

Ugandan Asians in Leicester: An Analysis of the Wage Effects of Immigration

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Abstract

In an age of rising global populism that led to the historic “Brexit” decision of the U.K. to leave the EU and the rise of right-wing nationalist parties throughout Europe, a commonality is the argument that immigrants suppress wages for native-born workers. Argued by many low-skilled blue collar laborers throughout the world that they suffer the most with high amounts of immigration, this paper analyzes this claim through an historical example. Approaching the question of the effect immigrants have on wages with the resettlement of Ugandan Asians in Leicester, U.K after the 1972 expulsion by Ugandan President Idi Amin, this paper found no observable negative effects upon the wages of native-born Britons as a result of the resettlement. While the *Leicester Mercury* reported higher unemployment figures among Leicester’s East African population in 1975, correlation to the resettlement of Ugandan Asians cannot be established given that England experienced a recession from 1973-1975.

KEYWORDS: Ugandan Asians, Leicester, wage effects of immigration, labor supply

JEL CODES: J010, J220, J300, N34, N94

ON MY HONOR, I HAVE NEITHER GIVEN NOR RECEIVED
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Introduction and Motivation

Opposition to immigration have been prevalent throughout history. When combined with the current global political climate, the rise of global populism has led to the rebirth of the age-old argument that immigrants negatively affect the wages of native-born laborers. The arguments that immigrants not only occupy jobs that would otherwise be filled by citizens, but that they also suppress wages are common talking points for advocates of restricting immigration. A greater number of immigrants and refugees tend to increase the fear of unemployment, especially among those with shorter job tenure (Blanchflower & Shadforth, 2009). This sentiment is strongly held during periods of high immigration, especially when little warning is given. The outcome of the historic ‘Brexit’ decision is partially predicated on the fear of immigrants both on political and economic grounds. Additionally, the triumph of President Donald J. Trump is owed in part to a platform of apprehension to immigrants and refugees. Periods of economic recessions, combined with wage stagnation and the fear of globalization often lead to the “otherizing” and scapegoating of immigrants. While the development of the United States is wholly based on immigration waves from around the world, European countries, with their smaller amount immigration in comparison, provide interesting labor markets to study.

David Card’s (1990) landmark study of the Miami labor market after the Mariel Boatlift in 1980 will serve as the bedrock of this paper. Exploring the Miami labor market where an unexpected surge of 125,000 Cubans immigrants led to an overnight 7% increase in the Miami labor supply, Card found no statistically significant wage effects as a result. Modifying Card’s approach, this paper approaches the United Kingdom’s (U.K.) labor market, focusing on the August 4, 1972 decree ordering the expulsions of all Ugandan Asians from Uganda by President

Idi Amin.¹ A result of the expulsion was the resettlement of significant numbers of British passport-holding Ugandan Asians in Leicester, England. The order, mandating all Ugandan Asians leave Uganda within 90 days, resulted in the resettlement in the U.K. over 28,000 British passport-holding Ugandan Asians. Leicester's history with large immigrant populations, specifically the Asian diaspora from Kenya, led to the large number of immigrants resettling in Leicester.² By 1976, it was estimated that 80% of all Ugandan Asians in the U.K. were living in areas that East African Asians had previously settled (Wallis, 1976).

This example serves as a controlled study given the unexpected labor supply shock to Leicester without a congruent labor demand shock. Furthermore, this study seeks to analyze the effect Ugandan Asians had upon wages in the Leicester. Using data collected from the National Earnings Survey (NES) from 1970-1975, settlement patterns from the Ugandan Resettlement Board (URB), and Valerie Palmer Marett's 1983 Doctor of Philosophy dissertation at the University of Leicester on Ugandan Asians in Leicester, this study seeks to identify if any wage

¹ In the Ugandan case, those of Gujarati Indian descent have been called Ugandan Asians, and will be referred to as such for this paper in order to maintain historical consistency and accuracy. The order issued by Idi Amin at first targeted British passport-holding Ugandan Asians, putting the responsibility on Britain to handle the exodus. On August 9th 1972, five days after the initial decree, Amin expanded the list of Ugandan Asians required to leave to include citizens of Indian, Pakistan, and Bangladesh.

² In 1965, over 50,000 Kenyan-Asians immigrated to the U.K as a result of racially motivated "Africanization" policies within Kenya through targeting laborers in the occupations of commerce, civil service, and trade.

effects due to the Ugandan Asians occurred.^{3 4}

Such natural experiments are rare occurrences in the field of economics, and the opportunity to examine such an historical example is profoundly significant. Given that in the very first week of October 1972, 10,000-11,000 Ugandan Asians entered the U.K, the historical instances of such a large scale of refugees is scarce (Marett, 1983). Excluding the Mariel Boatlift, two other major European migrations that could have been the focus of analysis, but were determined to be less-ideal focuses of study would be the 200,000 refugees as a result of the Hungarian Revolution of 1956, and the ensuing humanitarian crisis of the Syrian civil war with refugees in select countries in Europe and the Middle East. Data on the Hungarian Revolution of 1956 would be exceedingly difficult to locate, and given that the Syrian civil war is still happening, Ugandan Asians provided the best focus of an economic analysis. Furthermore, exploring a rare occurrence on a topic that has also been largely ignored by economists provides the opportunity to open a new avenue in the field of labor economics with the analysis of a small ethnic minority.

As a result, this paper seeks to contribute to the field of labor economics by taking an international approach to the wage effects of immigration. While the United States has been the focus of many studies, the U.K. has received less attention. An isolated labor supply shocks

³Tasked with the resettlement and integration of Ugandan Asian refugees in the U.K., the URB was created by the Home Secretary to accommodate the displaced Ugandan Asian refugees. Additionally, the URB served as a clearing house for accommodation and employment offers. However good their intentions, controversy surrounded the URB, most strongly put by a thirty-four page report issued by Middlesex and Ward (1973) that:

The fact remains that the Government's view of its responsibility to the Ugandan refugees has been, not to help them re-establish their lives with dignity, but to regard that responsibility as terminated when the Asian families take their rightful place on the poverty line. (A Job Well Done?, 1973)

⁴ Surveying a sample set of households from 1970-1996, the NES sampled 1% of individuals in the pay-as-you-earn (PAYE) tax payment plan in the U.K. and is broken down by region. The NES was later renamed and replaced by the Annual Survey of Hours and Earnings (ASHE)

sparingly occur, and the ability to explore a topic that not only had never been studied before, but also is the perfect controlled scientific experiment is very uncommon. Given the age of the field, the economics of immigration has been largely limited to recent historical events. The lack of adequate recording keeping and the difficulty in procuring robust data has left the field limited. Additionally, looking farther back to 1972 will contribute to the historical evolution of the wage effects of immigration in order to further the field by serving as a focal point of comparison for future studies. Therefore, this paper seeks to expand the study of the economics of immigration into new directions. Approaching the field from a new angle will result in immigration economics becoming more dynamic by serving as a precedent for future studies. Additionally, the field of labor economics would benefit from the increased diversity with an analysis of immigrants that consider themselves racial, religious, or ethnic minorities enhancing the credibility for the overall study of labor economics.

Moving forward, this thesis will begin with background on the economic and political situation of Ugandan Asians leading up to their eventual expulsion in order to provide a proper historical context. Drawing from newspaper articles in Leicester and Uganda, in addition to a 1983 dissertation by Valerie Palmer Marett at the University of Leicester, the historical background section combines first-person accounts along with retrospective analyses of the resettlement efforts of Ugandan Asians. The perception of Ugandan Asians in Uganda and their resettlement in Leicester is given in order to compare the attitudes of both the Ugandan and British governments to Ugandan Asians. With background established, models on the economics of immigration is provided in short-run and long-run models in order to provide an economic background to the topic of the wage effects of immigration. Drawing from academic economists

and economic theory, equations along with graphical models are used to highlight where the field of economics generally falls on the question of the effects of immigration.

Following the Theory section, previous literature written on the economics of immigration is discussed to analyze what previous academic economics have written on the subject of the wage effects of immigration. While no previous literature has been published on the wage impacts of Ugandan Asians, this author picked two leading economists on the subject of immigration—David Card and George Borjas—to provide the opinions of both supporters and opponents to immigration. Drawing on examples from the United States and Europe, this paper discusses the effects of immigration on multiple countries to establish background for potential effects on the Leicester labor supply in 1972.

Moving onto the analysis portion of this thesis, a description of how data was collected and processed highlights the method of the Graphical Analysis section. Comparing wages in Leicester to national wages in the U.K. before, during, and after the influx of Ugandan Asians provides graphical proof that no negative wage effects due to immigration were observed. Adjusting for inflation, wages in Leicester do not vary by any significant amount when compared to national trends from 1970-1975.

In addition to a conclusion summarizing that no effects upon wages in Leicester were found due to the influx of Ugandan Asians in 1972, key limitations the constrained this thesis are noted, before discussing topics of future research. While the lack of data proved to be a significant limiting factor, the topic of Ugandan Asians in Leicester is certainly worthy of further study.

Historical Background on Ugandan Asians

Discussing the position of Ugandan Asians leading up to their expulsion is necessary in order to understand the political and economic ramifications that followed the refugees to Leicester, England. Chronologically starting with the pre-1972 political landscape in Uganda, this section develops with the increasingly precarious situation that Ugandan Asians lived through leading up to the very day that the expulsion order was issued. Furthermore, this section highlights the response of the British government to the unexpected influx of the refugees, in addition to the local reception in Leicester. Through an understanding of the political and economic oppression Ugandan Asians were facing, the resettlement in England will be further appreciated.

The Gujarati Indian diaspora in Uganda began to develop in the late 19th century with migration due to economic reasons. Originally, over 30,000 Punjabi Sikhs on three-year contracts were indentured servants commissioned to build the 580 mile colonial-era Uganda Railway starting from Mombasa, Kenya and ending in the Ugandan capital city of Kampala (Report on the Indian Diaspora, Chapter 8). Realizing the economic opportunity to be had, Gujaratis immigrated to Uganda in order to fulfill the economic needs of the contracted laborers throughout the building of the entire railway. The creation of Gujarati business led to them becoming sizable minorities in many sub-Saharan African countries given their status of being economically more successful than those of African descent. This contributed to blooming populations of the Indian diaspora outside the Indian subcontinent. As a result of this socio-economic difference, Ugandan Asians have historically faced significant discrimination due to their “outsider” status, relative wealth, and position of occupying high-paying jobs. Ugandan Asians at the time were perceived as filling jobs that those of African descent could occupy, but

could not since Ugandan Asians were “in the way.” Coined by Mazuri (1972), Indiophobia, defined as “a tendency to react negatively towards people of Indian extraction,” was exacerbated by Amin’s scapegoating Ugandan Asians for the economic tribulations of Uganda. Amin casted Ugandan Asians as money hoarders and those who “only milked the cow but did not feed it to yield more milk... [they] never bent down to dig” (Ugandan Argus). This imagery of Ugandan Asians being parasitic to Ugandan society became evidently clear when the *Ugandan Argus* in an editorial published that:

Are there any critics this morning of President Amin’s statement on the Asians? No! At least not in the minds of all fair minded people in Africa, Asia and Britain... The hands that went up in horror now hang limp... The only Asian who is being told to leave the country is... the person who milked the big fat cow but let someone else feed it. (*Ugandan Argus*, August 1972)

While it may be perceived that Ugandan Asians were ignorant of the threat posed to their very existence, ethnic-based prejudice was nothing new to the Gujarati diaspora throughout Eastern Africa—specifically to those living in Uganda. Prior to 1973, Amin instituted policies that economically constrained the business of Ugandan Asians. Restrictive work permits and trading licenses were instituted where some Ugandan Asians owning business had to resort to bribing officials of African descent in order to operate (Marett, 78). Additionally, the 1969 Ugandan Licensing Act required licenses for non-citizens to operate their business, in addition to mandating a deposit of 80,000 Ugandan Schilling (\$251,116 in current USD) into a bank. In conjunction with the 1969 Ugandan Immigrant Act that mandated non-citizens were required to obtain an entry permit, and that failure to do so could result in expulsion, imprisonment, or fines, Ugandan Asians leading up to 1972 were increasingly having their rights restricted (Marett, 192). These constrictive measures resulted in a variety of organizations finding that anywhere between 2,000-9,000 Ugandan Asian families were unable to continue with their businesses as a

result of the controversial laws (Marett, 192). Ugandan Asians perceived it was the goal of Amin to frighten them to leave Uganda voluntarily, or become more “submissive.”

While Ugandan Asians were able to resettle in Leicester, the process was far from efficient, and was actively rejected by many British lawmakers and right-wing political groups. Despite Amin’s ultimatum that it was in the hands of the British to handle the evacuation of all British passport-holding Ugandan Asians, the British government actively slowed down the process by dealing with “the problem [resettlement] in a humane way; it should be by an orderly quota arrangement,” according to a House of Commons report. Going one step further, David Lane, a Conservative Member of Parliament (MP) spoke on the topic of Ugandan Asians refugees saying:

We are an overcrowded island and immigration must and will be strictly controlled...successive British Governments have said, ‘Yes but we can only absorb you at a limited rate. We received special vouchers for you. You must wait your turn in the queue’. (BBC, The World this Week)

Between the views of Amin and the British government at the time, the outwardly xenophobia and prejudiced attitudes directed towards Ugandan Asians were joined by the arguably racially motivated policies of the British government to an influx of Africans. The unofficial Ugandan resettlement policy of the U.K. government was contrary to the 1962 Commonwealth Immigration Act that guaranteed the right for all citizens of Commonwealth countries free and unrestricted rights to resettle in the U.K. When paired with the outright controversial Commonwealth Immigration Act of 1968 that permitted the legal right to deny anyone entry if there was not a “substantial” connection with the U.K. either by birth or descent, structures were established in Uganda and the U.K. that effectively made Ugandan Asians feel stateless (Marett, 185).

2.1 Resettlement in Leicester

Specifically in Leicester, the attitudes towards Ugandan Asians could be aptly described as lukewarm among many politicians. A local MP in the *Leicester Mercury*, the largest newspaper in Leicester said that:

It would be fatal for all concerned, and nobody knows this better than Leicester...if a situation were to develop when our school, hospitals, houses and jobs proved inadequate to cope. (John Peel, 1968)

Having already experienced the mass influx of Kenyan Asian refugees in 1968, the public reception of Ugandan Asian refugees was remarkably similar. Efforts were made by the U.K. government to disperse Ugandan Asians throughout Commonwealth countries, but the plan backfired when those with higher relative wealth immigrated to India, a majority of professionals were taken by Canada, leaving an overly-optimistic picture of refugees resettling in Leicester (Marett, 146). This miscalculation of Ugandan Asians settling in Leicester being poorer with no relatives or family friends led to hastily prepared initial transit camps for over 21,800 Ugandan Asians in 1972 (Marett, 146). Additionally, among leaders in the Ugandan Asian community, some actively advised that Ugandan Asians should seek other places to resettle besides Leicester due to stretched resources (Marett, 220).

The Runnymede Trust paper, by Christine L. Smith, was a private analysis written in December 1973 to analyze the Ugandan Resettlement Board's actions in resettling the Ugandan Asians. Viewing the efforts of the URB and the U.K. government as contestable, the resettlement in Leicester was especially problematic. The URB, as official policy, designated areas as 'red' or 'green' in order to mark places that were primed to resettlement, and places to avoid (Smith, 4). Areas deemed 'green' had sufficient resources to handle the settlement of Ugandan Asians, and 'red' areas were cities and towns that were to discourage resettlement due to stretched

resources. The URB assisted all refugees that settled in ‘green’ areas, but completely withheld assistance from ‘red’ areas, and did not follow up with Ugandan Asians resettling in ‘red’ areas. Many ‘red’ cities that were marked off had already high populations of Gujaratis— Leicester in this case.

The policy proved to be problematic when the vast majority of Ugandan Asians resettled in ‘red’ areas due to the presence of friends and family members. Additionally, evidence showed that some Ugandan Asians who were settled by the URB, *and* provided housing in ‘green’ areas moved to ‘red’ areas to be surrounded by family (Runnymede Trust, 4). The strain on Leicester was furthered explained by Peter Cole, of *The Guardian*, in his report that ‘red’ areas with their higher Gujarati populations had higher rates of unemployment due to the already saturated labor markets. The Midlands, a geographic area of central England, had the highest rates of unemployment which “effectively means that the highest unemployment is in Leicester and West London, two areas originally designated ‘red’” (Smith, 16).

The issues with Ugandan Asians resettlement was exacerbated when public attitudes towards the number of Ugandan Asians began to shift when the *Leicester Mercury* ran an editorial that:

what the people of Leicester are saying...that they don’t want the Ugandan Asians here...this does not mean there is a lack of sympathy for these unfortunate people. (The Tide Turns, 1972)

The Joint Commission on the Welfare of Immigrants (JCWI) commissioned a report in 1970 starting with interviewing families seeking resettlement. Out of a sample size of 1,047 families, 229 were planning on resettling in Leicester, 50 were more likely than not to settle in Leicester, and many single students stated that they intended to live in Leicester (Marett, 195). Buoyed by their knowledge that Leicester was filled with other East African Asians, that housing was of

good quality, and that people who previously came from Uganda were able to find jobs, Leicester proved to be a prime destination for resettlement. These set of assumptions proved to be erroneous as the continuous resettlement of Ugandan Asians in Leicester became a Tragedy of the Commons.

Of that total estimated 28,000 Ugandan Asians wishing to immigrate to the U.K., the report concluded that Leicester was to expect an initial 3,000 Ugandan Asians and an eventual 7,000, along with 4,230 children. The projection was based on the estimation that as many as 20,000 Ugandan Asians had friends or relatives in Leicester (Marett, 195). Breaking down the refugees by skill and occupation, the report concluded that the vast majority were shopkeepers, clerks, and carpenters—contrary to the average skill-sets of Ugandan Asians.

In an article published in the *Leicester Mercury* in 1975, 24% of the unemployed in Leicester 1973 were immigrants from Africa—below the national average. The secretary of the Transport and General Workers' Union in Leicester, George Bromley, owed the better than national average figures to the “large mixture of industries in Leicester... which don't require a high degree of skill, and these are not being hit so much by unemployment at the moment.” Tom Scott, Department of Employment manager in Leicester supported Bromley by explaining that the main influx of Ugandan Asians in September 1972 was predominantly comprised of dependents. This led to “the effect of Ugandan Asians on Leicester's unemployment appears to have been substantial” where in 1970, only 9% of the unemployed in Leicester were African immigrants, two years later the figure jump to just over 14%, but by 1973, the statistic was 24% of the unemployed in Leicester.

The result of the resettlement of Ugandan Asians was increased unemployment among East African refugees given the competition; Ugandan Asians did not compete with

Leicesterians. Ugandan Asian laborers fared better than the national average, becoming slightly less prominent when compared to national unemployment figures. However, Ugandan Asians did increase as a percentage of the unemployed in Leicester. By August 1975, total unemployment stood at 11,700 individuals, growing from under 3,500 in 1973. While the figures suggest that Ugandan Asians significantly contributed to Leicester's unemployed population, unemployment in Leicester in 1972 was only 2%, below the national average of 3.5%, and was still below the national average of 4.2% in 1975 (Marett, 219). Additionally, while the unemployment rates among African women increased from 23.3% in 1973, to 30% in 1975, the vast majority of Ugandan Asian women did not work (*Leicester Mercury*, 1975). Ugandan men, conversely, became less prominent in unemployment figures. Initially, in 1973, 24.5% of Ugandan Asians men in Leicester were unemployed. By 1975, only 21.2% of Ugandan Asians men were unemployed (*Leicester Mercury*, 1975). This result can be based off of George Bromley's statement highlighting the abundance of low-skilled jobs among many industries. Hence, while England experienced a recession from 1973-1975, Leicester was able to weather the economic uncertainty better than the national average despite increasing rates of unemployment among Leicester's African population.

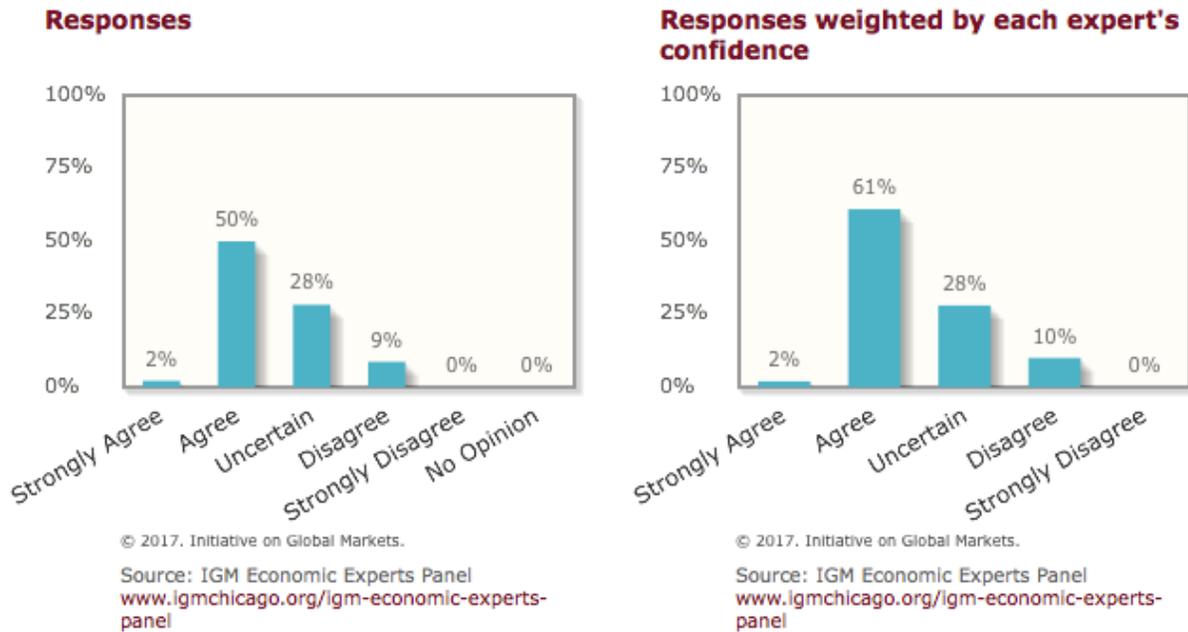
In summation, the plight of Ugandan Asians that led to the resettlement for many in Leicester is a testament to the resilience of an ethnic and racial minority given their economic success. Given the very short period of time that was afforded for closing down business and moving entire families, Ugandan Asians were able to continue their lives in reasonable comfort despite having their lives upended. Compounding the forced evacuation from Uganda with the issued-plagued resettlement, the economic success of Ugandan Asians is owed to their strong work ethic and occupation availability in Leicester.

Theory

For proper understand of how labor economists view immigration, this section begins with a poll conducted by the University of Chicago asking academic economists their opinions of the effects low-skilled immigration has upon wages. Additionally, two models of immigration are presented describing what labor economists have agreed the wage effects are in both the short and long term. Starting with the short-term model of immigration, the Specific Factors model (SF) analyzes the impact of immigrants on wages. Through analyses that are later elaborated upon, the SF model predicts wage reductions in the short-term as a result of immigration. Moving onto the long-term model of immigration, the Heckscher-Ohlin (HO) model differs slightly with the SF model while still looking at the wage effects of immigration. Theory behind the HO model predicts that wages do not change in the long run, and that the only effect is a change in the distribution of laborers between industries within an economy. Therefore, this section will provide economic theory background in order to better serve in interpreting results found in the Graphical Analysis section that follows.

As it will be further discussed in the Literature Review section, the field of economics is generally supportive of immigration given the net-positive effects upon wages. Conducted by the University of Chicago Booth School of Business, the survey below approached 51 academic economists asking them whether the *average U.S. citizen* would be better off if a greater amount of low-skilled foreign workers were allowed to enter the U.S. each year. Broken down by the degree to which they agree with the question, it is clear that when weighted by confidence level, economists have a generally favorable view of immigration.

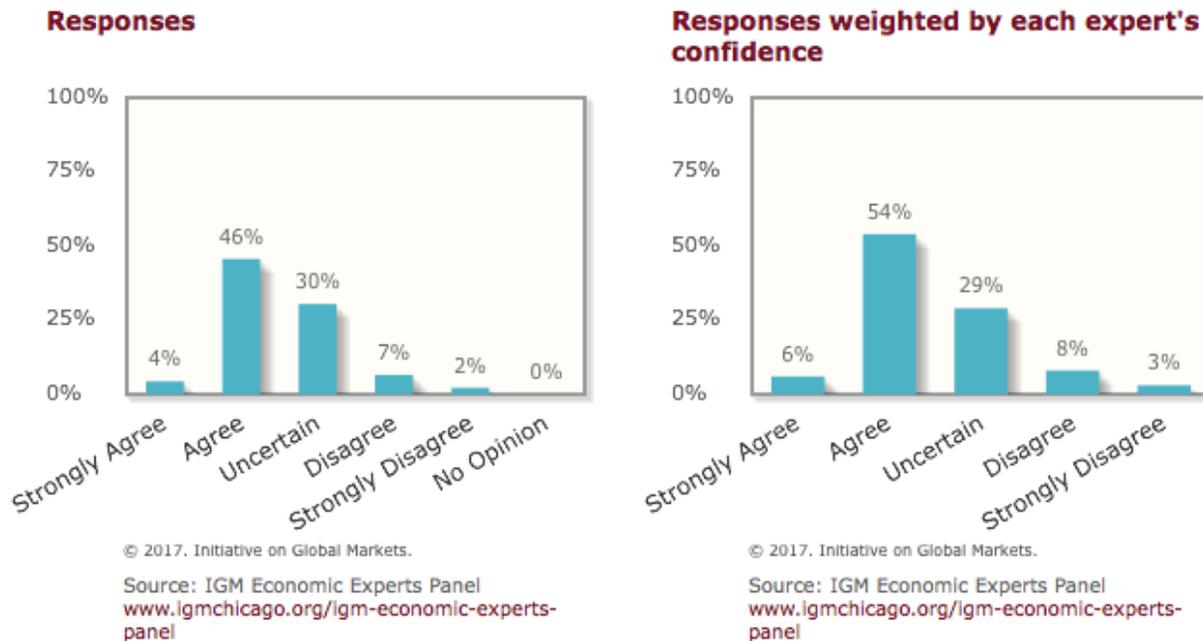
Wage Effects of Low-Skilled Immigrants upon the Average American



Note. “Question A: The average US citizen would be better off if a larger number of low-skilled foreign workers were legally allowed to enter the US each year.”

Interestingly, when the same academic economists were asked whether *low-skilled U.S.-born workers* would be substantially worse off if left uncompensated with the immigration of a large number of low-skilled foreign-born workers, 54% of the economists believe that low-skilled U.S.-born workers would be worse off when weighted by confidence level in their answers.

Wage Effects of Low-Skilled Immigrants upon Low-Skilled Americans



Note. “Question B: Unless they were compensated by others, many low-skilled American workers would be substantially worse off if a large number of low-skilled foreign workers were legally allowed to enter the US each year.”

The term “compensation” is rather vague in the survey, but whether it be unemployment insurance or retraining programs, a majority of the economists agree that low-skilled Americans would be worse off if left uncompensated. Though the aggregate population of the United States would benefit, isolating low-skilled workers results in them suffering. The theory behind the expert opinions is grounded in economic models, most importantly starting with the Specific Factors model.

3.1 Specific Factors model

The Specific Factors model (SF) assumes that there are two countries, home and foreign, that have separate resource endowments where they are able to have a comparative advantage in

either labor intensive goods or capital intensive goods.⁵ Additionally, this model is combined with the factors of production, where Capital (K) is used exclusively in manufacturing, Land (T) exclusively in agriculture, and Labor (L) freely moving between industries. In any competitive market, a firm will hire up to the point until:

$$w = P * MPL \quad (3.1a)$$

In the above equation, w is the wage, P is price, and MPL is the marginal product of labor.

Therefore, the real wage of labor is equal to its marginal product:

$$(w/p) = MPL \quad (3.1b)$$

Furthermore, given the labor is able to freely move between industries in the SF model, the wage itself equalizes across both industries when set equal to each other:

$$w = P_a * MPL_a = P_m * MPL_m \quad (3.1c)$$

In this equation, w is the wage, P_a is the price of agriculture, MPL_a is the marginal product of labor for agriculture, P_m is the price of manufacturing, and MPL_m is the marginal product of labor for manufacturing. Graphing the equation shows an economy at equilibrium *before* immigration is introduced.

⁵ In the SF model, we will use manufacturing as an example of capital intensive production and agriculture as labor intensive production.

Specific Factors Model *before* Immigration

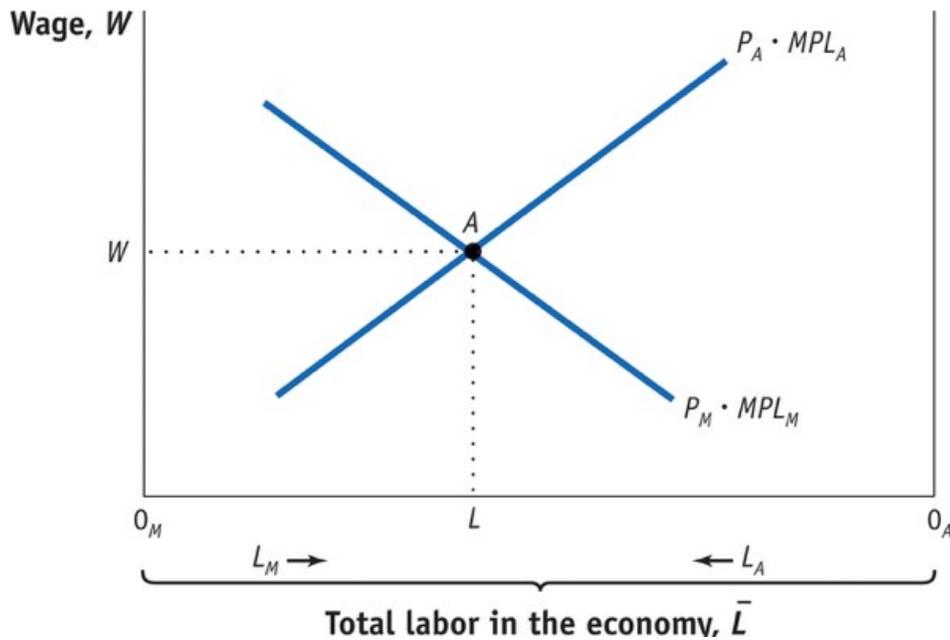


Chart: Figure 5-1 In Robert Feenstra & Alan Taylor *International Trade 3rd Ed.*, Worth Publishers, 2014

Note. The main point of the SF model before immigration is that wage and amount of low skill labor utilized at equilibrium are always moving in inverse directions. The higher the wage is, the lower the amount of low-skilled labor is used within an economy. Additionally, the equilibrium point, in regards to the horizontal axis, dictates the allocation of the labor force in an economy between labor and capital intensive production. For example, an equilibrium point farther from the origin for manufacturing would be an economy that employs higher amounts of high-skilled labor for manufacturing.

Presented in a modified Edgeworth Box, quantity of labor is on the horizontal axis, and Wages are on the left-hand vertical axis. Both lines are downward sloping, where quantity of labor utilized per individual line begins at their respective origin. An equilibrium point of labor further away from any one origin means a greater quantity of labor, within that industry, is used respective to the total amount of labor in an economy. In this Edgeworth box, since the equilibrium point of labor is farther from the origin for agriculture than it is from the origin for manufacturing, a greater percentage of the total labor force is devoted to producing agricultural goods instead of producing manufactured goods. Since labor has the option to freely move between both industries, the equilibrium point A is where the wages in both industries are equal:

$$W_m = W_a = W \quad (3.1d)$$

Moving an economy from autarky to being open to immigration changes the home countries labor supply as follows.

Specific Factors Model *after* being exposed to Immigration

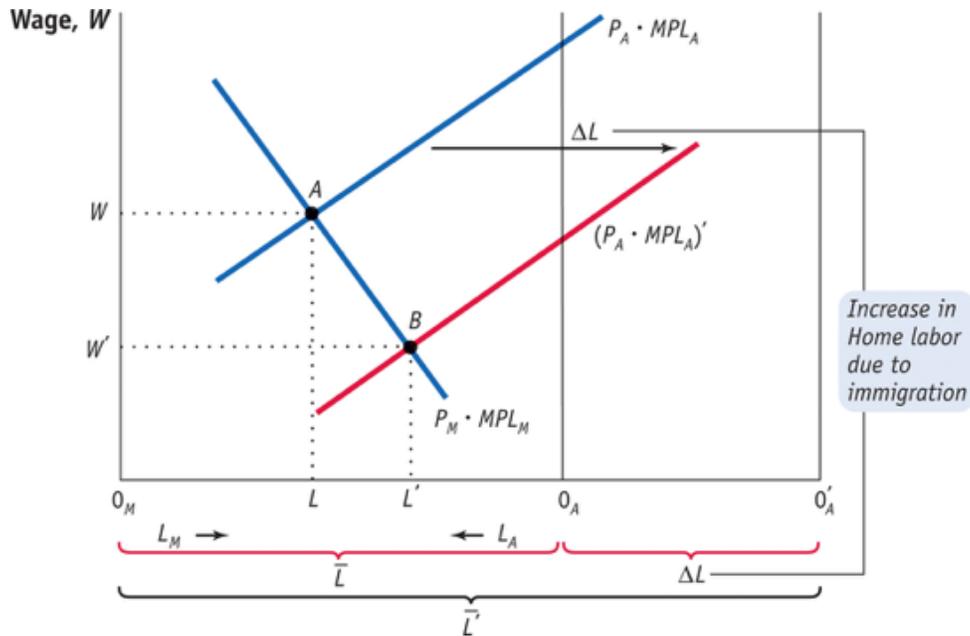


Chart: Figure 5-2 In Robert Feenstra & Alan Taylor International Trade 3rd Ed., Worth Publishers, 2014

Note. The result of immigration is an expansion of the horizontal axis congruent with the size of the increase in the labor supply. Therefore, wages drop as a result of adjusting to the new equilibrium level. Similarly, the amount of labor utilized for low-skilled production increases. Therefore, the main point of the SF model after being exposed to immigration is that low-skilled immigration favors low-skilled industries.

Similar to the previous graph, this graph is a slightly modified Edgeworth Box with quantity of labor on the horizontal axis, and Wages on the left-hand vertical axis. In the short-run, the equilibrium wage has the potential to drop as a result of immigration. This effect is evidenced by the rightward shift of the $P_a \cdot MPL_a$ curve that is directly attributed to immigration. The size of ΔL is a function of the increase in the total labor supplied in an economy due to immigration. Furthermore, given that immigration increases the size of the total labor force, the X-axis expands by a degree equal to the increase in the number of workers. This effect results in

the new origin (O'_A) for agriculture in the above Edgeworth Box. While the labor utilized for manufacturing goods does expand, evidenced by L' , the increase in labor devoted to agriculture expands by a greater degree given that labor is the factor endowment for agriculture. In the short-run, the result of immigration is a reduced MPL in both industries, causing a *reduction* of wages in both industries (W'), though the size of the wage reduction is not identical. This difference in wage reduction between the two industries is a result of low-skilled workers occupying industries that require relatively unskilled labor. Hence, given that agriculture's factor endowment is labor, a reduced MPL is going to negatively affect the wages of workers in labor-intensive industries to a greater degree than the wages of workers in capital-intensive industries.

3.2 Heckscher-Ohlin model

The Heckscher-Ohlin (HO) model, similar to the SF model, assumes to have two countries that have identical technologies but different factor endowments. The two factors of production, Labor (L) and Capital (K), are *both* able to freely move in contrast to the SF model where only labor freely moves between both industries. This change results in the HO model being a *long-run* model of immigration. Similarly again, there are two industries that the home and foreign countries can have comparative advantages in. In this model, computer production will represent capital-intensive production while shoes represent labor-intensive production. Wages are determined by their respective marginal products, and the marginal products are a function of capital-labor ratios. Hence, more capital-per-labor would result in a higher *MPL* and wages, and more labor-per-capital results in a higher *MPK* and rental rates. Therefore, when graphing the HO model below, the different slopes of the curve are determined by the capital-labor ratios of each industry. A higher capital-labor ratio results in a steeper the slope.

Heckscher-Ohlin Model *before* Immigration

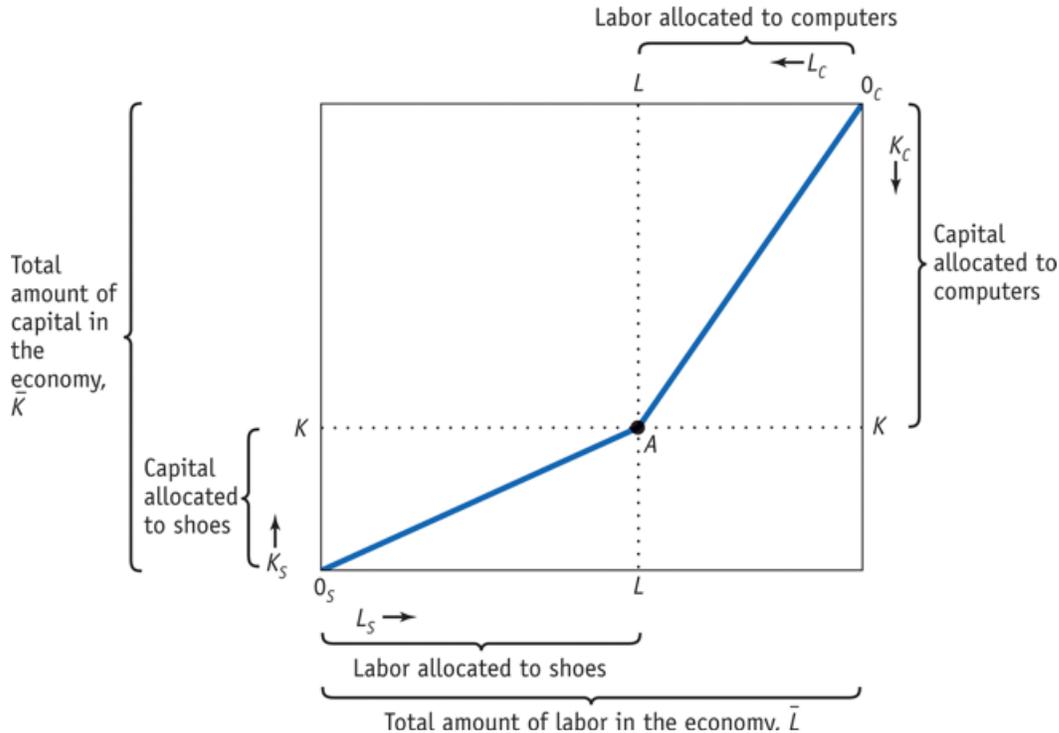


Figure 5-7 In Robert Feenstra & Alan Taylor International Trade 3rd Ed., Worth Publishers, 2014

Note. Total amounts of labor and capital in an economy are divided up according to industry type. Therefore, the factor endowments dictate the amount of labor and capital used with each industry. In the case of Leicester then, the prevalence of low-skilled industry results in higher amounts of labor utilized for production of goods, and lower amounts of capital utilized. Therefore, the equilibrium point for Leicester would be closer to the lower right-hand corner of the Edgeworth Box.

In this Edgeworth Box, capital is represented by the parallel vertical lines of the box, while labor is on the horizontally parallel lines. In equilibrium point A , the wages and rental rates between both industries are the same since labor and capital in the HO model are both able to move freely. Any discrepancy in wages would result in labor shifting to the higher paying industry assuming low occupational barriers. Given the amount of labor allocated to shoe production, without even knowing that the factor endowment for shoe production is labor, it is evident that shoe production is labor-intensive given the slope of the line. Conversely, given the amount of capital used in computer production, without any previous knowledge that the factor

endowment for computer production is capital, it is visually evident that computer production is capital-intensive given the slope of the line too.

When the labor market is exposed to immigration, the horizontally parallel lines of the Edgeworth box expand given the additional labor supply. This leads to the long-run equilibrium point adjusting to the labor supply change. The expansion of the labor supply favors shoe production, evidenced by the additional labor utilized for shoe production, L' on the bottom of the box, and the additional capital used, evidenced by K' on the left-hand side of the box. The increased capital and labor utilized for shoe production increases by the same degree that labor and capital utilized for computer production decreases. This is because when looking at any one isolated point in time, there is only so much labor and capital within an economy. This leads to the long-run outputs adjusting to the new equilibrium at point B .

Heckscher-Ohlin Model *after* Immigration

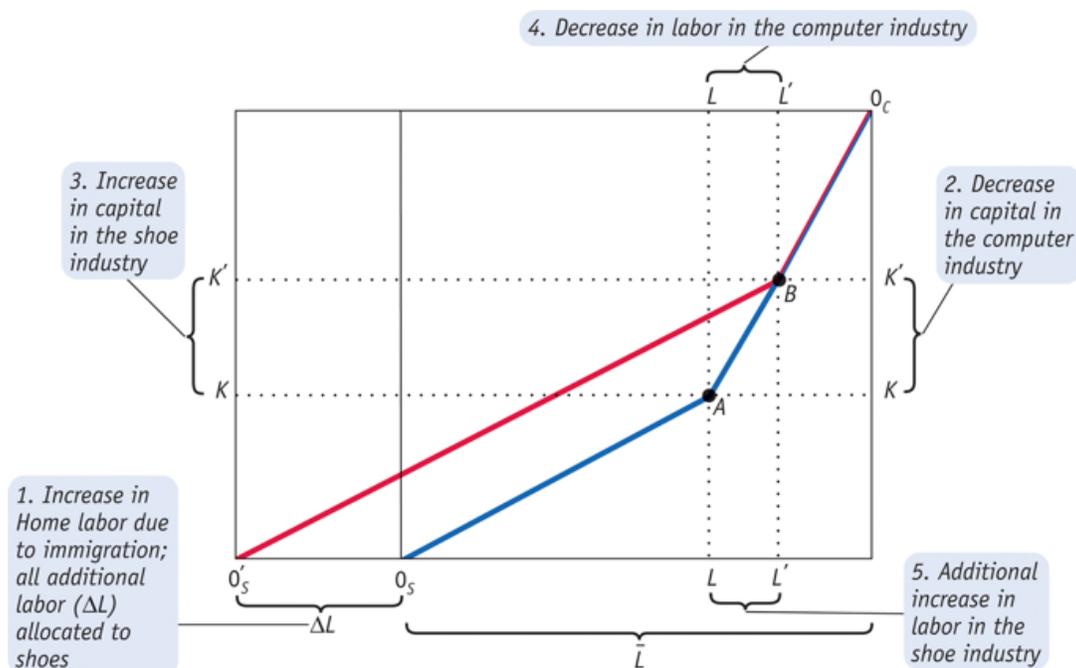


Figure 5-8 in Robert Feenstra & Alan Taylor International Trade 3rd Ed., Worth Publishers, 2014

Note. The main point of the HO model after being introduced to immigration is that output shifts to producing an increasing amount of labor-intensive goods, and less of capital-intensive goods. Hence, as was previously noted in

the Historical Background section, the prevalence of low-skilled industry in Leicester led to the absorption of Ugandan Asians laborers in low-skilled industries without affecting wages.

Confirmed by the Stolper-Samuelson theorem, an increase in immigration will favor the industry that uses labor more intensely, shifting labor to that industry. As a result, labor-intensive industries benefit with an influx of low-skilled immigration, but wages and rental rates remain static since the capital-labor ratios and marginal products are unchanged. This is because wages at equilibrium in this model are equal. Wages are held static, since in the HO Model, the Factor Price Insensitivity Theorem holds that an increase in any factor will be absorbed by increasing total output without changing wages.

Summarized in the Rybczinski theorem, the demand for unskilled labor and wages would increase in the long run, offsetting the negative side effects since immigration increases the output of labor-intensive industries. At the same time, capital-intensive industries see a decrease in output. Reflected by the output in Miami after the Mariel Boatlift, the graphic below highlights the increased output in labor-intensive industries, while capital-intensive industries experienced decreased output. Relative to the comparison trend within the Apparel Industry, Miami's real value added per capita is higher, while among the High Skilled Industries, Miami's real value added per capita in this case is below the Comparison trend line.⁶

⁶ In the field of economics, Real Value Added is a measure of output among specific industries.

Effects upon Miami Industry Output caused by the *Mariel* Boatlift

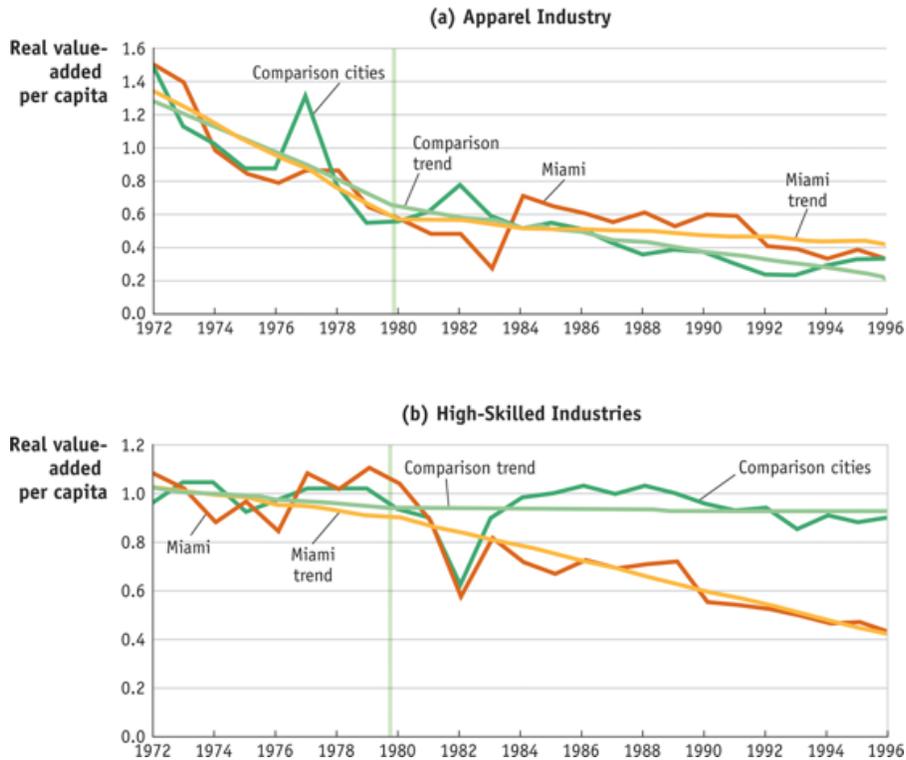


Fig. 5-10 in Robert Feenstra & Alan Taylor *International Trade 3rd Ed.*, Worth Publishers, 2014

Note. Post-Mariel Boatlift affected output in Miami with increased output in the apparel industry, and decreased output in high-skilled industries. This graphic for Miami proves the Rybczynski theorem that an increase of any factor benefits the industry that employs said factor the most. In this case, an influx of low-skilled laborers increased the output of the industry that employs low-skilled the most—the Apparel Industry.

The Miami trend line in both cases diverge from the Comparison trend line, highlighting the effects of the *Marielitos* upon industry output before and after the influx. The shift to low-skilled production is evidenced by the Miami trend line in the Apparel industry being higher than the Comparison trend line post-1979, while the Miami trend line is below the Comparison trend line among High-Skilled Industries post-1979. The results in Miami confirm what economic theory in the HO model predicts, validating the importance of the overall model

3.3 SF and HO Importance

Both the SF and HO models provide explanations to what economic theory predicts the outcome will be as a result of immigration. While the terms “short-term” and “long-term” are relative given it is up to debate what constitutes “short” or “long,” it can be argued that once new output levels fully adjust to the increase in the labor market, a long-run model of immigration should be adopted. The importance of both models of immigration provides an expectation for what the results in Leicester should be before any computation is done. In the case of Leicester, applying the models to the Graphical Analysis section of this paper provides a framework to interpret the results by. Further explained in the Graphical Analysis section, no wage effects of immigration were exhibited in Leicester from 1970-1975, and this time period is rather short term. Therefore, with no wage effects of immigration experienced in the short-term in Leicester, contrary to what the SF model predicts, that argument that there are long-term effects lose the backing of accepted economic theory.

Literature Review

The focus on finding a causal relationship between immigration and effects upon wages has been a focus of labor economists for the past few decades. An overview of previous findings on the effects of immigrants upon the wages of the native-born workforce will be discussed, taking examples from both the United States and Europe. Given differences among labor markets, global historical examples are drawn upon in order to highlight the differing opinions of economists, in addition to providing a non-biased analysis of what the results of immigration have previously been. While findings have often been often inconclusive with little to no change exhibited in wages, an analysis of the Leicester labor market after the influx of Ugandan Asians has not been the topic of any previous studies. Additional labor market studies specifically in the

United States and in the U.K (Card 1997, Dustmann, Fabbri and Preston. 2005, Friedberg and Hunt 1995, and Dustmann and Frattini 2014) have concurred with Card's analysis by replicating his results of statistically insignificant to no wage effects of immigration upon the wages of native-born workers, *ceteris paribus*.

While a majority of labor economists have come to the conclusion that immigrants have little to no wage impacts upon native-born laborers, Ortega and Verdugo (2014) found an *increase* in the wages of native-born laborers in France with a congruent 10% increase in the immigrant population. The wage increase was caused by a redistribution of natives to higher paying occupations. Cross-country labor market conditions are not assumed to be static, hence exogenous labor supply shocks have the capacity to result in inconsistent results when comparing studies in countries other than the United States.

Further examples from Europe, such as Pischete and Velling (1997), found no statistically significant effects of increased immigration upon the wages of native Germans in the 1980s. In concurrence, Lang (2005) and Constant and Massey (2005) found that immigrants faced significant occupation discrimination along with poor earnings relative to that of native Germans. They arrived at the conclusion of limited flexibility within the German labor market as it pertains to the ability of immigrants to enter the labor force and become economically active. Additionally, relative to German laborers, Schmidt (1997) found that foreign guest workers in the post-WWII period were heavily concentrated in a small number of industries that predominantly focused on manual labor. This helps to describe Schmidt's (1997) finding of a 20% difference in earnings between foreign-born workers and ethnic Germans. However, on the other side of the field, De New and Zimmermann (1994) found a negative effect of immigration upon the wages of low-skilled native-born Germans due to the labor substitution effect of

complementary skills. This disagreement within the German labor markets is similar to the labor market in the U.K., along with that of the United States (Friedberg and Hunt, 2005).

While there is ample agreement within the labor economist community of no significant wage effects due to immigration, George Borjas at Harvard's Kennedy School of Government is a leading scholar who finds immigration to have harmful effects on the wages of native-born workers. Borjas (2015) looked at the wages of high school dropouts after the influx of the *Marielitos* to Miami, and found an income elasticity of wages relative to number of workers ranging from -.5 to -1.5— contrary to that of Card (1990). Additionally, Borjas (2003) supported the findings of Borjas (2015) with the conclusion that a 10% increase in immigration reduces the wages of competing workers by 3-4%. This is in contrast to the commonly accepted conclusion that a 10% increase in immigration suppresses wages by 1% at most (Friedberg and Hunt 1995). Supported by Altonji and Card (1991), a one percentage point increase in the total share of immigrants, within a city, results in around a one percent increase in the total labor supply to industries that employ low-skilled natives. While competition is predicated on a variety of factors, the concentration of immigrants is not sufficient to result in declining employment and wages among low-skilled natives, according to Altonji and Card (1991).

Borjas (2015) based his study on high school dropouts, pointing out that Card's analysis focused too broadly on the aggregate labor market of the less-skilled instead of studying the effects upon high school dropouts. Borjas' descent contends that the *Marielitos* were predominantly poor, uneducated, and had a high fraction of individuals with low-English fluency (Card 1990). Thus, Borjas believes that the *Marielitos* pose a greater threat to high school dropouts given their similar attributes. Building off of Borjas' previous studies, Ottaviano and Peri (2008) looked at the impact of immigration on U.S.-born workers from 1990-2004. While in

the short and long run they found a positive and significant effect on the aggregate wages of U.S. born workers, a small negative effect was observed on the wages of native-born workers without a high school degree—in accordance with Borjas (2015). Nowrasteh at the Cato Institute critiqued Borjas (2015) and alternatively found that the Mariel Boatlift actually *raised* the wages of the low-skilled. The reason being that Nowrasteh claimed that many studies ignored the complementary effects of the *Marielitos* on the wages of workers who have only a high school degree—not dropouts.

Immigration waves have the capacity to affect the overall skill composition of the total labor market if the skills of immigrants do not match that of native laborers. This leads to a disequilibrium between supply and demand for both skilled and unskilled labor. (Dustmann et. al. 2005). The factor restoring equilibrium in this model is that the inelastic labor supply due to unskilled immigration would drive down the wages of native unskilled laborers, driving up profits in a sector that employs unskilled labor the most. This led to the arrival of *Marielitos* facilitating the redistribution of wages from high school dropouts to workers with only a high school degree. This effect resulted in an overall net positive result on the wages of all low-skilled workers (Nowrasteh 2015).

Given that the labor market effects of increased immigration are highly dependent on the overall structure of the receiving economy and the prevalence of immigrants (Blanchflower & Shadforth), Leicester with its relatively higher immigrant populations would logically result in a greater capacity to resettle and integrate Ugandan Asians (Dustmann et.al., 2005). Ottaviano and Peri (2008) came to the conclusion that all U.S born workers, excluding high school dropouts, benefit from immigration, while previous immigrants in the United States suffer the most. Owing to the labor substitution effect given the similarity of skills between immigrants, competition

resulted in the wages and employment opportunities of foreign-born workers in the United States suffering much more than native-born workers. Applying this to Leicester, all previous immigrants, specifically Kenyan Asians, would logically then have a greater propensity to being exposed to lower wages and fewer job opportunities as a result of the resettlement of Ugandan Asians. Therefore, fear of increased competition with native-born Britons is not substantiated. Even if all the refugees were highly skilled, being high skilled in England is different from being highly skilled in Uganda.

Therefore, while Borjas stands on the side of being an opponent to immigration, Card a proponent of immigration, and Nowrasteh actually finding beneficial effects of immigrants upon the wages of native-born laborers, labor economists generally concur with Card on their opinions of immigration. Given the barriers that immigrants face include limited foreign language knowledge, lack of proper education, and lack of adequate skills, previous literature has strongly sided against any significant harmful effects of immigrants upon the wages of native-born laborers. The only disagreement among the labor economist community is the effects among low-skilled workers who are also lacking a high school education. Therefore, given the nature of previous literature written, and the skill background on the Ugandan Asians who settled in Leicester, the effect upon the wages of native-born Leicesterians is presumed to be little to nothing.

Data Description

Data used in this study was taken from the National Earnings Survey (NES) which collected earnings data from a sample set of households from 1970-1996. Surveying 1% of individuals in the pay-as-you-earn (PAYE) tax payment plan implemented in the U.K., data is broken down at the sub-regional, regional, and national levels. The income records of the PAYE

tax payment plan were obtained from employers and pooled together, resulting in anonymity among all other income reports. From 1996 onwards, the NES was replaced by the Annual Survey of Hours and Earnings (ASHE), and this is the current survey in the U.K. that collects income data. The ASHE is the most comprehensive catalogue of information relating to income distribution, earning levels, and gross pay on the hourly, weekly, and annual level among other figures.

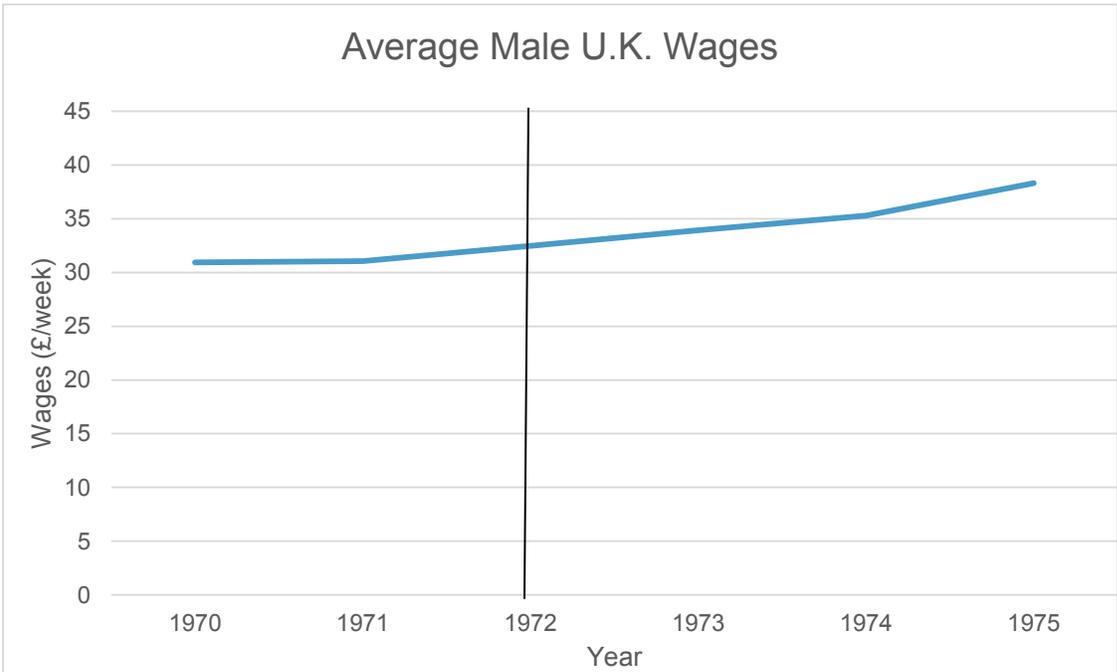
Compiling NES data from 1970-1975, original reports were located after extensive communication with the U.K. Office of National Statistics (ONS) and the National Archives. Census data did not contain the appropriate information warranted for this study, in addition to being conducted only every 10 years—too infrequent for this analysis. Original copies of NES wage data have been digitalized for every single year that the study existed, and copies are available to the public for download in PDF format. While wage data was not separated out between native and foreign laborers, NES weekly wages provides insight to what wages were during the period. Since the predominant share of Ugandan Asians women did not work, all figures used in this study are the weekly wages of males since they were the predominantly the sole income-generators for many Ugandan Asians families. Furthermore, 1970 was used as the base year where all other data points were adjusted for inflation according to 1970 levels. Yearly figures were entered into Microsoft Excel spreadsheets, before graphs were. As it will be further discussed in the Study Limitations section, NES data from 1970-1973 had to be averaged because the NES data from 1974-1975 is not broken down by manual and non-manual labor. Therefore, wages from 1970-1973 on the following graphs are an average between the wages of manual and non-manual laborers.

Graphical Analysis

This section seeks to provide a visual analysis using weekly wage data from the NES in order to provide a graphical analysis of wages in Leicester before, during, and after the resettlement of Ugandan Asians. Given the limited availability of data, a graphical approach resulted in being the most appropriate form of analysis without having to make any assumption that could have jeopardized quality. The line graph below takes the weekly wages of men in Leicester from 1970-1975 and adjusts the wages according to 1970 inflation levels. With wages denoted in British Pounds (£) per week on the Y-axis, and the year on the X-axis, the line traces wage levels throughout the five-year span. The vertical line at the year 1972 marks the point at which Ugandan Asians began to arrive in Leicester, and serves as a point of reference when comparing wage levels before and after the initial resettlement. Looking at the wages before and after 1972, it becomes clear that there is no observable negative discrepancy in wages that would have been a result of the settlement of Ugandan Asians in Leicester—wages are consistently increasing.



Furthermore, taking average male national wage figures for the U.K. during the same period of time serves as a point of comparison to national trends. Similarly, wages denoted in British Pounds (£) per week are on the Y-axis while the year is on the X-axis. The vertical line going through 1972 marks the point at which Ugandan Asians began to arrive in the U.K., thereby serving as a reference point when comparing wages before and after Ugandan Asian arrival in 1972. A line graph was chosen to present the average male national wage figures for the U.K. given that it is easier to see the progression of wage during this five-year period.



From 1970-1975, national weekly wages in the U.K. grew 23.76% in comparison to wages growing by 20.16% in Leicester. The very similar wage growth is indicative of the economic situation in Leicester closely following national economic trends. Despite the fact that Leicester has had historically lower wages when compared to national figures, this is not a point of contention given that Leicester’s history is not that of being heavily industrial like Manchester, nor has financial services served as a backbone of income generation, similar to

London. Average wages in Leicester and nationally during this period were respectively £32.10 and £33.67—only a £1.57 difference between the two. Therefore, despite the heavy concentration of Ugandan Asians in Leicester, when compared to national averages, no observable discrepancy in wage growth nor among the wage themselves is exhibited after the resettlement of Ugandan Asians. If there had been a significant negative effect upon wages as a result of Ugandan Asians resettlement, one would expect either significantly lower wages, significantly lower wage growth, or both. Therefore, the absence of any such effects suggests that the increase in labor supply as a result of the settlement of over 7,000 Ugandan Asians in Leicester had no observable effect upon the wages of the male population in Leicester. A significant discrepancy would have been evidence to support the conclusion of wage suppression as a result of immigration, but evidence of the contrary suggests otherwise—in accordance with Card (1991).

The resettlement of Ugandan Asians in Leicester and the *Marielitos* in Miami serve as two historical examples that unexpected exogenous labor supply shocks have no observably significant effects upon the wages of native-born laborers. Similar to Card (1991), Leicester's Ugandan Asians population predominately filled position within labor-intensive industries, thereby localizing competition. Therefore, the fear that an increase in labor supply will reduce the wages of all native-born laborers, even those working in labor-intensive industries, is unsubstantiated given what the graphs suggest.

Final Remarks

Concluding this paper, limitations of this study in addition to recommendations for future research are discussed in order to serve as a beginning point for any future study. In order to build upon this study, limitations must be discussed in order for future studies to have a more

focused and analytical approach to the wage effects of Ugandan Asians. As expected, lack of data resulted in being the largest limiting factor, but studies allotted more time and that have greater access to resources creates the possibility of a large contribution to the field of labor economics.

5.1 Study Limitations

The largest and most significant limiting factor of this study was the lack of available data. Microdata on employment statistics broken down by year from 1970-1975 in Leicester would have given the proper data for an econometric analysis on the effects of Ugandan Asians upon wages in Leicester. Data including, but not limited to, wages of native-born Leicesterians, wages of Ugandan Asians, education levels of Leicesterians, education levels of Ugandan Asians, unemployment level of Leicesterians, and unemployment level of Ugandan Asians would have resulted in a proper econometric analysis to derive the direct wage effects of Ugandan Asians upon Leicesterians. Furthermore, the data could have been used to find the labor market elasticity of supply in Leicester, which would have resulted in conclusive evidence that Ugandan Asians had no impact on the wages of Leicesterians. Given the period of time allotted for this undergraduate thesis, the author of this paper was unable to find the data required for a thoroughly robust econometric analysis. The required records in Leicester and the U.K. from 1970-1975 have either not been digitalized, or do not exist.

Taking into account the data, an additional limitation of this study is the fact that NES data from 1974 and 1975 is not broken down between manual and non-manual labor. This is in contrast with the data from 1970-1973. Hence, given that Ugandan Asians in Leicester were primarily unskilled and worked in labor-intensive industries, there is the potential for overstated wages in Leicester. Data from 1970-1973 had to be averaged in order to comply with combined

data sets in the NES survey from 1974 and 1975. Additionally, comparing wages in Leicester to national figures have the potential for an overstated difference, with overstated wage growth nationally in comparison to Leicester's wage growth. Data from the NES did not differentiate between the wages of foreign-born laborers from native-born laborers, therefore detailed bifurcated results was not possible. Hence, an examination of the effect Ugandan Asians had upon the wages of the foreign and native-born populations of Leicester lacks sufficient data to conduct a quantitative analysis.

The lack of adequate record keeping and the difficulty in locating data a continent away resulted in the constrained analysis of Ugandan Asians in Leicester. While the topic of Ugandan Asians is undoubtedly important, the absence of concrete data results in a lacking analysis on a very important ethnic minority. While the economics of immigration for labor economists has been the topic of previous studies, Ugandan Asians in the U.K. is relatively niche. As has been previously mentioned, exogenous labor supply shocks constrained to a very short period of time are historically exceedingly rare—especially so when paired with corresponding data. All statistics quoted in this study were found on the websites for The National Archives and the Office of National Statistics (ONS) in the U.K after extensive email communication. Additionally, some records had to be privately requested and purchased from the ONS given that not all of the records required for this thesis had been digitalized for public use.

Additionally, the absence of previous analyses of Ugandan Asians in the U.K. resulted in a loss of precedents to base this paper off of. A significant amount of time was devoted to simply researching the historical background of Ugandan Asians. Therefore, a highly focused analyses expanding upon previous research done on Ugandan Asians in the U.K. was not possible. To the best of this author's knowledge, no papers on the wage effects of Ugandan Asians in the U.K.

upon native-born Britons currently exist. After consulting the lecturer of labor economics at the University of Leicester, Dr. Sara Lemos, she was unaware of any studies conducted on Gujaratis in England, proving the novelty of this study. Additionally, Bert N. Adams, Professor of Sociology, Emeritus at the University of Wisconsin-Madison who has written previous peer reviewed articles on the economic positions of Ugandan Asians was unavailable for comment. While a primary source report on the employment statistics of Ugandan Asians was located at the ONS, the cost of over £111 proved too costly for this analysis without a guarantee of desired statistics.

5.2 Future Research

The findings of this thesis leave important questions unanswered. Most importantly, what was the effect upon the wages of native-born Leicestersians with the influx of Ugandan Asians in 1972? Even more specific, was the effect of Ugandan Asians upon the wages of Leicestersians broken down by education level? Lastly, while it was not the focus of this study, an analysis of the effects Ugandan Asians had upon the wages and employment opportunities of Kenyan Asians in Leicester would take the exploration of this topic in a fascinating direction. England experienced a recession from 1973-1975, therefore studying any potential effects upon Kenyan Asians would be an interesting topic of study accounting for the recession. Answers to any of these questions would result in a significant contribution to the field of labor economics. While the fear of Ugandan Asians in Leicester was rather pronounced with vocal opposition by politicians and the public alike, a quantitative analysis to either confirm or reject whether the fear was warranted would result in strong evidence to support either advocates or opponents of immigration.

Future studies analyzing the long term effects of Ugandan Asians in Leicester post-1972 with a multi-generational approach looking at the education levels, employment levels, and occupations of Ugandan Asians would be another beneficial topic of study. The assimilation of Ugandan Asians in Leicester, both on a cultural and socio-economic level, would be a profound analysis of a significant ethnic minority in the U.K. that is deserving of further exploration. While many studies take a historical approach to analyzing Gujarati Indians, very few studies take an economic approach. The field of labor economics would benefit with such a niche focus of study that would diversify the field of economics for the better.

Conclusion

In accordance with economic theory on immigration, the resettlement of over 7,000 Ugandan Asians in Leicester had no observable effects upon the wages of native born-Leicesterians. Taking into account that the Ugandan Asians who settled in Leicester had below-average levels of education and skills when compared to all Ugandan Asians refugees, no historical nor quantitative proof lends to any conclusion of negative effects upon the wages of native-born Britons. The only effect of the Ugandan Asians was increased competition among East African immigrants who had previously settled in Leicester. This effect is evidenced by higher unemployment rates among the African population in Leicester post-Ugandan Asian arrival as reported by the *Leicester Mercury* in 1975. However, given that England experienced a recession from 1973-1975, a correlation between the resettlement of Ugandan Asians in Leicester and increased unemployment rates among Leicester's African population cannot be established. Therefore, the fear of immigration that is unexpected is unsubstantiated since no observable effects upon wages was found. The number of jobs in a labor market are never fixed, therefore the assumption that any amount of immigrants will not be absorbed by a labor market

leads to the lump labor fallacy that opponents of immigration utilize to defend their economic reasons to oppose the resettlement of immigrants and refugees.

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