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► Preface

For centuries the British Isles have been a destination for immigrants, and a source of emigrants. This flow of people has contributed to one of the strongest societies and most dynamic economies in the world. Peel back the history of any aspect of life in Britain today – our language, laws, political system, the Monarchy, religion – and you will find the influence of immigrants down the years. Likewise, Britons have emigrated across the world, taking with them their skills and our customs, traditions and, of course, our language.

So the benefits of migration are not in doubt. Our country – just like any other – would be much the poorer but for the contribution that immigrants have made here, and that Britons have made overseas.

Our concern is not the principle of immigration, but its scale. In recent years we have seen an entirely new phenomenon: very large scale immigration, the impact of which has become a matter of increasing public concern. Official figures show that, over the last ten years, nearly 2.5 million immigrants have arrived and almost three quarters of a million British people have left, thus adding 1.6 million directly to our population. This rate of arrival is 25 times higher than during any previous influx of immigration in nearly a thousand years of our nation's history.

This situation is not mainly due to the recent influx of East Europeans from new EU member states. Leaving aside the movement of British citizens, two thirds of immigrants in 2006 were from outside the EU¹. Nor is this influx due to globalisation. It is largely the result of government policies dating back more than a decade.

The Government are now setting in train the most far-reaching reform of the immigration system for a generation, but it lacks an absolutely essential element – a limit on numbers.

According to official figures, immigration will add to England's population about the equivalent of seven cities the size of Birmingham over the next 25 years. Doing nothing is simply not an option. We must, of course, ensure that British business has access to the skills it needs to meet fierce international competition. At the same time, we strongly believe that we must ease the pressures that immigration is placing on our public services, environment and, indeed, on the cohesion of our society.

We have asked Migrationwatch to prepare some constructive proposals that we can put forward as a basis for a sensible debate. This booklet is the result and, for the first time, brings together in one place all the arguments for limiting immigration. The technical data on which this paper is based is available from www.migrationwatchuk.com.

The proposal for **Balanced Migration**, set out here, points to a positive way forward. This idea is based on a simple principle: that the number of immigrants who are given permission to settle permanently in this country should be kept to approximately the same level as the number of British citizens who are emigrating. We are not seeking to reduce the number of people who come to work here for a few years and return home.

This approach builds on the recommendations of the House of Lords Select Committee on Economic Affairs, which recently conducted a major inquiry into the economic impact of immigration. It suggested that “The Government should have an explicit and reasoned indicative target range for net immigration and adjust its immigration policies in line with that broad objective.”¹

Balanced Migration should be that target. As always, the devil will be in the detail but we believe that this proposal strikes the right balance between the needs of industry and the growing strains on society. We put it forward as a basis for reasoned debate on an issue which we recognise is of great sensitivity. In the months ahead, we will be discussing with industry, politicians, and community leaders how this concept might work in practice. We seek constructive responses to this new approach to controlling immigration and will, of course, consider other suggestions that might be made and other research that might be contributed.



Frank Field MP



Nicholas Soames MP

House of Commons
London SW1A 0AA
September 2008

► Executive Summary

- According to Government statistics, one immigrant arrives every minute, and a new British passport is issued every three minutes. In England, a new home for immigrants needs to be built every six minutes; this will continue for the next 20 years.
- Over the last ten years, almost three quarters of a million British people have left the UK and nearly 2.5 million immigrants have arrived. This rate of inflow is 25 times higher than any previous period of immigration since the Norman Conquest in 1066.
- Contrary to public perceptions, most immigrants come from outside the European Union and asylum seekers are relatively few in number. In 2006, for example, only one third of foreign migrants were from the EU; and only 3% were successful asylum seekers.
- Thanks largely to the scale of immigration, England will soon become the most crowded country in Europe.
- The Government's own figures show that the annual benefit of immigration to individuals in Britain is about 62 pence per head per week.
- Looking ahead, Government projections show that immigration will add about seven million to the population of England by 2031 – equivalent to seven cities the size of Birmingham.
- The centrepiece of the Government's major reform of immigration is their Points Based System for work permits. However, this does not limit numbers.
- We propose that there should be a limit – not on the number of people who come to work here, but on those permitted to live here permanently.
- This would be a major step towards bringing down the number of immigrants who are given permission to settle here to approximately the number of British citizens who are emigrating. That is what we mean by Balanced Migration.

Balanced Migration would:

- Stabilise the population of the UK at about 65 million by mid-century (compared to 78.6 million now projected).
- Greatly reduce the pressures on our public services, infrastructure, environment and our society.
- Enable our economy to remain competitive.
- Encourage British firms to train British workers to address long term skills shortages.
- Greatly improve the prospects for integrating newcomers to our society.
- Reduce the drain of talented people from developing countries which need them more than we do.

► Overview

This document argues that immigration has reached unsustainable levels and must be brought back into balance with emigration.

Chapter 1 examines the **scale and nature of immigration** into Britain.

Chapter 2 looks at the **impact on our society**.

Chapter 3 considers the **economic case** for immigration.

Chapter 4 looks at the **forecasts for immigration** and their effect on housing and population density.

Chapter 5 covers **The Government's policies**.

Chapter 6 sets out **how Balanced Migration would work** in practice.

Chapter 7 examines the **impact and benefits of Balanced Migration**.

► 1. The scale and nature of immigration

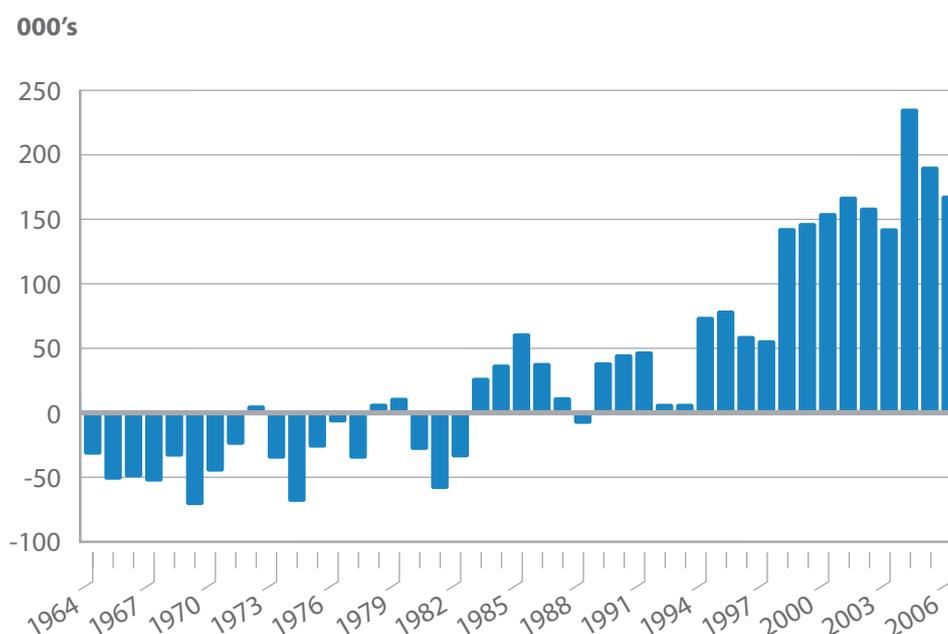
- Public concern about immigration has grown rapidly as immigration has risen.
- Large scale immigration is a new phenomenon, largely the result of errors in government policy.
- Most immigrants come from outside the EU. Work permits, spouses and asylum seekers have been the main categories. But successful asylum seekers now account for only about 3% of immigrants.
- Most East European migrant workers will return as their home economies strengthen relative to the UK economy.
- Until recently, Britain has had one of the most stable populations in Europe. It is only in the last 25 years that the number of people coming to Britain has exceeded those who have left.

Large scale immigration: a new phenomenon

It is seldom realised that until 1982 there was a net outflow of migrants from Britain.

Between 1982 and 1997 average net immigration was about 50,000 a year. It has climbed rapidly since 1997 to reach a peak of 244,000 in 2004. This has now fallen to about 190,000 a year. International migration to England is illustrated in the following bar chart:

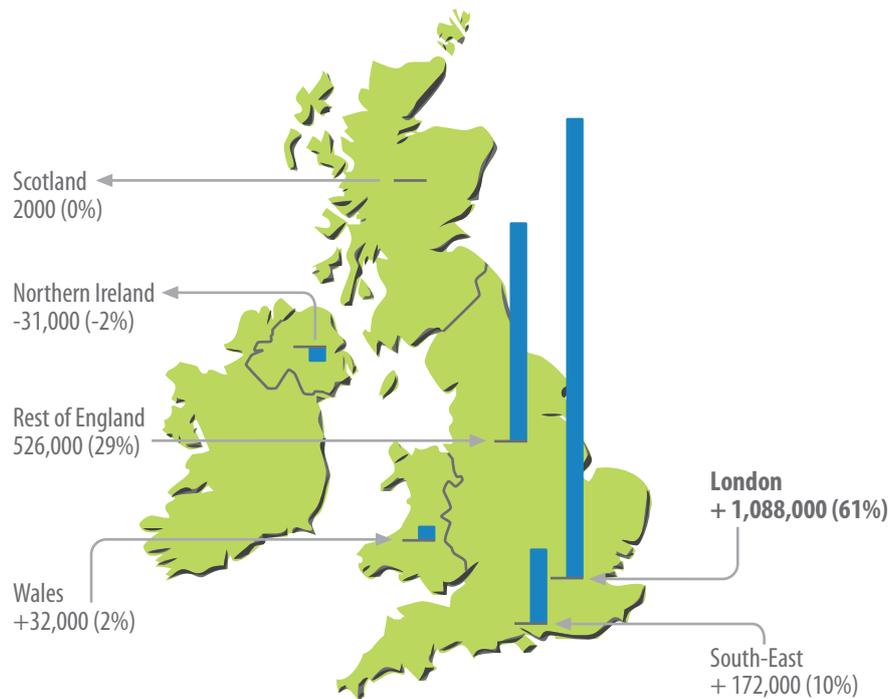
Fig.1: Net migration into England 1964-2006



Source: Parliamentary written answer WA91-17.01.2005 and ONS International Migration Statistics November 2007

Virtually all immigration goes to England, nearly three quarters to London and the South East – as the following map indicates:

Fig.2: International migration to UK Regions 1993 – 2006 (ONS)

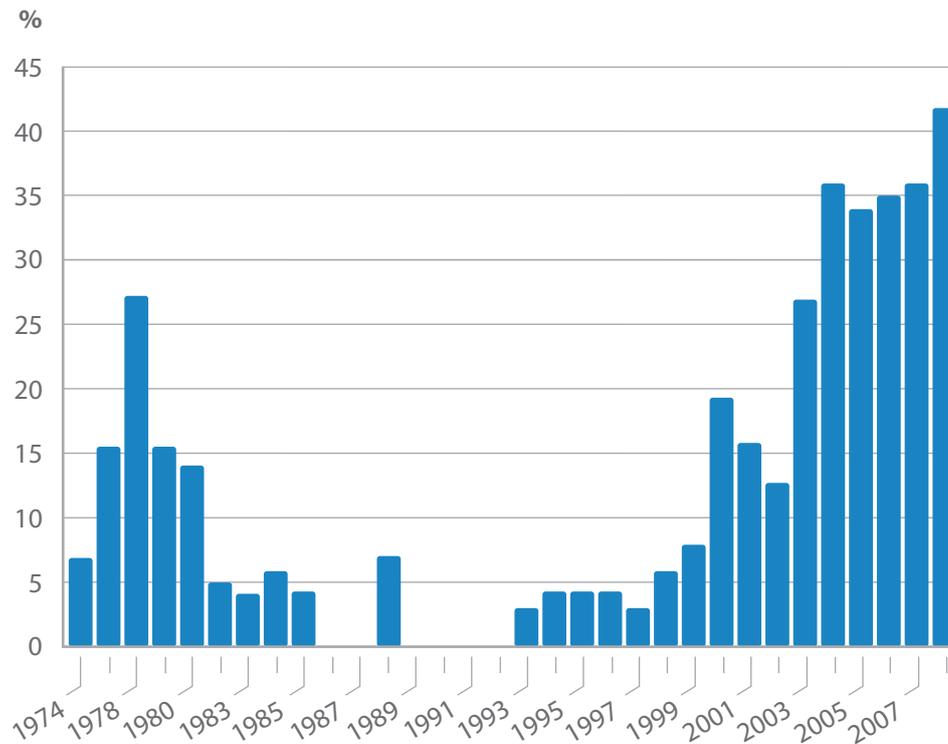


Net foreign immigration is officially defined as the number of foreigners arriving in the UK intending to stay for more than a year, minus the number who leave intending to be away for more than a year. **In 2006 arrivals reached 510,000 (about one per minute)** and 194,000 left; so the net figure was 316,000. This amounts to 0.5% of our population every year, and is 25 times higher than any previous wave of immigration (see Appendix A).

Public concern

Public opinion on immigration has changed sharply in recent years. There was a peak of concern around the election of 1979 when immigration was an issue. However, it was hardly an issue at all for the following twenty years. It appears that public concern has mounted as the number of immigrants has increased. **Immigration is now frequently the top concern of the British public, including among members of ethnic minority communities.**

Fig.3: Percentage who say race and immigration is the most important or one of the other important issues facing Britain today



Source: MORI Political Monitor: What would you say is the most important issue facing Britain today (spontaneous)? What do you see as other important issues facing Britain today (spontaneous)? Percentage saying race relations/immigrants/immigration. (Figures mainly at April except for 74, 77, 78, 82, 05 and 08.)

How did large scale immigration come about?

The Government imply that these massive levels of immigration came about due to globalisation, claiming that “global migration has doubled since the 1960s”.¹

This seems intended to suggest that the massive increase in immigration to Britain is part of some long-term, worldwide process. Such an explanation does not fit the facts. There was a net outflow from Britain until the mid-1980s and a small inflow for the next 10 years (see Figure 1 on page 6). The turning point was in the mid-1990s, since when net foreign immigration has trebled.

The following are the main government policies which have contributed to this massive increase in immigration:

- Removal of embarkation controls for EU destinations in 1994 and for the rest of the world in 1998.
- Allowing marriage to be used as a means of immigration from 1997.
- Doubling the number of work permits issued in 2002.²
- Opening the labour market to new EU members without restriction in 2004.
- Opening new immigration routes to the UK through the highly-skilled migrants programme and the graduate work scheme.

1 Liam Byrne MP, Speech to Progress, 3 June 2008

2 The Rt Hon David Blunkett MP, Speech to the Social Market Foundation, 26 June 2002

Today's immigrants

A number of myths and inaccuracies surround the debate about today's immigrants to the UK. For example, **by no means all ethnic communities consist of immigrants**: about half were born here and are therefore British citizens like any other. And, of course, there are many immigrants – perhaps a third – who share a European heritage. Furthermore, as explained below, immigrants from Eastern Europe (such as Poles) account for a minority, not a majority of immigrants. People also confuse immigrants with asylum seekers – who are declining in number.

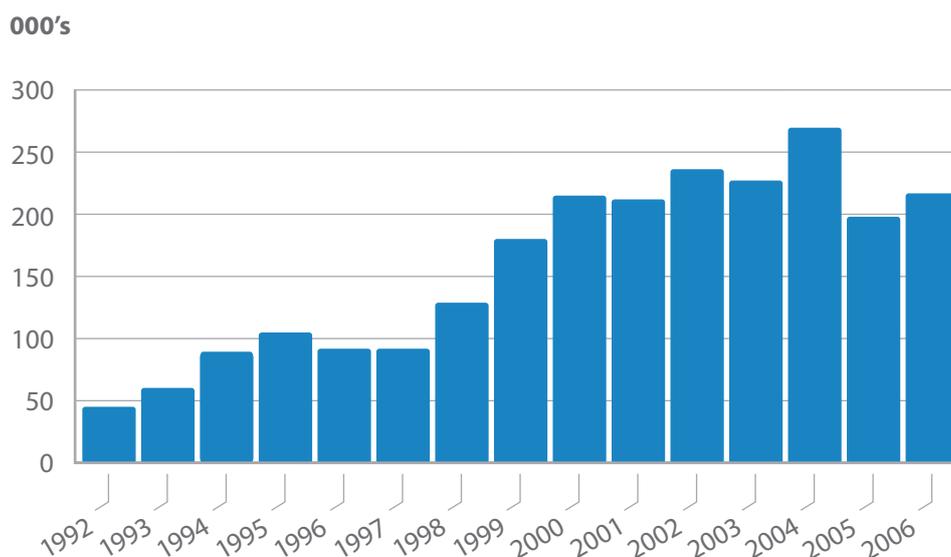
People do not distinguish between immigrants who come to study here and then leave, and those who come to settle and live permanently in the UK. This is understandable since **the technical definition of an immigrant is someone who changes his country of residence with the intention of staying for a year or more**. Foreign students often come for courses of more than a year, but they normally return home after the course. They are not therefore a major source of immigration.

This section explains the main sources of immigration, and addresses the myths and inaccuracies set out above.

Most immigrants come from outside the EU

The Statistics Commission has confirmed that, leaving aside the movement of British citizens, **68% of foreign immigration in 2006 was from countries outside the European Union**.¹ The development of non-EU immigration since 1992 is shown in Figure 4.

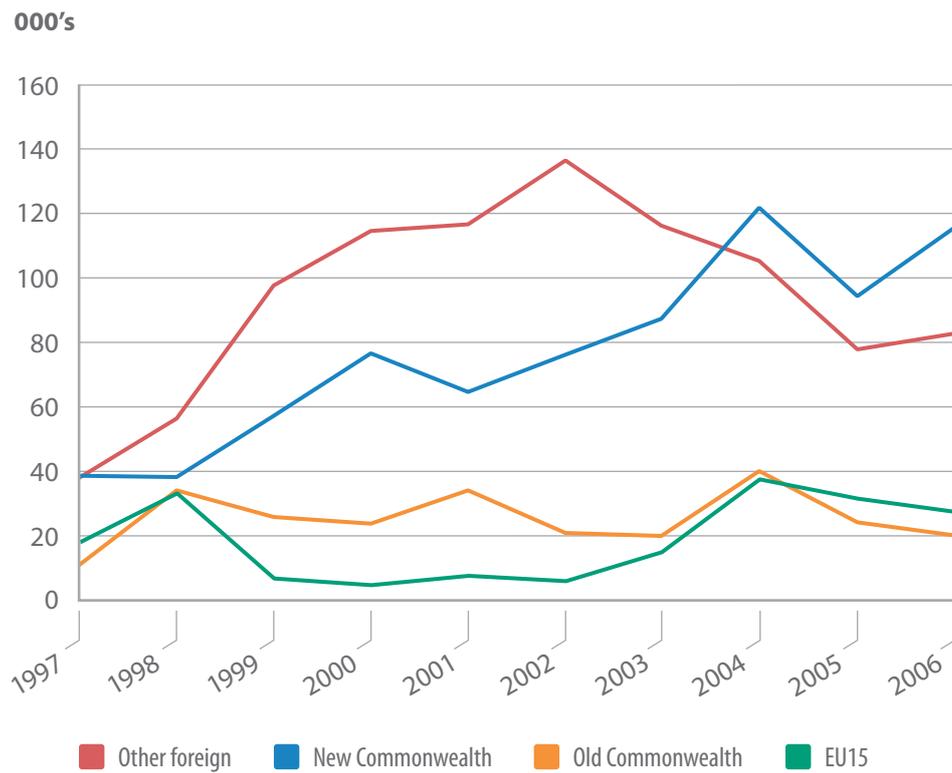
Fig.4: Net non-EU migration into the UK



Source: ONS

Figure 5 shows that net immigration from the EU and the Old Commonwealth (Australia, Canada, New Zealand and South Africa) has been relatively small. Most of the recent increase has been from the New Commonwealth and other foreign countries.

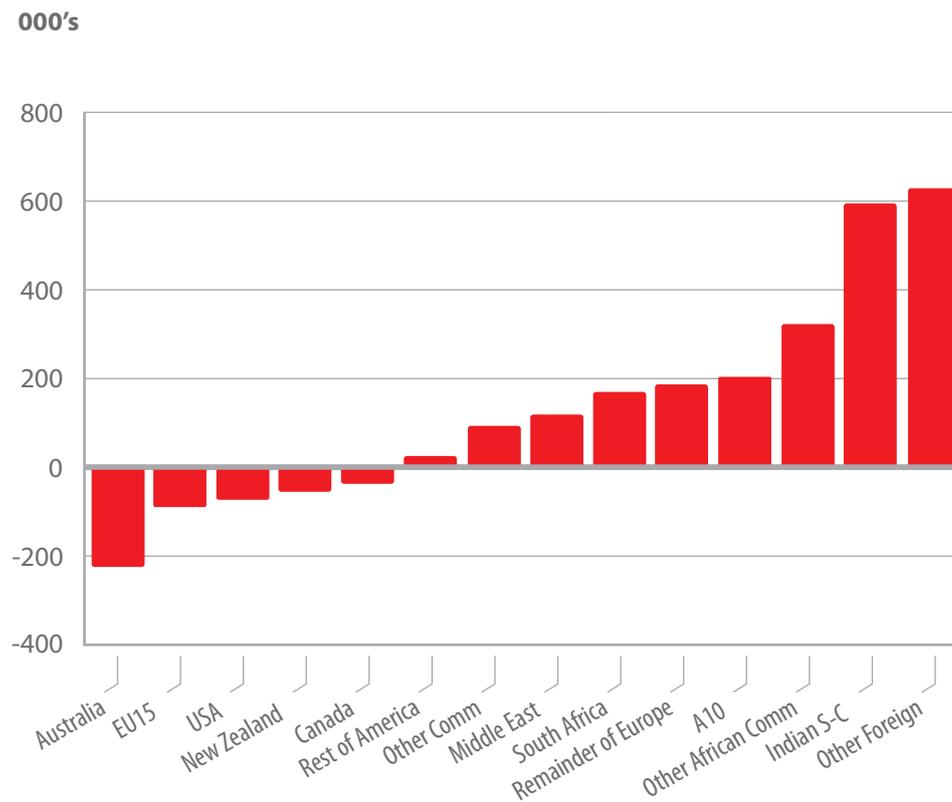
Fig.5: Net migration to the UK



Source: ONS Total International Migration Series MN33 table 2.2

Long-term immigration to Britain is almost entirely from outside the EU. Between 1991 and 2006 there was a net inflow of 2.3 million people to the UK. Only 205,000, or 8%, came from the new East European members of the EU (known as the A10) as illustrated in Figure 6.

Fig.6: Net migration 1991-2006 by source/destination



Source: ONS : Total International Migration Series MN33 table 2.2

The number of asylum seekers is falling

Asylum is entirely different from immigration. Asylum is granted to those who have a genuine fear of persecution, and the laws on asylum are governed by the 1951 Vienna Convention. Applications are made to the Home Office and appeals are heard by immigration judges.

In recent years only about 40% of applicants have been granted asylum or other forms of protection. Meanwhile the number of asylum claims has fallen sharply, as shown in Figure 7. In 2007 there were only 28,000 claims including dependants, so we can expect that about 10,000 people will be granted permission to stay. **Asylum only amounts to just over 3% of net foreign immigration.** A 16% rise in the first quarter of 2008 (compared with the same period in 2007) is still very small compared with overall immigration.

Fig. 7: The main sources of immigration

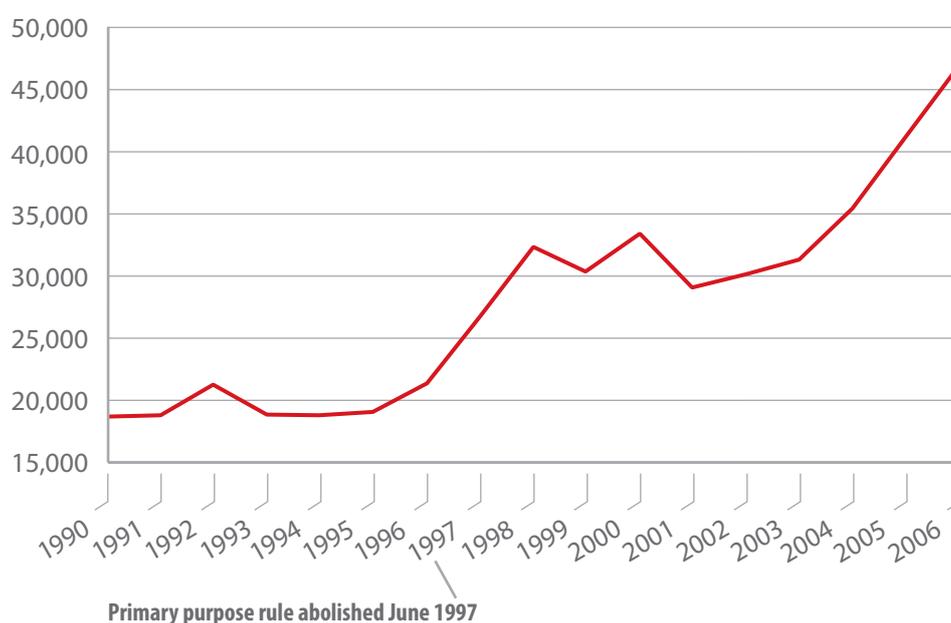


Source: ONS News Release International Migration Statistics 02.11.2006

Spouses

Previously, someone who was marrying a UK citizen had to satisfy the immigration officer that it was “not the primary purpose of the intended marriage to obtain admission to the UK”. This rule, known as the Primary Purpose Rule, was in place for seventeen years but was criticised as requiring the applicant to prove a negative. It was abolished in June 1997. Numbers have increased substantially since then.

Fig.8: Leave to enter of spouses and fiancés



Source: Control of Immigration: Statistics United Kingdom 2000-6

Clearly a British citizen has, and must continue to have, the right to marry whoever he or she might choose – provided, of course, that it is a genuine marriage. There are three problem areas:

a) Sham marriages

The Government have tightened the regulations to deter sham marriages but the courts have ruled that each case must be considered individually.

b) Forced marriages

The Government have set up a specialised Forced Marriage Unit to help those who fear being forced into a marriage. They handle more than 5,000 enquiries a year and investigate 400 cases. According to the Muslim Arbitration Tribunal, over 70 per cent of marriages which include a foreign spouse have some element of coercion or force.¹

c) Immigration marriages

It is sometimes difficult to know when marriage is forced and when it is a result of intense family pressure. The regulations need to be tightened to prevent marriage being used as a means of immigration. This would also reduce the pressures on young people, especially Asians, to marry people from overseas.

Illegal immigration: an unknown quantity

It is, by definition, impossible to know precisely the number of people illegally present in Britain. A paper commissioned by the Home Office and published in June 2005 contained a central estimate of 430,000.¹ **The true figure for illegal immigration could be anywhere between half a million and one million.**

These numbers are, of course, largely additional to the official numbers (described above) which are based on a voluntary survey of passengers as they arrive and depart.

There are three main ways in which people can become illegal immigrants:

a) Asylum seekers whose claims have failed but who refuse to return home

Foreigners have a right under the 1951 Convention to claim asylum. It is only after their claims have failed and they stay on that their presence becomes illegal. There are perhaps a quarter of a million failed applicants in this category, although a significant number have subsequently been granted permission to stay because of the long delays in the Home Office deciding their cases.

b) Illegal entrants

These are largely people who enter clandestinely, perhaps on the back of a truck. Both their entry and their presence are illegal.

c) Overstayers

Some people enter Britain entirely legally as visitors, students or workers on a short term permit but remain here beyond their permission to stay. Their presence thus becomes illegal. The number of visas issued has risen by 50% in the past six years to about two million every year.

Should there be an amnesty for illegal immigrants?

A number of bodies, including the Liberal Democrats and the Roman Catholic church, prefer the term “irregular migrants” and are calling for “an earned route to citizenship” beginning with a two year work permit. This would apply to those who have been in the UK for perhaps 10 years, and citizenship would be subject to a number of conditions (such as a clean criminal record and an English language and civics test).

There are several very serious objections to an amnesty for illegal immigrants:

- a) It would be completely ineffective since those who were regularised would soon be replaced by others from countries where the wage rates are far lower than in the UK. This has been the actual experience of Italy (which has granted five amnesties) and Spain (which has granted six) in the past 20 years; on almost every occasion there were even more applications than for the previous amnesty. This suggests that amnesties increase, rather than decrease, illegal immigration.
- b) It would be extremely expensive. The net cost would be £1 billion a year¹ – but it could be much higher; the truth is that nobody knows how many would claim to be eligible.
- c) Any such programme would be extremely difficult to administer since, by definition, there would be no documents to prove when the applicant arrived and whether his residence had been continuous.
- d) Those granted an amnesty would be immediately entitled to apply for social housing, adding half a million to the waiting list (which is already over 1.5 million for England alone). They would also be entitled to bring over their families, thus moving up the queue which is largely based on “need”.
- e) It is wrong, in principle, to reward illegal behaviour with a lifetime’s access to the welfare state. The presence of illegal immigrants holds down the wages of low skilled British workers and enables unscrupulous employers to compete unfairly with honest ones who pay the full minimum wage.

▶ 2. The impact of immigration on public services and community cohesion

- Large scale immigration is placing new pressures on schools, the NHS and the police, as well as straining community relations.
- A House of Commons Committee has called for immediate action to defuse tensions before they lead to disturbances.

Education

Large numbers of pupils do not have English as their first language and therefore extra resources are required to help them. For example:

- There are currently 1,338 schools where at least 51% of the pupils do not have English as their first language.
- There are 652 schools in which more than 70% of children have English as a foreign language.
- A third of schools in Blackburn and Leicester have a non-English speaking majority while in Birmingham that figure is about a quarter.¹
- In Bradford, of 28 secondary schools, 10 have 90% or more pupils from one community.²

Ted Cante wrote the landmark “parallel lives” report following the 2001 riots in Burnley, Oldham and Bradford. He has said that “There is some evidence that once a school starts to divide it does reach a tipping point where one side or the other feels that this school is no longer for them”.³

1 Department for Children, Schools and Families, 17 December 2007; Hansard, 10th December 2007 Column 261W In 348: of Inner London's 695 primary schools, at least 50% do not have English as their mother tongue. Of Inner London's 132 secondary schools, more than half the pupils in 53 of them do not speak English as their mother tongue

2 The Observer, 27 May 2007

3 Ibid

The NHS

Large scale immigration places long term pressures on health services in a number of ways:

- Immigrants are arriving more rapidly than the health services can expand.
- Immigrants are generally younger than the native population and, therefore, should require less health care; but they may add substantially to the pressure on certain services, such as maternity.
- The requirement for interpretation and translation may mean that cases need more time and resources to be dealt with.
- In some areas there is additional pressure on A&E departments which are known to ask no questions about entitlement.

The NHS also faces more specific challenges. For example, the Government have introduced a programme of targeted screening for infectious TB for those seeking to come to Britain for longer than 6 months from certain countries. 65% of the cases of TB in England, Wales and Northern Ireland in 2006 were patients who were not born in the UK; 21% of the cases were Africans not born in the UK, and 29% were non-UK-born Indians, Pakistanis and Bangladeshis.¹ Meanwhile, the number of cases of Hepatitis B in the UK has almost doubled in six years to 325,000 (nearly double the Department of Health's 2002 estimate of 180,000). 96% of new cases were found among people who had acquired the infection before coming to the UK.²

Foreign medical staff have undoubtedly helped the NHS. **Approximately one third of doctors and dentists registered to practice in the NHS qualified abroad.**³

However, this situation is changing. Output from medical schools in England has increased from 3,750 in 1997 to 6,450 in 2007 with a target of 7,000 places for 2010.⁴ There has also been extensive recruitment of overseas doctors and nurses. In July 2006 the Home Office announced that general nursing was no longer an area of skills shortage. The negative effect of immigration on specialist training for British medical graduates is described on page 35.

1 Tuberculosis in the UK, Annual Report 2007, Health Protection Agency: Table 1.1.2

2 Hepatitis B Foundation: Chronic Hepatitis B infection in the UK, 21 November 2007; The Times, 19 May 2008

3 Hansard, 27 February 2008; Column 1746W

4 Department of Health Consultation: Modernising Medical Careers, 8 October 2007

The police

A report¹ by the Association of Chief Police Officers (ACPO) found that “**the nature of the society we police is changing due to the level of migration** we are experiencing now and will probably change more dramatically in the future...”.

The Chief Constable of Cambridgeshire, Ms Julie Spence, drew attention to the additional costs that police incur as a result of large scale immigration. A report by her force found that:

- Since 2004, 83,000 East Europeans had registered to work in Eastern England.
- Police officers were now dealing with close to 100 languages without having the right skills: translation costs had risen from £220,000 in 2002-3 to £800,000 in 2006-7.
- An “international dimension” to crimes had emerged, including cannabis production, human trafficking and credit card “skimming”.
- In the space of one year, drink-drive figures had shown a 17-fold rise in arrests of foreigners.
- On the current workload, the county required an additional 100 police officers.
- Immigration would continue to have a greater impact on population growth than “natural” change: of the 94,200 people predicted to move into the county by 2016, 69,000 were forecast to be immigrants.²

The Chief Constables of Kent, South Yorkshire and Northamptonshire have expressed similar concerns.³

Meanwhile, foreign national prisoners comprise 14% of all prisoners in the UK compared with about 7% of adults in the general population.⁴ This figure does not, of course, include migrants who have become British citizens. However, it is low compared with some other countries. According to Council of Europe data, the proportion of foreign prisoners in Austria is 43%, Spain 33%, Germany 28% and France 21%.⁵

1 Association of Chief Police Officers to the Migration Impacts Forum, April 2008

2 The Changing Demography of Cambridgeshire, Implications for Policing, September 2007 and BBC News Online, 19 September 2007

3 Daily Telegraph, 28 January 2008

4 Hansard, 28 January 2008 column 138 W

5 Hansard, 22 January 2008 column 1097 W

Strains on community cohesion

A House of Commons report by the Communities and Local Government Committee in July 2008 concluded that the “sheer pace of change experienced in some areas has escalated public concerns about migration to the point where migration has become the single greatest public concern in Britain, overtaking concerns on crime and terrorism.” It continued “community cohesion cannot be improved without addressing and alleviating public concerns about migration.” The Committee went on to say that “the Government needs to take immediate action to address public concerns about migration, and to defuse tensions before they lead to disturbances.”¹

This is only the latest warning. The Head of the then Commission for Racial Equality (CRE), Trevor Phillips, has warned that **we are “sleepwalking into segregation”**. In their final report before being disbanded, the CRE said that “segregation – residentially, socially and in the work place – is growing...on top of this our society is fracturing. Bonds of solidarity across different groups have reduced and tensions between people have increased.”² Mr Phillips has also spoken of “the emergence of a kind of cold war in some parts of the country where very separate communities exist side by side...”³

His concerns are shared among all communities. For example, recent polls have found that:

- **47% of Asians and 45% of black people believe there is too much immigration and too many migrants in the UK.**⁴
- Three out of four people think there is now a great deal or a fair amount of tension between races and nationalities.⁵

Professor Ted Cantle was appointed Chair of the Government’s Community Cohesion Team to review the causes of the riots in several northern towns in 2001. He and his team revisited Oldham in 2006 to review progress in achieving community cohesion. Their key finding was:

“A major factor in building community cohesion in Oldham over the next two decades will be projected population change within the Borough and in particular the relative growth in the Pakistani and Bangladeshi heritage population. The potential risk is that the pace of change in building community cohesion and regenerating the Borough may be overtaken by the potential for population change to generate division and conflict.”

His report found that, in the next 15 years, the white population will decline slightly while the Pakistani population is expected to increase by 50% and the Bangladeshi population by 70%.⁶

1 House of Commons Communities and Local Government Committee, Community Cohesion and Migration, 16 July 2008, paras. 127 & 130

2 CRE Final Report “A lot done, A lot to do”: Introduction

3 Speech on the 40th anniversary of Enoch Powell’s speech, 20 April 2008

4 The Government’s Commission on Integration and Cohesion (June 2007). The figure is nearly 70% for the population as a whole

5 An opinion poll conducted by MORI for the BBC (April 2008). The poll also found that almost two in three feared that tension was certain or likely to lead to violence, although it is not clear whether they meant full blown street riots or minor scuffles. 60% said that the UK had too many immigrants. However, the proportion of people describing themselves as “racially prejudiced” was down to 20% compared with 24% in 2005

6 Challenging local communities to change: Oldham Report of the Institution of Community Cohesion: 30 March 2006

Arranged marriages

The question of marriages arranged overseas is one of great sensitivity to immigrant communities. A number of these communities, particularly from the Indian sub-continent, have a tradition of marrying from their “home” country.

Whether or not a marriage is “arranged” is a matter of social custom. However, when marriage is, in effect, used as a means of immigration, it becomes a matter affecting the wider public interest.

The fact that it is possible to use marriage as a means of immigration adds to the risk that young Asians may come under strong family pressure to undertake marriages they would prefer to avoid. Opinions on this subject are divided among nationalities, religions and, especially, generations.

The impact of international arranged marriages on certain British cities is considerable. **Even in the second generation, 40%-60%¹ of immigrants from the Indian sub-continent enter arranged marriages with spouses from their country of origin.** This can be unhelpful for the integration of the next generation. Children with a parent who speaks little or no English will be less proficient themselves. They may do less well at school, obtain lower qualifications and then face difficulty in finding employment. The result can sometimes be a cycle of deprivation.

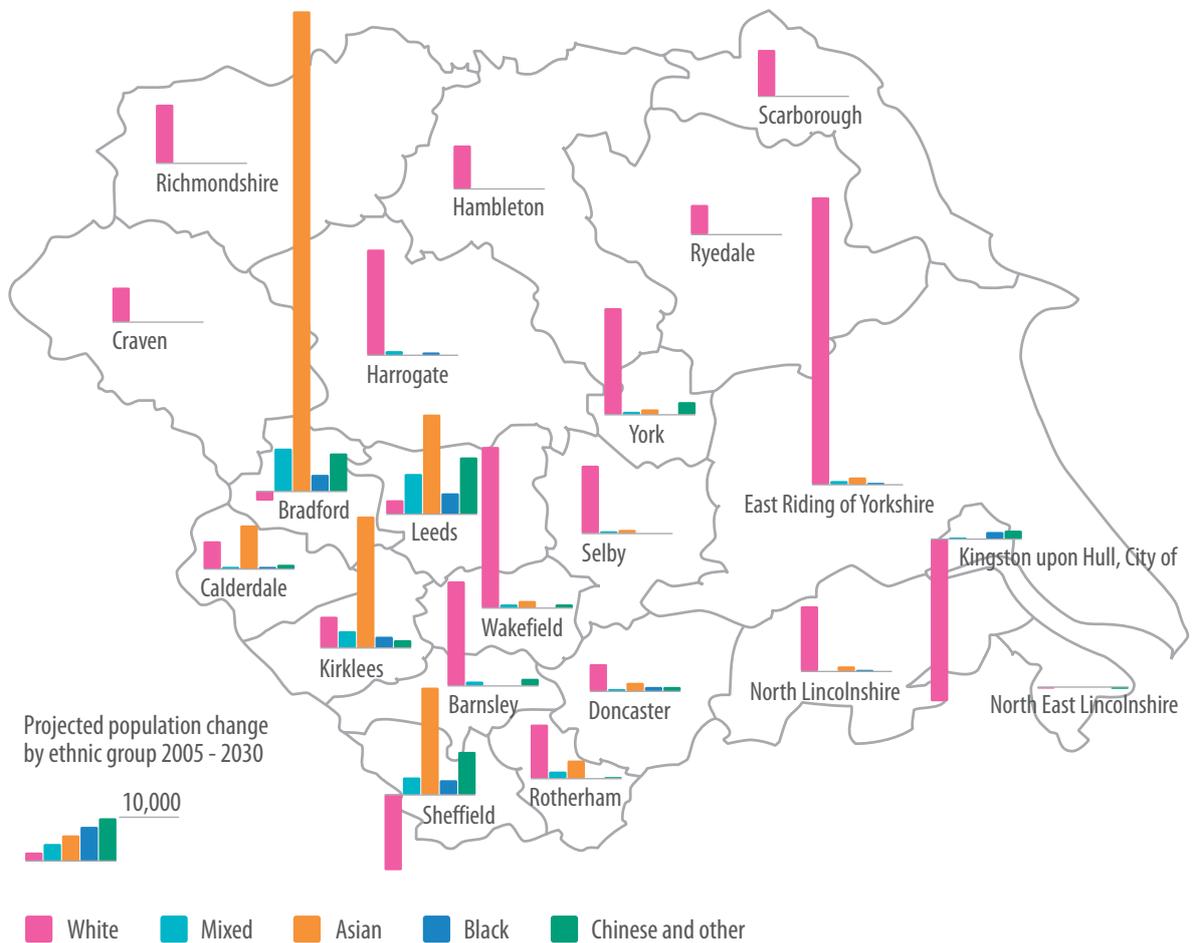
A further effect of this is greatly to increase the rate of household formation and therefore the demand for housing.

¹ Migrationwatch estimate based on a comparison of numbers of spouses/fiancés admitted to the UK and the number of people of marriageable age in those ethnic groups – see Migrationwatch briefing paper 10.12

The impact on population

There is also a considerable impact on population in localised areas. A report by the University of Leeds School of Geography in September 2006 examined the population projections for Yorkshire and the Humber. The map below shows graphically the projected population change for ethnic groups in those local authorities from 2005 to 2030.

Fig. 9: Projected population change for Ethnic Groups, Local Authorities in Yorkshire and The Humber, 2005-2030¹



▶ 3. Does the economy need immigration?

- There is no evidence that net immigration generates significant economic benefits for the existing UK population.
- The Government's own figure for the annual benefit of immigration is 62 pence per head per week.
- The overall benefit to the Government's revenues is likely to be small.
- Immigration is not the answer to the pensions problem.

The Government's argument

The Government have justified its immigration policy largely on the basis of four principal economic arguments:

- Immigration greatly benefits the UK economy in terms of GDP.
- Immigration generates fiscal benefits for the Government.
- Immigrants are needed to fill labour and skills shortages, doing jobs that British workers will not do.
- Immigrants help deal with the pensions problem.

The House of Lords Report

The House of Lords Select Committee on Economic Affairs conducted a major enquiry into the economic impact of immigration – the first of its kind in Britain. The Committee included peers from all the main political parties, among them a former Governor of the Bank of England, a former Director General of the Confederation of British Industry and two former Chancellors of the Exchequer. The report was unanimous.

The Select Committee's overall conclusion was that:

“We have found no evidence for the argument, made by the Government, business and many others, that net immigration – immigration minus emigration – generates significant economic benefits for the existing UK population.”¹

Their main recommendation was that:

“The Government should have an explicit and reasoned indicative target range for net immigration and adjust its immigration policies in line with that broad objective.”²

1 House of Lords Select Committee on Economic Affairs, The Economic Impact of Immigration, 1 April 2008, Abstract, para. 1

2 Ibid, Abstract, final paragraph

The Committee's assessment of the Government's main arguments was as follows:¹

The Government's case:

Immigration generates large economic benefits for the UK because it increases economic growth.

The House of Lords Select Committee:

“Overall GDP, which the Government has persistently emphasised, is an irrelevant and misleading criterion for assessing the economic impacts of immigration on the UK. The total size of an economy is not an index of prosperity. The focus of analysis should rather be on the effects of immigration on income per head of the resident population. Both theory and the available empirical evidence indicate that these effects are small, especially in the long run when the economy fully adjusts to the increased supply of labour. In the long run, the main economic effect of immigration is to enlarge the economy with relatively small costs and benefits for the incomes of the resident population.”²

The Government's case:

Immigrants are needed to fill labour and skills shortages and do the jobs that British workers will not do.

The House of Lords Select Committee:

“Although the evidence is limited, there is a clear danger that immigration has some adverse impact on training opportunities and apprenticeships offered to British workers.”³

“Many businesses and public services at present make use of the skills and hard work of immigrants but this is not an argument for immigration on a scale which exceeds emigration and thus increases the population of the country. **We do not support the general claims that net immigration is indispensable to fill labour and skills shortages. Such claims are analytically weak and provide insufficient reason for promoting net immigration.** Vacancies are, to a certain extent, a sign of a healthy economy. Immigration increases the size of the economy and overall labour demand, thus creating new vacancies. As a result, immigration is unlikely to be an effective tool for reducing vacancies other than in the short term.”⁴

“**The argument that sustained net immigration is needed to fill vacancies, and that immigrants do the jobs that locals cannot or will not do, is fundamentally flawed.** It ignores the potential alternatives to immigration for responding to labour shortages, including the price adjustments of a competitive labour market and the associated increase in local labour supply that can be expected to occur in the absence of immigration.”⁵

1 Ibid. para 3

2 Ibid. Abstract, para. 2

3 Ibid. para. 220

4 Ibid. Abstract, para. 4

5 Ibid. para. 228

The Select Committee also observed that:

“Immigration has had a small negative impact on the lowest paid workers in the UK, and a small positive impact on the pay of higher paid workers.”¹

“The available evidence is insufficient to draw clear conclusions about the impact of immigration on unemployment in the UK. It is possible, although not yet proven, that immigration adversely affects the employment opportunities of young people who are competing with young migrants from the A8 countries.”²

The Government’s case:

Immigration generates fiscal benefits for the UK.

The House of Lords Select Committee:

“We also question the Government’s claim that immigration has generated fiscal benefits. Estimates of the fiscal impacts are critically dependent on who counts as an immigrant (or as a descendant of an immigrant) and on what items to include under costs and benefits. **The overall fiscal impact of immigration is likely to be small**, though this masks significant variations across different immigrant groups.”³

The Government’s case:

*Immigration helps to defuse the “pensions timebomb” by helping to support an increasing population of elderly people in the UK.*⁴

The House of Lords Select Committee:

“Arguments in favour of high immigration to defuse the “pensions time-bomb” do not stand up to scrutiny as they are based on the unreasonable assumption of a static retirement age as people live longer, and ignore the fact that, in time, immigrants too will grow old and draw pensions. Increasing the official retirement age will significantly reduce the increase in the dependency ratio and is the only viable way to go.”⁵

This finding was supported by the Turner Commission on Pensions (2006), which found that “Only high immigration can produce more than a trivial reduction in the projected dependency ratio over the next 50 years...but it is important to realise that this would only be a temporary effect unless still higher levels of immigration continued in later years, or unless immigrants maintained a higher birth rate than the existing population, since immigrants themselves grow old and become pensioners who need workers to support them.”⁶

According to the Government Actuary, the UK would need to import an average of 1.2 million immigrants a year to keep the support ratio of workers to pensioners at the present level of 3.23 in 2050.⁷

1 Ibid. para. 217

2 Ibid. para. 219

3 Ibid. Abstract, para. 5

4 See the IPPR’s evidence given to the House of Lords Select Committee on Economic Affairs for their report into the Economic Impact of Immigration, p 302

5 House of Lords Select Committee on Economic Affairs, The Economic Impact of Immigration, 1 April 2008, para.158

6 Pensions Commission: Pensions: Challenges and Choices, The First Report of the Pensions Commission: Chapter 1 – Demographic Trends and Dependency Ratios

7 GAD, Shaw 2001

The Government's response

The Government's response to the House of Lords report was published in June 2008.¹ It virtually ignored the key recommendation, that the Government should have "an explicit and reasoned indicative target range for net immigration and adjust its immigration policies in line with that objective". Instead, it repeated the Government's plan to use their Points Based System "to maximise the benefits of migration to the UK". It claimed that a cap or quota would lack flexibility and would cover only a small proportion of migrants.²

Elsewhere, the response spoke only of managing "transitional impacts" – apparently with no understanding of the huge permanent impact of massive levels of immigration on our population, environment and our society. The extra seven million people in England alone by 2031 as a result of immigration was not even mentioned.

The Government's response recognised the prime importance of GDP per head, claiming (wrongly) that this had always been their position. The Government itself estimated that immigration over the ten years to 2006 had raised GDP per head of the non-immigrant population by 0.15% per year. A more sophisticated calculation came out at 0.10% per year. So the Government's own estimate of the benefit to individuals **amounted to 62p and 42p per head per week in 2006.**³

On the benefit to the Exchequer, the Government recognised that the results depended heavily on the assumptions made.⁴

On employment, the Government continued to find no negative effects from immigration although "it was possible, but not proven, that immigration might have an adverse effect on job prospects for young workers". They recognised some evidence of wage dampening for the lowest paid workers.⁵

Only one paragraph (2.32) in the 37-page report dealt with housing. This admitted that net international migration accounted for one third of household growth but failed to recognise that immigration is the only demand factor over which the Government have any significant influence.

1 CM 7414

2 Ibid. paras. 4.47 to 4.54

3 Ibid. para. 2.7

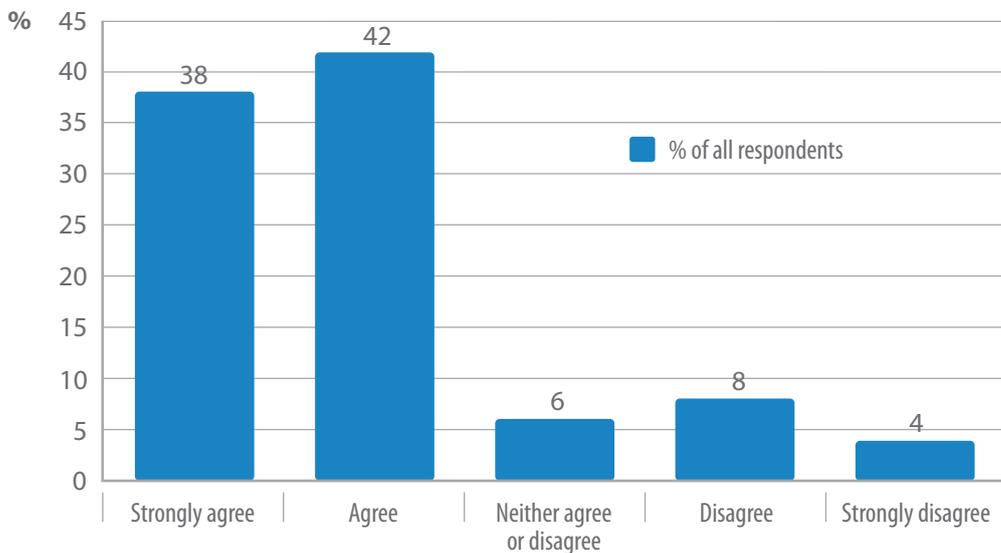
4 Ibid. paras. 2.16 to 2.20

5 Ibid. paras. 2.13 to 2.15

The business perspective

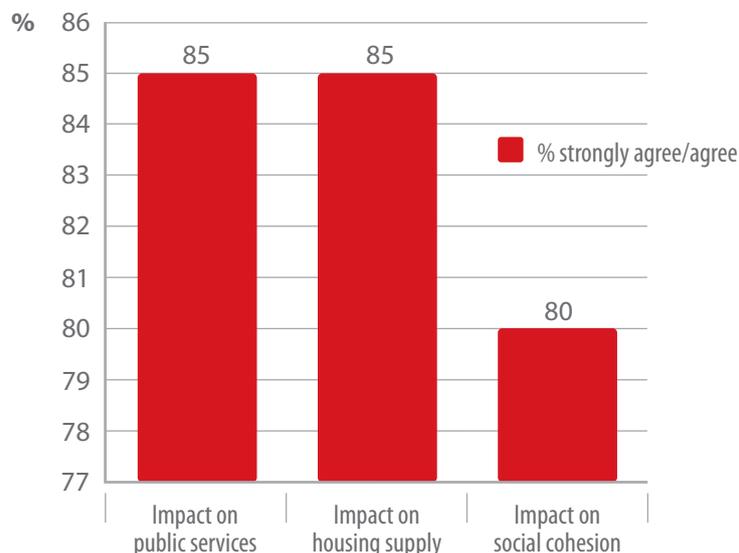
Business leaders agree that immigration needs to be controlled. The Institute of Directors surveyed its members and found that 80% agreed or agreed strongly with the principle that there should be a limit of some kind on the number of migrants from outside the EU entering the UK each year.¹

Fig. 10: To what extent do you agree or disagree with the principle that there should be a limit of some kind on the number of migrants from outside the EU entering the UK each year?



There was also widespread agreement that migration policy should take account of wider issues:

Fig. 11: To what extent do you agree that migration policy should also take into account issues such as...?



1 Immigration, The Business Perspective: The Institute of Directors, January 2007

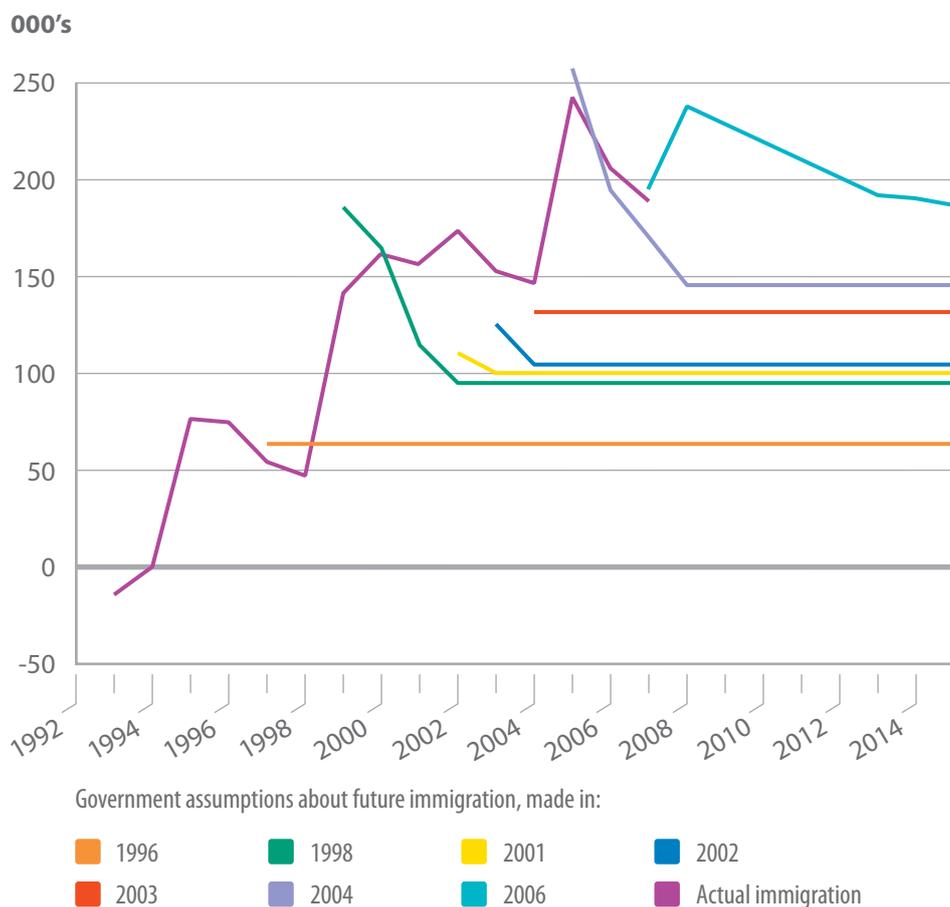
► 4. Looking ahead

- Immigration will add nearly seven million to England's population by 2031, equivalent to about seven times the population of Birmingham.
- In 2009, England is expected to become the most crowded country in Europe, overtaking Holland.
- For the next 20 years we will have to build a house in England every six minutes for new immigrants.

The impact of immigration on the population

Immigration is already the major factor affecting population growth. Immigrants and their descendants will account for nearly 70% of the UK's population growth.¹ In order to forecast our population, the Government Actuary's Department has to make some assumption about the level of net immigration in future years. Until 1996, they assumed that net immigration would return to zero. Since then **the Government have raised their assumption about net immigration to the UK on seven occasions to the present level of 190,000 a year**. This is illustrated in Figure 12 which also shows the actual level of net immigration:

Fig. 12: Government assumptions about future immigration



Population projections for England

The graph below shows what is expected to happen to the population of England under various assumptions about immigration.

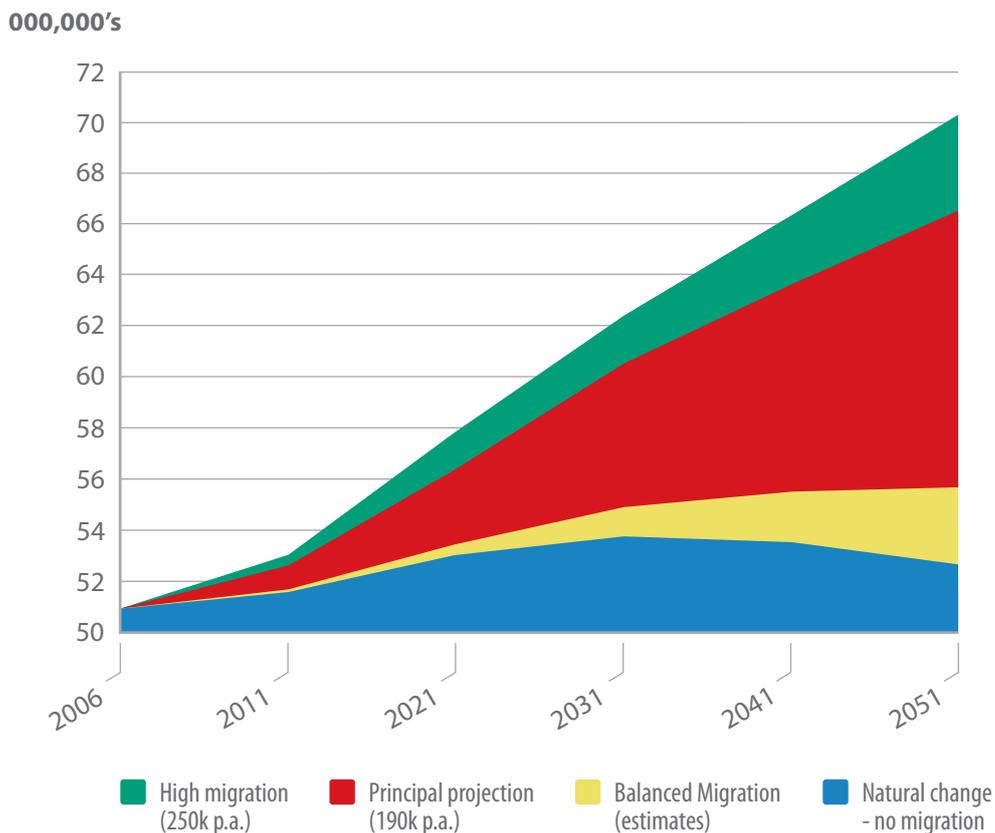
“Zero migration” means no movement either in or out (which is clearly only a theoretical concept). “Zero net migration”, or “Balanced Migration” means that the number of immigrants is the same as the number of emigrants.

In figure 13:

- The blue shows what would happen if there was no migration at all.
- The yellow shows the effect of zero net migration or “Balanced Migration”.
- The red is the Government’s Principal Projection based on an assumption of 190,000 net immigration per year.
- The green shows the effect of the Government’s “high migration scenario” which also includes a higher assumption for fertility and lower mortality.

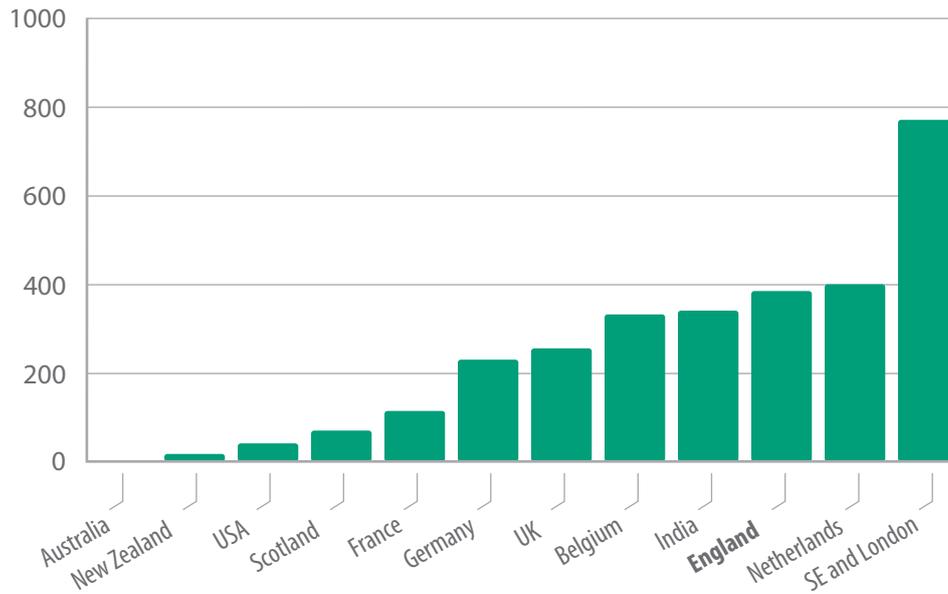
This shows that, on the Government’s “Principal Projection” (the red section) **England’s population will increase by nearly 10 million by 2031. The Government Actuary’s Department calculates that 70% of this increase will be the result of immigration. This is equivalent to seven times the population of Birmingham.**

Fig. 13: The Population of England: Government Projections, 2006 to 2051



For an island like ours, the most obvious impact of continued uncontrolled immigration is on our living space. **In 2009 England is expected to overtake Holland as the most crowded country in Europe** (except for Malta).

Fig.14: Population density – some comparisons



Mid-2008 estimates – Source: non-UK data CIA World Fact Book, UK, Scotland and England – 2006-based population projections. South East and London population assumed to grow in line with projected growth for England as a whole.

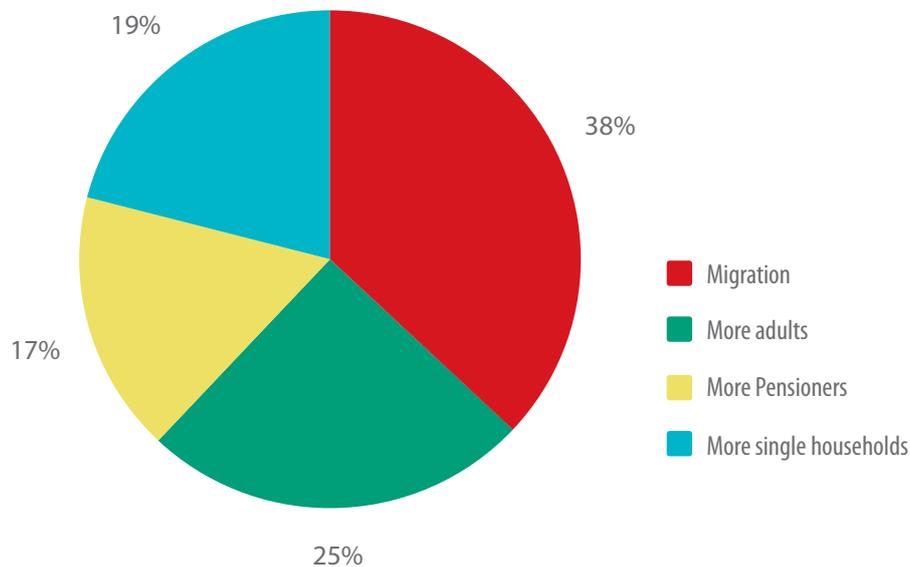
Housing

The largest single factor contributing to the number of new households being formed (and therefore the number of homes needed) is net immigration. The latest official forecasts in England show that 223,000 additional households are expected to be formed each year between 2004 and 2026 of which 73,000 (33%) are attributable to net migration into England.¹ It is worth repeating that immigration is the only demand factor which the Government can directly influence.

In November 2007 the Government's immigration assumption for England was increased from 130,000 to 171,500 a year. The effect of this, on a straight-line projection, is to increase the proportion of new households due to immigration to about 39%. We will, however, have to await the Government's official calculation of the precise figure as there are also other factors involved.

Broadly speaking, **we will have to build 260 houses a day for the next 20 years to meet this requirement – that is one house every 6 minutes, day and night, seven days a week.**

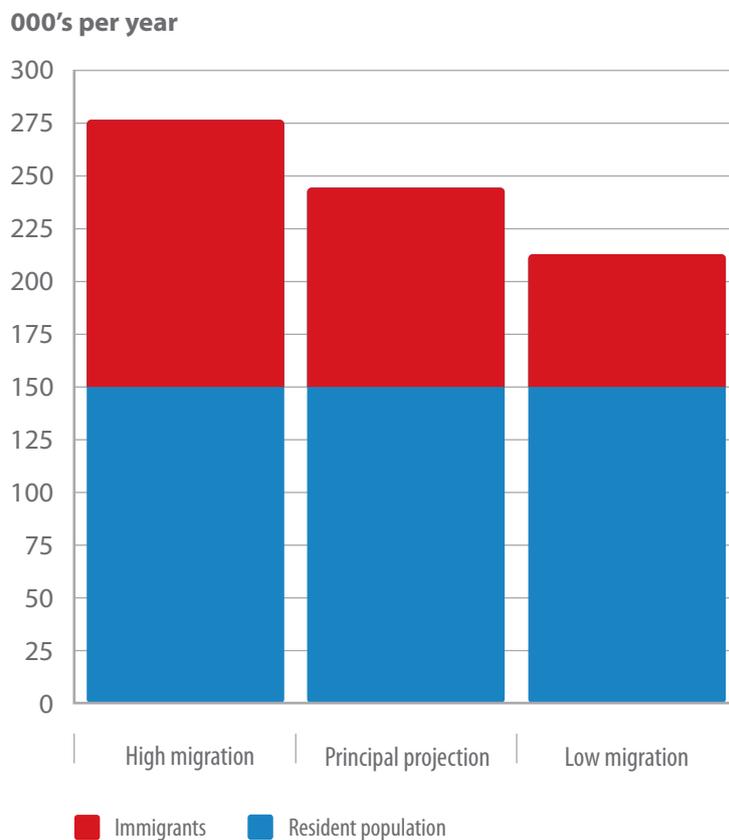
Fig.15: Household formation reasons



Source: DCLG New Projections of households for England and the Regions to 2026.

The following bar chart (Figure 16) shows how many additional households the Government expect to be formed each year on different assumptions about immigration. The resident population is expected to form 150,000 households each year. The number of additional households in England arising from future immigration varies from about 60,000 to 130,000 a year depending on what one assumes about future immigration. On the latest (2006) population projections and on the Government’s “Principal Projection” – that is the outcome they consider most likely – new immigrants will form about 95,000 new households per year, or nearly 39% of the total of 245,000.

Fig.16: Annual housing needs: immigrants and residents 2004-2026

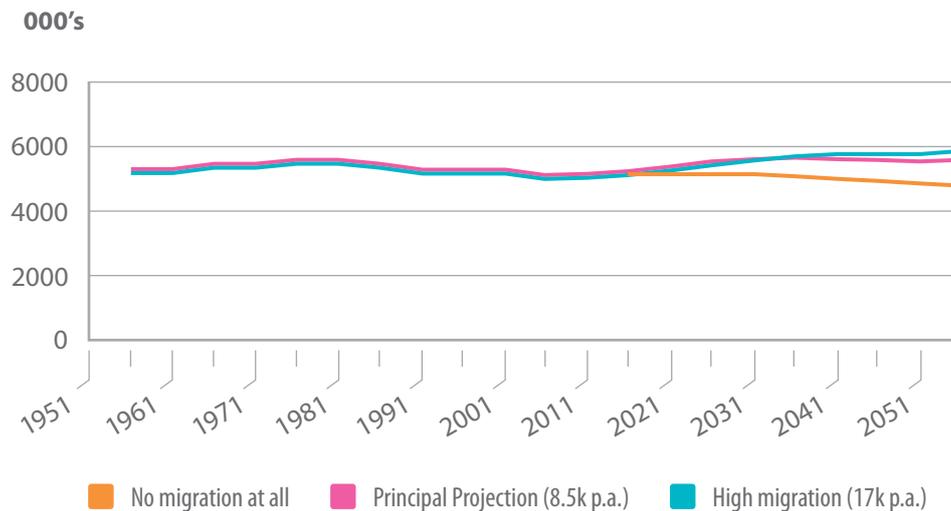


Scotland

It is often suggested that Scotland needs large scale immigration because it has a declining and ageing population. This is simply not the case.

Scotland's population is not declining. Its population has been about 5 million for the past 50 years and will remain at that level for the next 25 years even without net migration. Figure 17 shows that, on the Principal Projection, Scotland's population will increase slightly until the middle of this century. The immigration assumption behind that projection is that net international immigration will be 4,000 per year and internal migration (mostly from England) will be a net positive of 4,500 per year.

Fig. 17: Scotland's population 1951-2006 and projected to 2051



Source: General Register Office for Scotland: Mid Year population Estimates Scotland by quinary age and sex, 1911 to 2007 and GAD website 2006 for population projections

Furthermore, immigration as a solution to the “pensions timebomb” has been dismissed by all serious studies – most recently by the House of Lords Select Committee on Economic Affairs (see page 25).¹

Some in Scotland argue that immigrants are needed to fill vacancies, to do jobs that Scots will not do, and to invigorate the Scottish economy. All these propositions were also considered by the House of Lords Select Committee on Economic Affairs, which was unconvinced (see page 24).

In recent years Scotland has received far fewer immigrants than England. In terms of international migration, less than one quarter of one per cent of net foreign immigration to the UK has been to Scotland. In the ten years to 2006, the total flow to Scotland was 27,000 compared to 1.57 million to England. Allowing for the fact that the population of England is 10 times that of Scotland, the flow of immigrants to England is still six times higher than to Scotland.

1 House of Lords Select Committee on Economic Affairs, The Economic Impact of Immigration, 1 April 2008, para. 234

► 5. The Government's policies

- The Government are conducting a major reform of the immigration system.
- The key element, a new Points Based System for work permits, contains no limits on numbers.

The Government have undertaken a major reform of the immigration system. Processes have been tightened up and streamlined. A summary of the main measures it has introduced can be found in Appendix D (along with a summary of the main Opposition parties' policies on immigration).

The Points Based System

Among the measures the Government have recently introduced is a new "Points Based System" for economic migration. EU workers have freedom of movement: this system applies only to non-EU migrants. The Government claim that the new system will address a number of the fundamental weaknesses of the immigration system. It is intended to select those foreign workers who are most useful for the economy while balancing any such benefit against the impact of additional numbers on public services. **However, this scheme does not limit immigration and is not intended to do so.** It is therefore entirely different from the Australian scheme which the Government claim it resembles.

The proposals are, to some extent, a simplification of the present system, reducing 80 immigration routes to five categories, although each will have some sub-categories. The scheme also adds transparency in the sense that the requirements are more clearly set out. A potentially valuable reform is the introduction of "sponsorship" whereby the employer (or educational institution) will be responsible for ensuring the departure of a work permit holder or student when their visas expire. The introduction of electronic checks on arriving and departing foreigners, when implemented, will further strengthen the system. The new regime does, however, have some very serious weaknesses:

a) It is economically unsound

This scheme is designed to attract skilled workers who acquire an almost automatic right to settle permanently even though there might be only a temporary need for their skills. Indeed, over the medium term, the whole concept of skills shortages is dubious. Professor Metcalf, Chair of the Government's own Migration Advisory Committee, told the House of Lords Select Committee on Economic Affairs that "the whole notion of shortages was a bit of a slippery concept"¹ since, over time, wage increases should deal with the shortages. With a workforce of 30 million, the only long-term answer is to train and retrain British workers. The CBI themselves acknowledged this in their evidence to the same Select Committee.² In the long term, there is no significant economic benefit to the host country from large-scale immigration as the recent report by the House of Lords Select Committee on Economic Affairs made plain.³

1 House of Lords Select Committee on Economic Affairs, *The Economic Impact of Immigration*, 1 April 2008, para. 109

2 HL Paper 82-II Memorandum by the CBI, para. 2

3 House of Lords Select Committee on Economic Affairs, *The Economic Impact of Immigration*, 1 April 2008, Abstract, para. 1

b) No limit on numbers

This scheme does not limit work-related migration in any way, and is not intended to. The Australian system which it is said to resemble is, in fact, entirely different; it starts with a limit and selects within that total. By contrast, Tier 1 (the successor to the Highly Skilled Migrant Programme) is entirely open ended. For Tier 2 (skilled workers who will need a work permit), employers are supposed to make sure that there is no satisfactory candidate within the European Union. This test is notoriously difficult to police. Nor does it apply if an occupation has been declared a “shortage occupation”, nor if the migrant arrives as an intra-company transfer.

c) It reduces incentives to train British workers

The main effect of the scheme will be to open the skilled section of our labour market to competition from overseas, thus reducing the incentive for employers to train British staff. For example, Tier 1 will be open to any foreign student who has obtained a Bachelor’s degree in the UK, is under 28, has stayed on under the International Graduates Scheme and is earning £23,000 a year. As the average starting salary for a graduate in the UK is about £21,000, this is not a high hurdle. These international graduates will be in direct competition with British graduates who will have run up substantial debts acquiring their degrees. The disaster over specialist training for British medical graduates is the clearest possible example of the impact of immigration on the training of British staff. In 2007 over 1,300 graduates from UK medical schools were unable to pursue their careers as a result of competition for specialist training from foreign graduates benefiting from the Highly Skilled Migrant Programme.¹ Each medical graduate costs the taxpayer about £250,000 so the total cost of those unable to proceed in 2007 was £325 million – not to speak of the implications for those concerned and the impact on future recruitment to our medical schools. By contrast, limiting most economic migrants to a maximum of four years would create an incentive for employers to train and promote British workers.

d) All can apply for settlement

By staying on for 5 years and making an application, all work permit holders will be qualified to apply for permanent residence in Britain or for probationary citizenship. (Tier 1 migrants need to apply for Further Leave to Remain after 3 years.) These routes to settlement will, of course, apply whether or not their skills are needed beyond the short term.

e) It does not “fill gaps in the labour force”

This Government claim is completely contradicted by the facts. In the last seven years there has been net immigration of nearly one and a half million but, by March 2008, vacancies at 690,000 were slightly higher than in the same quarter of 2001.² This is because immigrants fill some jobs but also create new demand which means new jobs.

1 Department of Health Press Release 6 Feb 2008. Notes to Editors para.5

2 House of Lords Select Committee on Economic Affairs, The Economic Impact of Immigration, 1 April 2008, para.103

f) Scope for abuse

At the application stage, the incentive to forge the necessary documents will be huge. At stake is a “meal ticket for life” both for the successful fraudster and his family. The Government say that “intelligence led” detection methods will be effective but, with applications approaching 200,000 a year, that must be a dubious claim. Some multinational companies operating in India no longer rely on paper qualifications because of their unreliability. This scheme is almost entirely paper (or e-mail) based; most applicants will never be seen by an Entry Control Officer as the application process has been out-sourced in most countries. Furthermore, after arrival, there is no guarantee that those granted work permits under Tier 2 will actually do (or continue to do) the jobs that they were recruited for. Under Tier 1 there is not even a requirement that they should do skilled work.

g) Absence of embarkation controls

This scheme is being brought into effect before border checks on individuals are fully in place. The Home Office are, therefore, in no position to know whether someone granted a work permit has left at the end of it.

h) Difficulties of removal

Quite apart from the extensive legal and practical difficulties of removing people against their will, the Government have almost no capacity to remove people who are neither foreign prisoners at the end of their sentence nor failed asylum seekers. The Government’s claim to be removing an immigration offender every 8 minutes is deeply misleading. This number includes those turned away at the border. The number actually being removed *after* entry is about 1,000 a month.¹ Meanwhile, the number of visas issued has risen 50% in the last 6 years to about 2 million a year. The Government’s removal capacity is less than 1% of this number. Therefore, unless over 99% of those granted visas leave when they are supposed to, despite the absence of any checks, the number of illegals in Britain will climb every year.

i) The risk of collapse

This will be a huge and complex scheme. There are potentially 26,000 job titles and it is expected that there will be 14,000 sponsors in the first year. Given that students are included in Tier 2, there could well be half a million applications a year. On past form, the Home Office is most unlikely to have the staff and resources necessary to check on the authenticity of the applicants and their sponsors. The pressure from industry and academia will be to reduce waiting times and backlogs. It could well be only a matter of time before they are simply going through the motions for the sake of appearances, as we have seen in the past when the asylum system collapsed.

► 6. Balanced Migration

- Balanced Migration would seek to bring the numbers of immigrants into line with the number of emigrants.
- The main change would be to limit the number of non-EU citizens who are given the right to settle permanently in the UK.

How a system of Balanced Migration would work

Balanced Migration would seek to bring the number of immigrants settling permanently in the UK into line with the number of emigrants.

The main change would be to limit the number of non-EU citizens who are given the right to settle permanently in the UK.

The following aspects of the current immigration and asylum systems would not fundamentally change in terms of approach, although there is a strong case for tightening up existing laws and regulations:

a) Free movement of people in the European Union

This is required under EU law. However, the Government should certainly press for fully effective transition arrangements for any new member states and urge renegotiation of the social security arrangements that provide benefits at British levels for dependants still in their countries of origin.

b) The acceptance of genuine asylum seekers

This country has a proud record of welcoming genuine refugees which should certainly continue. Asylum seekers are now only 3% of net foreign immigration. The Government should, of course, be much more efficient in removing those who fail to gain asylum or other forms of protection; this is a continuing problem.

c) The admission of foreign students

This is valuable from all points of view, provided they are genuine students. From an immigration perspective, those leaving should broadly counter-balance those arriving (provided there is no switching into a migration category which leads to settlement) so that there is no long-term impact on our population.

d) Genuine marriages with partners overseas

It is important that the Immigration Rules should be strengthened to prevent marriage being used as a means of avoiding immigration controls.

We have no power to control immigration from the European Union so our focus is on economic migrants from outside the EU who wish to stay on and settle in this country. This also reflects the greatest source of immigrants to the UK over the years. (As mentioned on page 12, there was a net movement of 2.3 million people to the UK between 1991 and 2006; only 8% were from the new East European members of the EU and there was a net out flow to the EU 15).

In future we can expect the main immigration pressure from countries in the developing world where populations are rising rapidly.

For economic migrants from outside the EU who wish to stay on and settle in the UK, the process would work as follows:

- **The present Points Based System would continue**, so as to avoid yet more administrative disruption and the consequent burdens on employers.
- However, **those granted permission to work in Britain would be allowed to stay for up to four years only**. Thereafter they would be expected to return to their own countries (or move on elsewhere) and make good use of the experience they had gained in Britain.
- **If they wished to stay on and settle they would be able to apply through a further points system**. The main criterion for permanent settlement would be skills, as reflected in the applicant's salary (which is the best measure of economic value). There would also be provision for exceptional intellectual, scientific or artistic merit.
- If the applicant had sufficient points, then he or she would be assessed for entry. However, **there would also be a new annual cap of economic migrants granted settlement**. This would be set by the Government in the light of developments in net immigration (ie. immigration minus emigration). For example, using the most recent set of figures, the cap on non-EU migrants could be set at, say, 20,000 a year (including dependants). The level of points required would be adjusted to achieve this level of acceptances. If the quota was already full the applicant would have to leave the UK. Other elements (such as marriages, and dependant children) would bring the total up to about the level of emigration.

In very rough outline, with a system of Balanced Migration, the numbers of people who would have, or be granted the right to settle permanently might be as shown opposite:

Spouses and fiancé(e)s (Currently 62,000)	50,000
Other dependants (Currently 10,000)	10,000
Settlement quota for those who came under Tiers 1 and 2 with a work permit (non-EU citizens) (No current quota)	20,000
Net migration from EU 15 (The recent average is 19,000)	20,000
Net migration from new EU members (<i>forecast for early years</i>)	30,000
	<hr/>
	130,000
Net British emigration (Latest year 2006)	125,000
	<hr/>
Total net immigration (Currently 190,000)	+5,000
	<hr/>

These numbers are for illustrative purposes only, but there is no doubt that the scheme would have a substantial impact. It would mean that between 150,000 to 170,000 people a year would no longer acquire an almost automatic right to settle here. It is not possible to give a precise figure given the inaccurate and incomplete nature of Government statistics. However, two methods of calculation are shown in Appendix E.

It is hard to say how many would, in the event, wish to settle as the composition of immigrants is changing substantially towards those from the developing world who are generally more likely to stay on.

► 7. The impact of Balanced Migration

The population

Balanced Migration would stabilise the population. According to the Government's Principal Projection, the population of the UK will grow from 60 million now to nearly 80 million in 2056. Most of this growth will be in England, which will grow from the present 51 million to 68 million over the same period. However, **Balanced Migration would stabilise the population of England at about 56 million**, as shown in figure 13 on page 29. The population of Scotland would remain broadly stable.

Some may claim that these official projections are too high. However, the Government have a record of underestimating the impact of immigration on our population. They have already been obliged to raise their immigration assumption seven times since 1996. Furthermore, the figures in this paper are based on the Government's central estimate, not its high migration scenario.

Even during the recent era of uncontrolled immigration there has been very little net migration to Scotland, Wales or Northern Ireland. However, the Balanced Migration proposal includes an allowance of 20,000 immigrants permitted to settle anywhere in the UK every year. A proportion of these would, of course, be able to go to Scotland, Wales or Northern Ireland. It is up to the authorities there to provide the necessary incentives. Some argue that high levels of immigration are necessary in these nations to create a competitive economy and provide for an ageing population. However, as noted above (page 33), the recent enquiry by the House of Lords Select Committee on Economic Affairs found no evidence to support these arguments.

The economy

EU workers are not subject to immigration control, so are unaffected by this proposal. Non-EU workers would normally be granted a work permit, limited to four years, provided they had a job offer from an employer.

A number of employers require seasonal workers – especially in industries such as farming (especially horticulture) and tourism. The former is now being met largely by workers from East European members of the European Union under the Seasonal Agriculture Workers Scheme (SAWS) which is being phased out by 2010.

It is important to remember that there is no cheap labour in a welfare state. Employers may benefit but tax payers pick up the extra costs of health, education, policing and so on. If it proved necessary, a renewal of SAWS could be considered, but it would be essential to ensure that foreign workers left at the end of their contracts. This would require the following:

- Checks on arrival and departure should be in place (not due until 2014).
- Employers should take responsibility for their workers' departure.
- Workers should only be admitted from countries that do not have human rights problems.
- Return agreements should be in place with the sending countries.

A highly conditional seasonal worker scheme on these lines would meet the needs of the employer without adding to long-term immigration. The successful implementation of the SAWS scheme for over fifty years suggests that suitable arrangements should be possible.

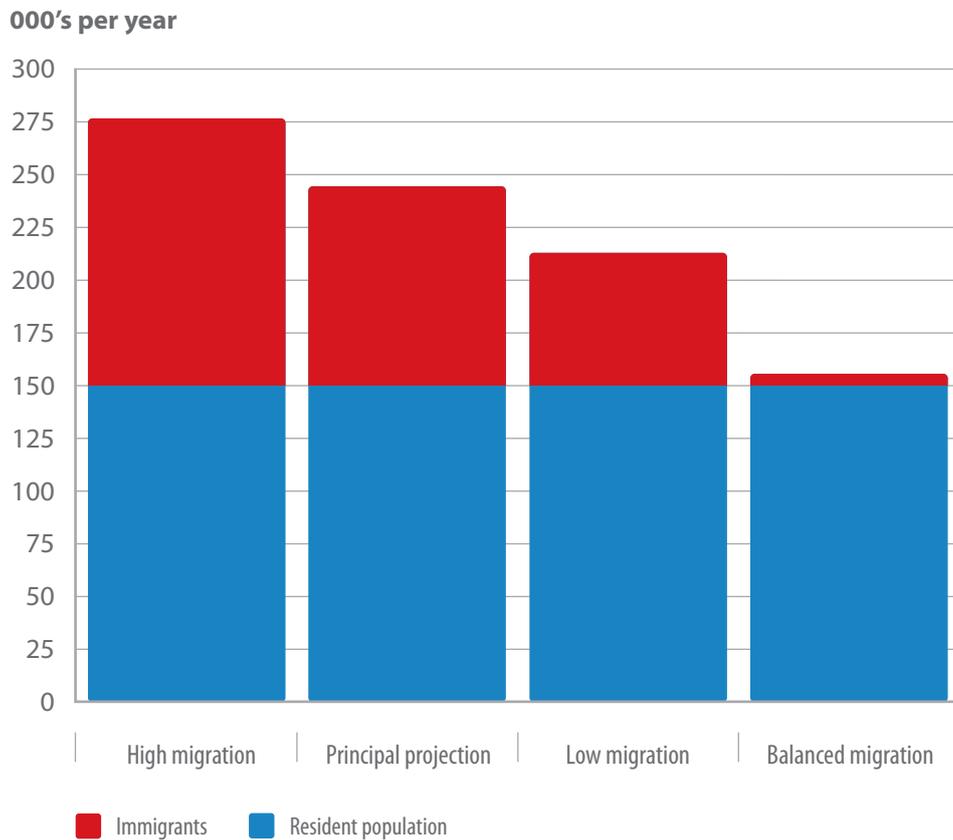
Meanwhile, Britain has over five million people on benefits. We should explore modifications to the benefit rules to encourage some of these people to do this work. This would help them financially as well as beginning to end their dependency on the welfare state.

Housing

Balanced Migration would have a considerable impact in the medium to long term on the demand for public services and housing. On the basis of the Government's forecast, **under a system of Balanced Migration, new household formation would be reduced by more than a third**, substantially reducing the pressure on the housing market and, of course, on the need for greenfield development which the Government has estimated at 40% of the present requirement.

Figure 18 shows the impact that Balanced Migration would have on household formation in England:

Fig.18: Annual housing needs: immigrants and residents 2004-2026



The benefits of Balanced Migration

The main benefit of Balanced Migration is that it would strike the right compromise between the entirely reasonable requirements of industry and commerce for skilled workers and the costs imposed on society by a rapidly growing population.

It would also provide, as the House of Lords Select Committee on Economic Affairs recommended, a “reasoned target range for net immigration” to which immigration policies could be adjusted.

More specifically, it would:

- Stabilise the population of the UK at about 65 million by mid-century.
- Reduce pressure on the environment, schools, transport and the NHS.
- Reduce household formation by about one third, thus easing pressures on housing.
- Encourage British industry and commerce to train British workers.
- Improve the prospects for integrating newcomers to our society.
- Reduce the drain of talented people from developing countries who need their skills more than we do.

► Questions and answers

What is the point of immigration control if EU citizens are free to come and go?

Immigration from Eastern Europe is expected to decline. There are already signs of this. Meanwhile, some of those already here will decide to go home. As a result, net immigration will fall sharply (see Appendix B). This is what happened when Spain, Portugal and Greece joined what was then the EC. The real long-term problem is in the developing world where populations are growing very rapidly but jobs are not.

Why hasn't Balanced Migration been proposed before?

For a generation people have avoided tackling the subject for fear of being thought to be racist. Now we are having a proper debate, we can address the issues sensibly. The Government are putting in place a whole range of measures to try to get our borders back under control but they have, so far, resolutely avoided any commitment to limit numbers, despite extremely strong public opinion.

Is "Balanced Migration" really feasible?

Certainly – over a period of time. It would also provide a focus for policy formation as the House of Lords Select Committee on Economic Affairs has suggested. At present, the Government have literally no idea what size of population they wish to see in the UK.

How can you know what will happen to emigration?

The Government have no control over emigration which is a result of the free decisions of British citizens. However, the broad trend rate of emigration could most certainly be used as an aiming mark for immigration policy if the Government had the political will to control the numbers.

Surely immigrants benefit our economy?

Some do, but their performance is very mixed. The Government claim that immigrants add £6 billion to our economy. What they do not say is that they also add to our population in almost exactly the same proportion as they add to production. Thus the benefit to the native population is very small – an outcome confirmed by major studies in the US, Canada and Holland and most recently by the House of Lords Select Committee on Economic Affairs. The Government's own calculation, submitted in evidence to that Committee, implies an annual benefit to the resident population of only 62p per head a week (see page 26).

Surely London would collapse without immigrants?

This debate is not about existing immigrant communities. Nobody is remotely suggesting that they should leave. The issue is how many more people our island can sustain.

Do we need immigration to fill 600,000 vacancies?

No. The Government made this claim in 2002. Since then there has been net immigration of over one million but there are now nearly 700,000 vacancies. The reason is that immigrants also create demand which in turn creates new jobs, so the argument from labour shortages leads to an endless cycle of immigration (see page 24).

Surely we need the skills that foreigners can bring?

Yes, there are skills gaps which foreigners could fill but they should do so only temporarily. We propose that they should be admitted only for period of four years while British workers are trained. The CBI themselves admit that immigration is not a long term solution to skills shortages.

Don't we need foreigners to do the jobs that British people are unwilling to do?

No. The underlying issue is pay rates for the unskilled. At present, the difference between unskilled pay and benefits is so narrow that, for some, it is hardly worth working. That partly explains why we have 1.6 million unemployed and a further 2.6 million on incapacity benefit, of whom the Government wishes to move 1 million from welfare to work. These figures include just over one million young people who are not in education, employment or training (see page 24).

Who will pick strawberries?

There is a need for seasonal unskilled labour, especially in agriculture and horticulture. This is now being met largely by workers from East European members of the EU. If this proves insufficient, a strictly policed system of temporary migration could be considered (see page 40).

Surely there is no harm in migrants who work and pay taxes?

There is a developing view, supported by the House of Lords Select Committee on Economic Affairs, that the effect of immigration on the budget is broadly neutral in the long term (see page 25). However, large numbers add substantially to the pressure on housing and public services which take a long time to adjust. They also add, of course, to pressures on our environment.

Don't we need migrants to help pay for our pensions?

This is false. Immigrants themselves grow older so the only effect, even of very large scale immigration, is to postpone by a few years the impact of an ageing population. The real answer is that, as people now live longer, they should work longer. The Turner Commission on pensions dismissed the argument that immigration would help with pensions saying that "only high immigration can produce more than a trivial reduction in the projected dependency ratio over the next 50 years...and this would be only a temporary affect unless still higher levels of immigration continued in later years..." This view was endorsed by the of the House or Lords Select Committee on Economic Affairs in their report published in April 2008 (see page 25).

Won't EU migrants be so numerous as to exclude all others?

It will take some years to achieve Balanced Migration and there will have to be some flexibility on the way; the management of the inflation target could provide a pattern. Over the past ten years net immigration from the EU15 has been only 19,000 per year and we expect immigration from Eastern Europe to decline over the coming years. This makes it unlikely that EU migration will squeeze out all others.

Is it “racist” to apply limits only to non-EU citizens?

No. The basis for this is not race. If you are a French or German citizen of whatever race, you have free access to Britain.

Equally, if you are a non-EU citizen you do not have free access, whether or not you are white.

► Appendix A: The history of immigration

The huge scale of present migration should be put in the historical context of previous waves of immigration from across Europe and within the British Isles. For example:

- The Norman Conquest of 1066 consisted of about 10,000 troops of largely French extraction. The total number of Normans who settled in England was never more than 5% of the total population¹ (although their effect was greater because they became the country's governing elite).
- Huguenots (French Protestants fleeing persecution) came in two waves at the end of the 16th and 17th centuries. Their overall number is estimated to have been somewhere between 40,000 and 50,000, making up about 1% of England's population at the time.²
- Jews fled persecution in Poland and Russia in the 1880s and Nazi Germany before World War Two. About a quarter of a million Jews settled here, less than 1% of the total population at the time.
- Irish migrants came to England following the potato famine of 1845-49. Between 1841 and 1861 the number of Irish born adults living in Britain more than doubled (from 300,000 to over 600,000). By the 1880s, the Irish expatriate community in Britain is estimated to have stood at more than one million, over 3% of Britain's total population.³ Given that Britain and Ireland were one country at the time, this should be regarded as internal rather than international migration.

This is the backdrop against which recent large scale immigration should be placed. At present, net foreign immigration is running at 316,000 a year. That is 1% of our population every two years. The immigration of Huguenots and Jews amounted to less than 1% of the population at the time and were spread over 50 years or more. In other words, **the present rate of immigration is 25 times higher than we have experienced for nearly 1,000 years.**

A more recent example is the arrival of the East African Asians in the mid-1970s. They amounted to roughly 27,000 spread **over two years**. In 2006, net foreign immigration was over 26,000 **per month**.

1 Miles, D., *The Tribes of Britain*, page 236

2 Gwynn, R., *Huguenot Heritage: The History and Contribution of the Huguenot's in Britain*, Second Revised Edition, Brighton and Portland, Origin: Sussex Academic Press, 2001, page 2, footnote 2

3 See Winder, R., *Bloody Foreigners; The Story of Immigration to Britain*, London; Little, Brown, 2004, page 229

► Appendix B: The future of immigration from Eastern Europe

Unlike most EU partners, the UK did not impose transition arrangements on citizens of the new East European members of the EU and large numbers have arrived. However, we expect East European migration to come back into balance in three or four years. When Spain, Portugal and Greece joined what was then the European Community, immigration also fell back after a number of years.

The facts about migration from the eight new Eastern European member states of the EU are as follows:

- People are not recorded as they enter and leave Britain so nobody knows how many have arrived or left. However the best guess is that, in total, about one million people have come, about two thirds of them from Poland.
- 812,000 have registered under the Workers Registration Scheme (up to March 2008). After one year of registration they become entitled to the full benefits of the welfare state. However, some do not bother to register and the self-employed are not required to do so.
- 92,730 dependants also registered at the time the worker registered but others will have followed later.
- Registrations in 2007 were about 8% lower than in the previous year. Registrations in the first quarter of 2008 were 15% lower than in the same period in 2007.

The International Passenger Survey (IPS), admittedly on a small sample, suggests that a large number of these EU migrants from Eastern Europe do not intend to settle permanently in the UK:

- It suggests that in the period 2004 to 2006 there was a net inflow of only 60,000 a year.
- This amounts only to just under 20% of net foreign immigration but is almost certainly an underestimate.

There are many reasons to believe that immigration from these countries will decline in the coming years:

a) Economic development

There is a clear link between income per head in the countries of origin and the scale of migration. Incomes will rise in these countries as their economies integrate with the EU 15, leading to a decline in net migration. That is what happened after Spain, Portugal and Greece joined what was then the EC.

b) Unemployment

This is another important driver and is already declining in Eastern Europe. The unemployment rate in Poland has halved since 2004 to about 10%.

c) Demographics

In the two largest countries, Poland and Romania, the number of people reaching 18 will fall by 30% in the next ten years.

d) EU policies

By May 2011 all EU countries will have to open their labour markets to the first eight new members. At present labour markets in Germany, Austria and France are effectively closed. In January 2014 Romanians and Bulgarians will also have free access to all EU member states.

e) Exchange rate

Since 2004, the exchange rate for the Pound Sterling has fallen against the Polish Zloty. As a result Polish workers now get 40% less in their own currency for every pound they earn in Britain.

These factors point very clearly to a fall in the inflow of migrants arriving from Eastern Europe. Opinion polling by a Warsaw-based market research company has suggested that 10% of Poles will settle for good, 45% will stay for at least five years and 45% plan to return home within four years.¹ If these findings turn out to be accurate, the numbers returning home may quite soon counterbalance new arrivals and East Europeans will be in a similar position to the French or Germans – a community of several hundred thousand in Britain with roughly equal numbers coming and going.

We have based our calculations on more cautious assumptions – namely, that 25% of East European migrants will stay under a year; 5% will leave in each of years 1 to 4; 4% will leave in each of years 5 to 9; and 35% will stay permanently in the UK. Calculations on this basis, and on the assumption that the numbers arriving will fall off quite rapidly over the next five years, suggest that migration to and from the new East European members will come close to balance in three or four years. This assumes that any new members of the EU will be subject to tough transition requirements.

► Appendix C: The Confederation of British Industry's evidence to the House of Lords Select Committee on Economic Affairs

The Confederation of British Industry's (CBI) memorandum¹ and oral evidence contain nothing that conflicts with the Balanced Migration proposals in this document. The memorandum was clear about the aim of policy: "the CBI supports an approach to migration that balances the needs of the economy with social issues" (para. 26).

They recognised that "migration can provide a short term solution by filling skills shortages, but in the longer term the sustainable business solution is to strengthen the skills profile of the domestic workforce".

The CBI saw three advantages from immigration:

- a) That price inflation has been restrained as immigrants have raised the supply potential of the economy to match demand growth.
- b) The resultant labour market flexibility has been a significant part of the UK's economic success over the past two decades.
- c) Employee mobility has been a key pillar of this flexible labour market.

However, in terms of GDP per head, they did not claim that it is significantly positive. Instead, they believe that research has shown it to be "broadly neutral to positive".

As regards the Points Based System (PBS), their support rests on it effectively delivering the balance between the needs of the economy and social issues. They believe that a key benefit is its flexibility to adapt to the requirements of the labour market and the wider economy.

The CBI does not support annual target numbers or annual quotas. They prefer the Migration Advisory Committee (MAC) and Migration Impact Forum (MIF) to be used to guide the use of the PBS as an entry tool on a more flexible basis.

They are concerned that the level of English test might hinder intra-company transfers. They believe that Tier 2 should be a demand-led route.

They add: "However, the UK cannot rely on permanent net inward migration patterns; this is unsustainable for the UK and for countries of departure – which leaves the issue of resourcing shortages in the longer term unresolved...The high number of economically inactive UK-born people in the economy could provide a longer term solution. This would be good for society as a whole, as well as the economy, but requires investment in skills and support for the UK-born workforce...and extended working lives, so that actual retirement ages are more in line with the state pension age".²

► Appendix D: Summary of the policies of the Government and Opposition Parties

The Labour Government's approach: the early years

The direction of immigration policy was set for a generation by the 1971 Immigration Act. The broad policy, which had cross-party support, was to bring primary immigration to an end while working to improve race relations in Britain. The Labour Party's manifesto of 1997 was in the same vein. There was only a brief reference to immigration: "Every country must have firm control over immigration and Britain is no exception. All applications, however, should be dealt with speedily and fairly."

The manifesto continued with a promise to reform the marriage rules and to ensure swift and fair decisions for asylum seekers. The marriage rules were eased almost immediately after Labour won power, permitting the use of marriage as an immigration route.

Its next manifesto, in 2001, introduced the concept of economic migration but in vague terms: "As our economy changes and expands, so our rules on immigration need to reflect the need to meet skills shortages."

The Government's 2002 White Paper "Secure Borders, Safe Havens" included the concept of "managed migration". In June that year the Home Secretary, David Blunkett, announced that he had doubled the number of work permits to 150,000.

By December 2003, the Government argued that legal economic migration would "prevent people from seeking asylum when it is not asylum that they want, but a better life, offered through the massive expansion of the work permit system".¹ In reality, the countries which produced asylum seekers were quite different from those from which work applications were coming.

In May 2004, Mr Blunkett produced a new argument. "Migrants don't just come to fill jobs – they also create jobs and make an enormous contribution by setting up businesses, helping our economy grow and giving us a more vibrant culture".

By 2005, immigration had become a major issue in the General Election. The Labour Party's policy was as follows: "Our philosophy is simple; if you are ready to work hard and there is work for you to do, then you are welcome here. We need controls that work and a crackdown on abuse to ensure that we have a robust and fair immigration system fit for the 21st century that is in the interests of Britain".²

Visa applicants were to be finger printed. ID Cards were to be issued to all those planning to stay more than three months. And a new electronic borders system was to be introduced over the following five years. For the whole population there were to be ID cards, including biometric data, backed up by a national register and rolled out initially on a voluntary basis as people renewed their passports.

1 Hansard, 17 December 2003, column 1590

2 Labour Party Manifesto, 2005

Government legislation and reform: The later years

In recent years the Government have reformed our immigration system in an effort to regain control of our borders. However, the new arrangements have a fundamental flaw – there is no provision, or even intention, to limit the overall numbers. When these measures are in force, the Government will have the capability to implement a policy of Balanced Migration.

The reforms include:

a) Tightening border controls

- “Juxtaposed” immigration controls in France and Belgium.
- Stationing Airline Liaison Officers at overseas airports.
- Introducing visas containing biometric information.
- Screening pre-arrival data.
- Data sharing with foreign law enforcement officers.
- Combining Customs and Immigration into a single (uniformed) force.
- Re-introduction of checks on arrival and departure (but not until 2014).

b) Streamlining the asylum system

- A special fast track for clearly weak claims.
- Issue of biometric registration cards when claims are made.
- Increased effort to resolve long outstanding cases.

c) Strengthening removal capacity

- Increased resources, doubled over the three years to 2009/10.
- Bilateral return agreements with foreign countries.
- Tighter procedures for deporting foreign prisoners.
- Expansion of detention capacity.

d) Tougher measures on illegal immigrants

- Regulation of gang masters.
- Heavy penalties for employers of illegal labour.
- Inspection of educational establishments.
- Issue of ID cards to foreign nationals staying for more than six months.

e) Tightening up on marriages

- Increase the age of sponsorship to 21.
- Require an English language test.
- Action to discourage “sham” marriages.

f) Points Based System for economic migrants

- Free access for highly skilled, without a job offer.
- Overseas students allowed to work following graduation in the UK.
- Skilled workers with a job offer.
- Low skilled workers phased out.
- Students, cultural exchange etc admitted but with no route to settlement.
- Formation of a Migration Advisory Committee to advise on skill shortages.
- Formation of a Migration Impact Forum to report on the impact of migration on public services.

Conservative Party policy

Following the 2005 election, Conservative policy was reviewed and a document issued in November 2006.

This paper, confined to immigration rather than asylum, concluded that Britain benefits economically from immigration, but not all or any immigration. The paper suggested two stages. The first would make eligible for admission to Britain only those who would benefit the economy. The second stage would be to control the numbers with regard to the wider effects on society.

In most years this would result in a positive level of net immigration but the exact figure would only be calculated after an annual consultation exercise with a number of bodies, including local authorities, housing and public service providers. The expectation was that this number would be significantly less in respect of non-EU immigration.

The paper also called for a border force and a national debate on demographics, population levels and the distribution of population.

In October 2007, in his first major speech on the subject, David Cameron said that “we need explicit annual limits on non-EU economic migration, set at a level substantially lower than the current rate”. Depending on what is meant by “substantially”, this could be a significant step towards Balanced Migration. This was set in the context of a speech on the challenges of a growing population.

Liberal Democrat policy

The Liberal Democrats have said relatively little about immigration in recent years.

The agenda at their Annual Party Conference in October 2007 called for a “practical liberal approach to immigration” focussed on:

- Creating a system that works: efficient, fair and effective.
- Planning for the effects of managed inward migration.
- Promoting integration as well as immigration.

The Conference also called for “an earned route to citizenship” beginning with a two year work permit for irregular migrants who have been in the UK for 10 years, subject to:

- a) A public interest test.
- b) A long term commitment to the UK.
- c) A clean criminal record.
- d) The payment of a charge waived for those who have completed a set number of hours of service in the community for volunteering.
- e) An English language and civics test, or proof that the applicant is undergoing a course of education in these subjects.

► Appendix E: Possible ways to calculate the impact of Balanced Migration

Immigration statistics do not, by any means, give precise numbers, but a system of Balanced Migration would certainly have a substantial impact on the number of people who settle in the UK each year. There are two methods by which it is possible to calculate the numbers affected by this change.

Approach one

The number of people who entered the UK in 2006/7 under the Highly Skilled Migrants Programme (HSMP) and other schemes which will form **Tier 1** (the successor to the Highly Skilled Migrant Programme) of the Points Based System was 17,100. The Home Office estimated that, on average, each migrant was accompanied by one dependant.¹ In addition to this 14,900 people switched into the HSMP in 2006/7² and they too were accompanied by an average of one dependant. The total number of people who could apply for settlement in the UK eventually under Tier 1 of the Points Based System is therefore in the order of 64,000 people.

The number of people who entered the UK under schemes which will be incorporated into **Tier 2** (skilled workers who will need a work permit) of the Points Based System in the period October 2006 to September 2007 was 65,200 plus 32,400 dependants – a total of 97,600.³ Again, this total does not include those who switched into work permit employment whilst in the UK. In the period 2001-2005, 110,000 such work permits were issued in the UK compared to 320,000 issued abroad.⁴ The in-country applications therefore add roughly a third to the numbers; and on this basis the total number of people granted leave to enter/remain in the UK under work permit arrangements will be about 130,000, including dependants. Thus the total for these two Tiers was about 194,000.

Tier 1 and Tier 2 will see some tightening of rules compared with existing arrangements. The Home Office anticipated that this would reduce the numbers given permission to stay under Tier 2 by about 12% compared with current arrangements.⁵ Similarly there will be some restrictions on who is allowed to switch into Tier 1 compared with current arrangements.

However, if the overall reduction is 12% this would still add up to about 170,000 people a year being given permission to work in the UK or coming as a dependant of a person given permission (i.e. 64,000 under Tier 1 plus 130,000 under Tier 2 = 194,000 less 12% = 170,000).

1 Home Office: Border and Immigration Agency: Tier 1 Points Based System Impact Assessment – Presentation to the Migration Impacts Forum on 16 January 2008

2 Border and Immigration Agency response to a freedom of information request on 25 March 2008

3 Home Office Press Notice 6 May 2008

4 Report of the UK SOPEMI Correspondent to the OECD 2006 – Prof. John Salt – table 5.1 work permit applications

5 Home Office Press Notice 6 May 2008

Approach two

An alternative approach is to examine the International Passenger Survey data for 2006.¹ Before adjustment (for asylum etc.) this shows an inflow of 316,000 non-British/non-EU citizens of whom:

- a) 78,000 had a definite job and 22,000 were looking for work – making a total of 100,000 work migrants
- b) 74,000 were accompanying/joining – some of whom would be accompanying the WP holders
- c) 114,000 came for formal study
- d) 19,000 gave other reasons
- e) and 8,000 stated “no reason”.

If we assume that the ratio of dependants to Work Permit holders is 50% then we have 150,000 work-related migrants (point (a) plus 50%) from outside the EU (EU citizens do not need work permits).

We can further assume that those who came for formal study (point (c)) are largely temporary migrants.

If we ignore the 8,000 for whom no reason is stated, the work-related total is 150,000 out of 193,000 (points (a) plus (b) plus (d)) or 78%.

Clearly there is considerable uncertainty surrounding these numbers, but it would seem that, leaving aside students who distort the numbers, approximately three quarters of non-EU migrants come for work-related reasons.