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## Immigrants help to raise average wages

By Brian Groom

Immigration has helped to raise average wages of most UK-born workers but held back wage growth for those at the most poorly paid end of the labour market, new study has shown.

Research published in the Review of Economic Studies examined the period between 1997 and 2005, when there was an increase in the foreign-born population equal to 3 per cent of the native population.

The authors – economists Christian Dustmann, Tommaso Frattini and Ian Preston – estimate that [immigration depressed wages](#) by 0.7p per hour at the 10th percentile, or the bottom layer, of UK-born workers.

But immigration contributed about 1.5p per hour to wage growth at the median and slightly more than 2p per hour at the 90th percentile.

Among the possible explanations for the benefit to most UK-born workers is that immigration may “grease the wheels” of the labour market, realising efficiency gains in the economy whose benefits help to raise wages for others.

It could also be that immigrants, who tend to take jobs below their qualification level, are underpaid compared with what they contribute to the economy, and that other workers capture some of the benefits of that.

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