



## The Invisible Cost of Immigration - Remittances

### Summary

1. The money sent home by immigrants is seldom mentioned but should now be added to the debate about the economic gains and losses of massive levels of immigration. It has increased sharply in the last ten years as immigration has risen. It now amounts to over £4 billion a year. This is £11 million a day.

### Detail

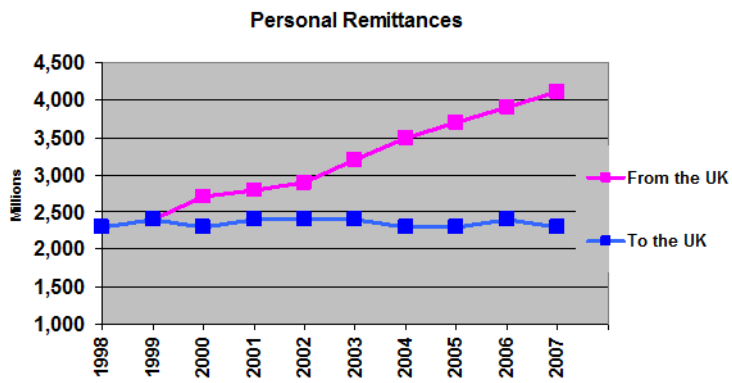
2. The economic benefit of immigration was called into question by a major report from the Economic Committee of the House of Lords published in April 2008 [1]. They found "no evidence for the argument, made by the government, business and many others, that net immigration generates significant economic benefits for the existing UK population".

3. Their overall conclusion was that immigration has very small impacts on GDP per capita (production per head), whether positive or negative [2]. The government's own evidence put this at 0.15% per year [3] which works out at an annual benefit of 62p per head per week.

4. As regards the impact of immigration on the Exchequer, the Committee found the effects to be small - whether positive or negative depended on what was included [4].

5. The report did not examine the cost of immigration to our balance of payments. Personal remittances from migrants are of considerable benefit to their home countries, often exceeding the amount of foreign aid. However they are also a cost to our balance of payments. The graph below illustrates how they have almost doubled in the last ten years to over £4bn a year as immigration has increased. Meanwhile the inflow from British workers overseas has remained stable at about £2.3bn [5]. This amounts to an outflow of £11 million a day and, taking account of money sent home by British expatriates, a net outflow of over £4.5 million a day. These figures should be seen against a current account deficit of £40.3 billion in 2007.

6. These amounts refer only to money sent home through official banking channels. Other sums are sent home by informal channels.



Source: Letter from National Statistician to Frank Field MP of November 2008

23 May, 2009

#### NOTES

- 1 HL Paper 82-1. Abstract
- 2 Ibid para 215
- 3 Cm 7414 paras 2-5
- 4 HL Paper 82-1 paras 132 and 133
- 5 Letter from the National Statistician to Frank Field MP dated November 08