labour market success, with the results found to be very similar to earnings. Thus the significantly lower earnings of refugees and asylum seekers are consistent with their low paying occupations. Again a lack of country specific human capital, non-recognition of education and as well as racial discrimination are likely to be responsible for the worse performance of refugees and asylum seekers, both in terms of earnings and occupational achievement.

As refugees and asylum seekers earn significantly less than other economic migrants and their tax contributions are lower. Their consumption of social services is also higher on average

because of their lower employment rate and high rates of benefit receipt e.g. sickness benefit, income support etc. Expenditure on this group is also higher because of the cost of housing refugees and asylum seekers and dealing with their cases. With this obvious negative effect on the government finances people may have become more hostile with an increasing inflow of immigrants. Thus the social impact of refugees and asylum seekers is discussed in Chapter 6, which examines attitudes in relation to refugees /asylum seekers.

In particular, chapter 6 examines changes in the attitudes of the British population towards hosting refugees in the UK over time. The questions asked about refugees in the 1995 and 2006 BSA surveys enables us to draw some general conclusions about people's attitudes towards refugees and asylum seekers based on their different socio-economic characteristics. The variations in attitudes measured against the personal characteristics such as age, gender, marital status, qualifications, economic activity, social class, religion, region along with ethnic origin. The results suggest that the number of people who strongly agreed to have refugees stay in the UK has decreased in 2006 as compared to 1995. Therefore less favourable attitudes towards refugees and asylum seekers appear to have increased in the last decade. It is also found that socio-economic characteristics affect attitudes in different ways and the most noticeable finding is that educated people are more sympathetic towards refugees.

The multicultural nature of immigration from all parts of the world to the UK implies a heterogeneous social, economic and demographic impact and this contributes to uneven labour market outcomes for refugees and asylum seekers compared to other migrant groups. The heterogeneity of labour market outcomes in the UK emphasises that policy should target the welfare of different migrants and different ethnic groups within those immigrant categories. Economic performance in the host society is strongly determined by human capital endowments and education plays a vital role in enhancing economic success. Human capital imparts skills and

increases the productivity of immigrants resulting in a better reward in the labour market. Furthermore, ethnicity can not be ignored while analyzing the labour market performance of immigrants as it is an important factor affecting their assimilation and there also exists an element of discrimination for all ethnic groups as compared to whites. Therefore, policies are required to decrease and discourage discrimination.

However, the hosting of refugees and asylum seekers is not just an economic accounting exercise. Despite the poor performance of asylum seekers and refugees, the humanitarian aspect is very important. It can not be ignored that they are people who have been deprived of their rights, safety and their beloved homelands. With these circumstances and physical and psychological problems the adjustment process in the new environment of a host society may take some time, a fact indicated by the findings showing the improved labour market adjustment of refugees and asylum seekers over time. Therefore, investment in human capital should also be encouraged for migrants, including through the provision of English language training, given some asylum seekers do very well in the labour market given the chance. Along with this, the different origin of the migrant groups also contributes to the multicultural mix in the UK, making it attractive for people from all over the world.

Moreover, not only is the performance of the current generation of refugees of interest but so too is that of their children. Therefore, the educational attainment of children of refugees and asylum seekers is an important aspect of the subsequent assimilation of the groups in the host society. Future research could focus on the educational attainment of children of these migrants and to study the differences across different categories of migrants. At the present the sample size is too small to make any reasonable analysis but if these groups do succeed in education then they are likely to do well in the labour market and contribute positively to the UK economy and society.

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