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Dimensions of Inequality: The IFS Deaton Review
Race, ethnicity and immigration

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Lucinda Platt

Department of Social Policy, The London School of Economics and Political Science, Houghton Street, London WC2A 2AE, UK
E-mail: l.platt@lse.ac.uk

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The relationship between immigration and inequality can be considered in multiple different ways—how far does immigration increase inequality in the destination country? How much inequality is there between native-born populations and different immigrant groups (and their children)? Is inequality among immigrants greater than among native born, and what are the implications of that for overall inequality? How do voters respond to immigration, and what are the implications of their responses for inequality? And how are these different processes and associations evolving over time?

The article by Christian Dustmann, Yannis Kastis and Ian Preston, and that by Heidi Mirza and Ross Warwick, alongside the commentaries by Claudia Diehl, by Frank van Tubergen and by Dominik Hangartner and Judith Spirig, address these issues in different ways and to different degrees. Questions of racial inequality and of the short- and long-term impacts of immigration are conceptually distinct but heavily overlapping in practice, given that most of the UK's racial and ethnic minorities are first- or second-generation immigrants. The balance of focus on each differs across these contributions, but they all cover both to some extent, and so we present them all within the same broad theme of evidence.

Dustmann et al. describe how immigration has evolved in the UK, the extent to which immigrants are concentrated towards the lower end of the earnings distribution, especially shortly after migration, and the implications for inequality, while Mirza and Warwick highlight the heterogeneity among those of immigrant origin, both first and second generation, the differences between them as well as the inequalities they face relative to the majority population. Diehl and van Tubergen contextualize these UK findings in relation to the European context, ways of thinking about immigration and ethnicity outside the UK, the key explanatory frameworks for understanding the outcomes of those of immigrant origin and the extent to which the UK is exceptional in this broader context. Hangartner and Spirig turn, instead, to perceptions of immigration among the majority population, the drivers of anti-immigrant attitudes and the consequences for voting behaviour and why and how these might have implications for inequality across the population.

Immigration to the UK has increased substantially over the last four to five decades—in terms of both the annual inflows and the resulting size of the immigrant population. The result was that by 2011, around 13% of the population of England and Wales was born outside the UK, and nearly 20% identified as being of minority ethnicity (including White minorities). Latest census figures suggest that, by 2021, the rates increased to nearly 17% born outside the UK and over 25% having a minority ethnicity. However, as both Dustmann et al. and Mirza and Warwick show, the composition of those immigrant populations has changed over time, both in terms of types of migrant (i.e. whether migrating for work, study, family reunification or asylum) and in terms of the regions and countries they come from. Migration flows from the European Union (EU), overall, fell off after the UK's referendum vote to leave the EU in 2016, though this was more the case for 'old EU' countries than for the new accession countries, where numbers have increased substantially since 2004. Among non-EU migrants, flows from India and Pakistan have remained high across the decades, while migration from the Caribbean, a source of substantial post-war labour migration, has slowed. Immigrants from African countries predominantly arrived in the last couple of decades. In terms of types of migration, students have made up ever larger shares of those migrating, and they have accounted for most of the increase in those migrating from non-EU countries in recent years. The numbers of asylum seekers, and those accorded refugee status, have ebbed and flowed in relation to both world events and migration policies, but remain a small share of the UK's immigrants overall, despite their salience in popular discourse and by contrast with some other European countries. Strikingly, immigrants to the UK have been consistently more highly educated than the native-born population, even as qualifications among the latter have increased. This sets the UK apart from other European countries. At the same time, the educational distribution of the first generation tends to be somewhat bimodal, reflecting the fact that low-skilled migration also constitutes an important component of overall migration, and features more among older cohorts and those migrating for family reunification.

All these factors are relevant for the relationship between immigration and inequality. The fact that immigrants are more highly educated on average has implications for the inequalities they face, with greater possibilities for occupational downgrading on migration, but it also tends to increase inequality among the foreign born. The average high levels of qualifications may also be part of the reason for the remarkable educational success and high rates of social mobility observed among the second generation. Focusing on wages, Dustmann et al. show that, despite having higher average qualifications than the UK-born

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population, immigrants tend to cluster in lower-paying jobs, at least in the first few years following migration. Beyond around 14 years of residence, immigrants' earnings tend to reflect more closely to what they would expect given their skills and age. Mirza and Warwick also note the labour market inequalities faced by immigrants, and they show that while conditional earnings gaps largely disappear among the second generation, differences in employment (and unemployment) rates remain for the children of immigrants of some ethnic groups. Both articles demonstrate not only that there is substantial variation between groups, but also that inequalities among immigrants, whether in earnings as described by Dustmann et al. or in household income and wealth as examined by Mirza and Warwick, are greater than those for the UK-born population and those not of immigrant origins. Immigrants are strongly over-represented among top earners (cf. the article by Delestre et al.), a feature of the immigrant distribution that has tended to receive less attention than their over-representation among the more disadvantaged. Mirza and Warwick also demonstrate how immigrant and ethnic minorities tend to cluster in specific occupations, both those that are well remunerated, such as doctors, and those that are poorly paid, such as security and hospitality. This greater inequality among immigrants than among the population as a whole reflects a range of factors: the diversity of their national origins (e.g. whether subject to immigration controls, whether migrating from an English-speaking country, whether from a non-White ethnicity more at risk of labour market discrimination), timing and duration of migration (e.g. whether they migrated at a time of boom or recession and how long they have been settled), motives for migration (e.g. whether moving for work, study or family reunification), context of migration (e.g. whether moving to an area of increasing or decreasing opportunities, whether subject to greater or lesser employment restrictions), as well as the financial resources and the skills they do or do not bring with them. These greater levels of inequality among immigrants also mean that they slightly increase overall economic inequality in the UK relative to that experienced by the UK born only. But the effect is small.

The effect on the UK-born wage distribution is also generally estimated to be small. According to the results of Dustmann et al., an inflow of immigrants tends to slightly decrease earnings at the bottom of the distribution, where they are more likely to cluster, and slightly increase them at the top, where they may offer complementarities to higher-paying jobs. But the sizes of these effects do not look sufficient to constitute a sizeable economic 'threat'. One perhaps inevitable note of caution is that if there are slow-moving, long-term effects of additional migration on the labour market, then it may be harder to use common statistical and econometric techniques to detect them. For example, if the sectoral composition and allocation of capital within the UK economy would have developed differently in the absence of the large migrant flows observed since the early 2000s, the analysis of short-run immigration impacts may fail to capture this.

Whatever its direct economic impacts, the salience of immigration and the ways in which it is moderated by media representation can have repercussions for inequality of both migrants and native-born populations, as Hangartner and Spirig document in their commentary. The association between (increases in) immigration and anti-immigrant attitudes is not deterministic and also appears to show differences according to the type of migrant, as well as whether or not it is accompanied by meaningful contact between immigrants and the native born. Nevertheless, to the extent that high levels of anti-immigrant attitudes, which in the UK reached a peak around the EU referendum vote, shape policy decisions, they can have substantial negative impacts on immigrants, reducing their opportunities for economic—and social—integration, e.g. through employment restrictions on refugees, and more expensive and longer pathways to citizenship. As Hangartner and Spirig note, anti-immigrant attitudes can also increase inequality among citizens to the extent that anti-immigrant parties' policies and their influence on mainstream parties are not only limited to immigration policies, but also can involve remodelling of the welfare state and reshaping of redistributive policies to penalize more marginalized groups. The impacts of greater support for anti-immigration policies also tend to bolster more isolationist policies, which then have impacts on the population at large. Hangartner and Spirig also highlight, however, that this is an area where there is still much more to be understood.

The fortunes of the UK's immigrant population not only have implications for inequalities faced by them—and the extent of inequality between them—but also for future inequality. Immigrants tend to be younger than the population average, and the children of immigrants make up a higher share of children than immigrants do of the population as a whole. Poverty rates are higher among immigrants, and these have implications not only for current well-being but also for intergenerational welfare. As documented by Mirza and Warwick, children from a number of ethnic minority groups (especially Pakistani, Bangladeshi and Black African) have higher—in some cases, substantially higher—rates of poverty than those faced by majority group children. While the exceptionally high ethnic minority child poverty rates of the 1990s have since declined, more recent policies such as the two-child limit have been shown to have disproportionate impacts on ethnic minorities and, alongside other 'austerity' measures, may be contributing to reversing some of these gains. Lack of resources in childhood has been shown to be less consequential for ethnic minorities' educational attainment than it is for the majority population, but still has long-term consequences for their future economic situation. Certain ethnic minority groups (Caribbean and Bangladeshi) also have much lower levels of assets, including homeownership, limiting their potential to make intergenerational transfers as well as to cushion themselves against shocks and provide for their standard of living in later life. Even without taking account of future immigration, these facts suggest that the wage and employment assimilation at the individual immigrant and ethnic group level, which the two articles chart, may nevertheless be accompanied by enduring between-group inequalities and greater economic and social divides in the future. The role of current and future immigration flows and that of immigration and welfare state policies in mitigating or enhancing these inequalities remains a subject for future analysis.

At the same time, the commentary by Diehl points out that, by comparison with Germany, the UK appears in many respects a success story in terms of the outcomes of immigrants and their children: employment gaps are lower, intergenerational transmission of educational disadvantage is not ingrained and having a first language other than English spoken at home does not seem to hold the children of immigrants back in their educational attainment, as it does non-German speakers in Germany. Alongside these differences, she highlights the comparable nature of some of the gendered inequalities found across the two countries, particular for women from Muslim groups. These have implications for women's labour supply of (intergenerationally transmitted) norms and expectations, even if in the UK women from these groups are demonstrating strong educational success

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by contrast with Germany. The commentaries by Diehl and van Tubergen highlight not only the potential benefits of a comparative approach for helping to pin down the mechanisms underlying specific immigrant and ethnic inequalities, but also the potential for 'policy learning' and for better identifying which policy levers might be more or less effective in reducing inequalities for both immigrants and their children.

Immigration links different national contexts via the movement of people. Events such as war or other crises, circumstances (including inequality) and policies at origin stimulate migration—and return—in ways that embed national experiences of migration in these, sometimes distant, world events. While the main focus of these articles and commentaries is the potential of migration for generating inequality in the destination context and the nature of inequalities faced by migrants and their descendants settled in those settings, migration also has impacts on inequalities between countries and can create or mitigate inequalities in countries of origin. As Dustmann et al. discuss, migration sets up a range of dynamics between the origin and destination settings, which can exacerbate or decrease inequality at origin as well as at destination, depending partly on who migrates (whether high or low skilled), where remittances are allocated and whether or not return migration enhances the productivity of origin settings. While responses to migration and the experience of migration are often highly localized, the study of migration, its determinants, evolution and consequences are informative about inequalities between as well as within countries, and the limits as well as the role of policies in shaping global processes. Read together, and placed in the context of the other articles in this volume, these articles and commentaries provide an invaluable insight into the salience of migration, the different ways it connects with inequality and its potential to bring the inequality-generating and mitigating policies within and across nation states into relief.

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