

Home Affairs Committee

Oral evidence: [Immigration](#), HC 864

Tuesday 24 Jan 2017

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Members present: Yvette Cooper (Chair); James Berry; Mr David Burrowes; Byron Davies; Nusrat Ghani; Tim Loughton; Stuart C. McDonald; Mr Chuka Umunna; Mr David Winnick.

Questions 1-107

Witnesses

[I](#): Lord Green of Deddington, Chair, Migration Watch UK, and Phoebe Griffith, Associate Director for Migration, Integration and Communities, Institute for Public Policy Research.

[II](#): Professor Alan Manning, Chair, Migration Advisory Committee, and Madeleine Sumption, Director, Migration Observatory.

Written evidence from witnesses:

- [Migration Watch UK](#)
- [Institute for Public Policy Research \(IPPR\)](#)

Examination of witnesses

Witnesses: Lord Green of Deddington, Chair, Migration Watch UK, and Phoebe Griffith, Associate Director for Migration, Integration and Communities, Institute for Public Policy Research.

Q1 **Chair:** Thank you very much for coming to give evidence today. We want to concentrate our evidence session on the options for immigration reform for EU migration as part of the Brexit discussions and negotiations. I welcome both our panellists. May I start by asking you to introduce yourselves, and to tell us whether it will be possible to determine the new EU immigration rules separately from the trade negotiations, or whether you think those will end up being bound up together?

Phoebe Griffith: My name is Phoebe Griffith. I am an associate director at the IPPR. I lead a programme of work on migration and integration. Our view is that those two things are very much tied up, and that there will certainly be a trade-off between the levels of autonomy we have over controlling immigration from Europe and access to the single market. Therefore, it is a zero-sum game between the two scenarios.

Lord Green: Thank you for your invitation, Madam Chairman. I am Andrew Green. I have been chairman of Migration Watch for some time. What we would say on this particular issue of immigration and trade is that we would do much better to keep them separate. In the first place, it is not normal to negotiate your immigration system with a foreign country, but in this particular case we have to disentangle the existing system of free movement, so there is no alternative but to discuss how what is proposed is put into effect. Our difficulty is that there is very little we can offer in this particular field of immigration that would be of any interest to the Europeans, except, possibly, softening the access for east Europeans. To the extent that we do that, we reduce the extent to which we reduce net migration and therefore it is counterproductive in terms of the final outcome.

Q2 **Chair:** But lots of trade deals include discussions about visas, for example. Whether it be with the US or with India and so on, there are often a lot of discussions. Are you saying that you can have these discussions completely separately and that there won't be any trade-offs between the kinds of immigration, or reciprocal immigration, rules that are agreed and the eventual trade deal?

Lord Green: I think I ought to outline what we are proposing by way of an immigration system before I answer that, if I may, because one depends on the other.

Q3 **Chair:** I am going to come to that in a second. It is more the principal decision—do you think that it is possible for us to get a set of immigration rules agreed that will then have no impact on the trade arrangements, or would you recognise that whatever we end up concluding on the



HOUSE OF COMMONS

immigration rules will end up affecting the nature of the trade deals that we get?

Lord Green: In a sentence, immigration related to trade is likely to be highly skilled and therefore would fall into the requirement for a work permit. It is the rest that we want to see reduced, and therefore we would not want it tied in to a trade deal.

Q4 **Chair:** Just to follow up, as I understand it from your written evidence, your proposal is that you would have no visas. You would have work permits for high-skilled people coming from the EU, and then have a restricted system of low-skilled work permits based on particular sectors where there might be shortages. Is that correct?

Lord Green: Yes. We would base it on two principles. One is that we should minimise disruption with Europe because we are not leaving Europe. Therefore, we would like to see pretty well free access for tourists, for students, for the self-sufficient—so, retired people—and for genuine marriage. On the other hand, we would like to maximise the reduction in long-term immigration from Europe. For that reason, we would suggest work permits at an equivalent level of qualifications as we now have for outside Europe. That is why I say that that bit would naturally fall into a side pocket of a trade agreement. It should not be very difficult; we do not think the numbers very large. If you actually look at the figures, the scale of work permits that you might have to issue every year is of the order of 30,000 in order to sustain the level of skilled workers from Europe that we now have. By contrast, if you went for a system of that kind, you would be able to reduce net migration from Europe by about 100,000 a year. Those are the low-skilled, low-paid, mainly east European—not all—who would be cut out, as it were, by a work permit system.

Q5 **Chair:** On the high-skilled, would there be a restriction on the number of work permits?

Lord Green: That is for decision. We do not think that a restriction is necessary.

Q6 **Chair:** If it is not necessary, would you be able to run the same system without having any work permits at all, by just saying that for those salaries or those levels of qualifications, the employer doesn't need to get any work permits?

Lord Green: I think that would be even more difficult to administer than actually having a work permit system, so that, as far as the employer is concerned, he can employ in a skilled job anyone who has a work permit, whether they are EU or non-EU. That would be a viable system for an employer; it would also be a sensible system.

Q7 **Chair:** For the low-skilled, what impact do you think the restrictions that you are talking about would have on the economy?

Lord Green: Quite limited, for this reason, and it's an important reason. If you actually look at—can I call them A10? The east Europeans— A10 workers in Britain over the last 10 years or so, their number has not



HOUSE OF COMMONS

declined. In fact, it has increased, believe it or not; I can explain why, if necessary. The number still working here is not declining. Therefore, there is no reason to expect there to be a kind of cliff edge, so that, as we leave the European Union, suddenly all these guys go home and employers are struggling. There is no evidence for that.

The evidence is that once those workers come and work here, they stay, and arguably even when they leave they must surely have a strong incentive to stay with a well-paid job, earning four or five times what they get at home, and save some more money.

Q8 Chair: So what is your response to many of the trade organisations and employers, who say, particularly for example in agriculture, that this would have a very big impact on their sector?

Lord Green: Agriculture is a special case and it may well be necessary to do something in that respect. I am sure you are aware of the seasonal agricultural workers scheme—the SAWS scheme—that operated from about 1945 to 2013. It was very highly policed. I think workers were allowed here for about six months, and the people who recruited them were responsible for sending them back. A development of that system could certainly be considered.

Beyond the agricultural and perhaps horticultural world, I think things needs to be examined by industry, if you like. There are two aspects to consider: one is the actual number of such workers; and the other is their proportion in that part of the country and in that industry's workforce. That has not yet been done, but I imagine that the Government will do it.

Q9 Chair: Would you expect the Migration Advisory Committee to do that work and that assessment?

Lord Green: I don't see why not. They probably could do it, but it depends on access to HMRC's administrative data, which has not been made much available; it's been made available once, about six months ago, I think. So it would have to be done, more or less, from within Government, in order to compare HMRC's knowledge with the other published statistics.

Q10 Chair: What would your proposal be for the self-employed?

Lord Green: That is more complicated. We would want them to be able to come and be self-employed. We would want to make sure that they were genuine. You probably know that the Romanians and Bulgarians were rather good at being self-employed. So I think we would probably want there to be a pretty high threshold of income in order to qualify as self-employed, but that certainly is a potential loophole that would need to be looked at very carefully.

Q11 Chair: Ms Griffith, can you set out how your recommendations would differ from those of Lord Green?

Phoebe Griffith: Yes. I think we need to look quite carefully at the issue of, first, seasonal low-skill migration. Lord Green used a very important



HOUSE OF COMMONS

word, which was that other systems have had to be heavily “policed”, and that is for a very good reason.

For low-skilled migrants, the incentive to leave is very, very low—for obvious reasons—whereas for a high-skilled migrant the reputational and practical implications of having a visa denied in the future on the basis of having overstayed earlier, for example, are extremely high. You are part of a global elite that wants to be able to travel freely and look for jobs internationally, whereas for a lower-skilled migrant the imperative is very much to be able to access a job, and consequently their motivations tend to be much shorter-term.

Policing would therefore have to be very much heavier. Without that policing there are a number of risks. The primary risk would be that those migrants in particular would be much more vulnerable to exploitative forms of employment, because they would be highly dependent on their employer. That leaves a lot of scope for abuse of the system. We have already seen that happen in other schemes.

We also think that it has a huge impact on wider cohesion and integration outcomes. One of the big lessons of one of the most ambitious seasonal worker schemes operated in Germany was the fact that it created a pool of very detached migrant workers who ended up staying in the country and were never really able to access not just their full rights, but never became part of the mainstream of German society. If one of the ambitions of our immigration system is to promote integration and to ensure that communities become much more cohesive, seasonal low-skill migration is probably one of the worst ways forward, we believe.

Q12 Chair: So what do you think will be the most effective area of immigration reform?

Phoebe Griffith: One of the priorities for us is really to step back a little at this point. We believe that the net migration target has created quite a one-dimensional way of thinking about our immigration system. It is largely because the target does not distinguish between different forms of immigration. As we stated in our submission, we believe it does not take full account of the range of immigration coming into Britain and the impact that different types of migration have on our economy and our society.

We think one of the priorities moving forward should be to become much more disaggregated in the way that we think about immigration, not just in terms of skills levels, which is very important, but also in terms of forms of immigration that are effectively for work—labour migration—versus other forms of migration which do not see that as central.

Sitting suspended for a Division in the House.

On resuming—

Q13 Chair: Can I follow up, Ms Griffith? Do you think that restrictions using work permits are better than those involving visas?



HOUSE OF COMMONS

Phoebe Griffith: Visas do not necessarily give you the right to work, so I'm not really clear what the question is.

- Q14 **Chair:** My understanding of Lord Green's approach is that he was saying, "Don't have a system based on visas; have a system based on work permits instead," so that people would effectively be able to continue to travel unrestricted and would have to have not only a visa to come into the country—whether for tourism, to study and so on—but a work permit in order to work.

I am interested in whether you see a distinction between a visa-based approach and a work permit-based approach, and whether a work permit-based approach is preferable to a visa-based approach. Maybe you take a different view completely.

Phoebe Griffith: I am still a bit muddled because at the moment EU citizens can travel and work in Britain freely. That is not a distinction that we need to worry about now. I think what Lord Green was suggesting is that we should have visa-free travel for all EU migrants.

Lord Green: All EU visitors, not migrants.

Phoebe Griffith: All EU visitors. That students should be free to study in Britain, but for all migrants who want to work in Britain their access to the labour market should be dependent on a work permit. Most trade negotiations focus on visa. I guess this is us going back to basics because we have had such an expansive relationship with the EU, which is unique in the world. Whether it is NAFTA or other models out there in the world, they very much focus on visa-free travel rather than on access to the labour market, which is unique to the European Union.

Lord Green: It is worth mentioning that there is a practical aspect to this. There are something like 35 million arrivals from Europe every year, so to go through a whole visa process just because someone is coming to spend a fortnight in London would not be very sensible.

- Q15 **James Berry:** If I can just pick up on that point, there seems to be little dispute that we should allow visa-free travel to EEA residents, in the same way we do for American and Canadian citizens. So if there were going to be no sort of check at the border, as it were, the access you would be restricting would be access to the labour market and to welfare. Could you expand a little on how that would be carried out in practice?

Lord Green: Yes. Enforcement is a major problem, whatever you do. Secondly, you would have to enforce this through the employer, as we do now. Employers have a duty to make sure that their employees have a legal right to work, so it would be an extension to that, if you like. It is perfectly feasible, and an advantage is that employers would be operating the same kind of system as the one they already know; it is just that this would put EU highly skilled people through the same process.

Phoebe Griffith: I guess it is employers who are employing non-EU migrants, specifically skilled non-EU migrants—there is no route for unskilled non-EU migrants to enter Britain legally and work legally.

James Berry: No active route.

Phoebe Griffith: There is no active route. There is a route that is effectively closed. Therefore it would be a substantive change to the system, I think, for the reasons I set out, because the specificities of low-skilled migration are very different from those of highly skilled migration.

- Q16 **James Berry:** It seems to me that the most straightforward way to deal with EEA migrants is to put them in with the current system and then make any changes that are necessary, such as granting special rights of access or easier ways to access the UK for them and perhaps for migrants from countries we have entered trade deals with, which picks up on the Chair's point.

I want to come on to tier 2 visas, because it is a complicated process to get one for an employer. It is easier for an employer in a care home who wants to recruit 30 or 40 nurses from outside the EU, than for a smaller company that wants to recruit a few. Do you think there is a case for a new strand of tier 2 for migrants who have already gained employment but want to work in economically critical industries that require quite a high level of fluidity? I am thinking of biotech, banking and academia, where there is a lot of cross-border work, with people coming in and out. Going through the formality of a tier 2 migrant visa under the current requirements would be debilitating for them.

Lord Green: You have to have a system of enforcement. You have to have something that employers understand. There is no simple way to do this, so if you have a consistent manner of doing it I think that is probably best. A company employing the kind of people you describe should not have too much difficulty filling in a few forms. All forms are tedious, especially if you are an employer, but there is no other way—it has to be policed.

Phoebe Griffith: I guess there is a trade-off. On the one hand, adding that nuance to the tier 2 system would be incredibly useful because at the moment it is quite a crude, arbitrary system that very much relies on a salary threshold, which we have found constrains employers quite a bit. On the other hand, with nuance comes complexity and I think it is harder to police and it becomes less transparent, both for employers, particularly SMEs who will struggle to understand it, and for the public, who have been very clear about the fact that they want to understand the system and the rationale behind decisions around immigration, which at the moment seem very opaque and, given the levels of public scepticism and anxiety about the issue, are clearly not being effectively communicated.

Lord Green: The public have also been very clear that they want to see a reduction in the scale of immigration from Europe. The only way that can be achieved without damage to our economy is to have a system for the highly skilled but not to permit continued large-scale entry of the lower-skilled and unskilled. You have to keep that clearly in mind to get the outcome that this whole thing is, in some respects, about.

- Q17 **James Berry:** Yes. This is my final question. Lord Green, you talk about



HOUSE OF COMMONS

self-funders. I think that under tier 2 the cap doesn't apply to people who earn more than £155,000. Is that right? Do you think there is a case for allowing people who would be in the higher tax bracket, if they came here, easier access to the UK because they are much less likely to be a "burden", to use the word the press sometimes use, and they are very likely to have a highly skilled job if they are earning at that kind of level?

Lord Green: Yes, we already have that and it should apply to Europeans as well.

James Berry: In equal measure.

Lord Green: Yes.

Phoebe Griffith: High net individuals are not really the issue, to be honest. Any measures the Government can take to facilitate the arrival of people who are willing to invest in the country should be explored and considered quite deeply.

- Q18 **James Berry:** Sorry, I have one more question. Ms Griffith, just taking up Lord Green's point, I think there is something in the fact that if you look at surveys of what people's views are on migration, it is not usually people who are coming to highly skilled work—people who have already got jobs in the UK—that people are concerned about, even if they say they are concerned about the overall numbers. They are concerned more about low-skilled work. Lord Green has set out a proposal, not everyone will agree with it. If your mandate were to reduce low-skilled work from the EU to restore faith in the system, how would you go about doing it?

Phoebe Griffith: First, I would question a little bit the idea that the public have a very clear-cut view that, "We want to reduce immigration at any cost." The work that we have done, through focus groups and opinion surveys, suggests that the public have quite a nuanced view about different types of immigration. At the moment, that is not reflected in the system, because the conversation is framed entirely in terms of net migration. I guess that is one of the reasons why we think that is a very poor way of deciding policy.

The other important point is that the public are also very interested in the impact of migration, which is also something that gets missed out from the debate. That includes the impact on public services and on the labour market. That reductive way of interpreting public opinion on immigration in terms of, "We want to reduce it," is probably not the best place to start designing our policy. It is very important to think about public opinion being more nuanced and more differentiated in the way that—

- Q19 **James Berry:** Okay, well, we will explore that in more detail in this inquiry. If we just take as a given starting point—which you may or may not agree with—that the public would like to see some reduction in migration and that they think the most sensible place to reduce migration without damaging the economy is to reduce it in the area of low-skilled work, the majority of which comes from the EU, how would you go about doing that?



HOUSE OF COMMONS

Phoebe Griffith: IPPR has put forward a proposal, which is to start from the premise that we should try to negotiate an emergency break. That would take into account the differential impacts of migration, which links to my previous point. The emergency break should apply to immigration from the EU where there is evidence that immigration is having either a direct impact on key sectors of the labour market—that is, it is actually leading to decreased terms for UK native workers—or a considerable impact on localities where we can see that, as a consequence of EU migration, infrastructure, public services and broader social cohesion are being affected disproportionately.

Our view is that that is an option that should be considered in the context of the negotiation, because it is the option that is going to put us in the strongest position vis-à-vis the European Union. But it also takes account of what the public are saying, which I don't think is as crude as, "We want less immigration."

Q20 **Chair:** Is there a particular area you would envisage that having an impact on now, or a particular sector that you think would justify it?

Phoebe Griffith: One of the really striking things about EU migration is that we have not monitored it that closely so far. Step one is to get evidence. A lot of the conversation about the impact of EU migration is done at an aggregate level—what is the impact on our GDP, on overall wages?—but we have done much less sectoral and regional analysis about the impact of EU migration. It is very clear from the evidence that parts of the UK have seen a disproportionate increase in the numbers of EU migrants coming to live in the area, and that has obviously had a substantive impact on the way that immigration has been received locally.

There is also evidence about specific sectors where British workers have suffered—for example, self-employed construction workers. It is quite difficult to regulate, but nevertheless there is evidence that terms of pay have actually suffered. There is also evidence that there are sectors in the labour market that have been skewed towards a form of EU migration that is, to be honest, quite exploitative. Inevitably that has had an impact on UK workers, even if they are not active in those sectors, which tend to be below the radar, where there is limited scope to do direct scrutiny. Nevertheless, through the emergency brake, you would be able to tackle some of the drivers for that.

Q21 **Chair:** And would the emergency brake apply just to those sectors? Would it just be work permits in those sectors?

Phoebe Griffith: I think you would have to regulate those sectors much more closely and actually apply the work permit system to those sectors.

Lord Green: If I may just comment on work permits, we have already seen that they were unacceptable to the European Union in the previous set of negotiations. As the Government have now decided that we are leaving the single market, they are no longer relevant, in our view. In any case, they would be extremely difficult administratively to put into effect.



HOUSE OF COMMONS

You would have to have even more administrative capability than for any proposal that we have made.

- Q22 **Mr Winnick:** Lord Green, you are a regular to our sessions when we are conducting inquiries into immigration. I want to narrow the questions about immigration that have been put so far by my colleagues, to the issue of free movement of labour. First, as far as your organisation is concerned, have you been opposed in principle as well as in practice to the free movement of labour, on the basis of our membership of the European Union?

Lord Green: In the past, you mean?

Mr Winnick: Yes, up to now—continuing, in fact.

Lord Green: No, not at all. Free movement of labour was the deal. We would have had no difficulty with it at all. What happened, of course, was that the scale of free movement ran out of anybody's expectations from 2004 onwards. You will remember all that. When you find that you have an inflow of the order of 100,000 low-skilled people a year, that is a new situation, and our proposal, as I outlined, was that we should by all means have European migration—indeed, migration in both directions—but the inflow should be limited by the imposition of work permits on the same basis as those for non-EU.

- Q23 **Mr Winnick:** But membership of the European Union is based on the free movement of labour, capital, services and money, as you know.

Lord Green: It was, yes.

Mr Winnick: So it is not a question of the numbers. In fact, is it not the case that when the previous Prime Minister was negotiating to see whether a deal could be arranged before the referendum took place, the other countries showed no flexibility whatsoever over free movement? Therefore, my question back to you, arising from your answer, in which you said that the numbers were so much higher, is: basically, your organisation is opposed to the free movement of labour—all the more so, presumably, for the reasons you have just stated.

Lord Green: Yes, in a sense. We don't have free movement of labour from the rest of the world.

Mr Winnick: No, apologies—I mean, of course, connected with the EU.

Lord Green: We don't believe that continued free movement of labour with the EU, our having left the EU, is desirable, feasible or necessary. Does that answer you?

Mr Winnick: Sorry, if we leave the EU?

Lord Green: The proposals we have made are on the basis that we shall be leaving the EU and therefore we would apply work permits to all EU workers and not grant them to those who did not have the necessary skills.



Q24 Mr Winnick: So presumably your organisation—how you voted in the referendum is your business. But one assumes, from the answers you have given, that your organisation is opposed to continued membership of the EU because of the influx of such large numbers of people on the basis of free movement of labour?

Lord Green: We took no view on the referendum, nor did we campaign on either side. Our aim was to try to get the facts understood in relation to immigration. I don't think they were understood. Frankly, I think both campaigns have a got a lot to answer for in campaigning on matters that were miles away from the facts. As far as our own organisation is concerned, we don't have a view on that. Individuals actually voted in rather different directions, as everywhere else.

Q25 Mr Winnick: Ms Griffith, do you take a similar or opposing view? I am referring to EU membership—whether we stay in or not.

Phoebe Griffith: During the campaign, IPPR did not take a position on the referendum. Before the campaign, IPPR did write up a series of research projects on freedom of movement. Our overall position was that freedom of movement was desirable, that it was fundamental to our membership of the European Union. Nevertheless, we have for a long time put forward the view that pressures were being generated by freedom of movement—pressures that resulted from the fact that the UK is different from other EU member states. It is not just our welfare system that is very different, but it is also our labour market. Our labour market has not only been buoyant; it has generated the types of jobs that migrants find very accessible: jobs that have low barriers of entry and that have tended to be in the low-skill sector.

My second point is that we have always said that the pressures being generated by freedom of movement should have been addressed a long time ago, and that this was really a failure of public policy rather than a failure of freedom of movement per se. There has been very little effort to communicate effectively to the public. Efforts to address the pressures faced by certain communities were very modest in relation to the scale of EU migration. Finally, the pressures generated in the labour market in particular sectors were not clearly understood and were therefore not addressed as proactively as they should have been. That has been our position.

Q26 Mr Winnick: Lord Green, you argue as an organisation—indeed, it is the motivating force for the organisation—to substantially reduce immigration; otherwise, presumably, Migration Watch would not exist. When the previous Prime Minister gave a pledge that the incoming Government of 2010 would reduce immigration from the hundreds of thousands to the tens of thousands—and we know that nothing of that kind has occurred—did you at the time believe it was at all realistic?

Lord Green: Yes, we did, and for a time it seemed to be realistic. When the pledge was made, there was almost no net migration from the European Union and non-EU was at about 150,000. In the first two years it came down to about 130,000 or 140,000, so it was coming down but it



HOUSE OF COMMONS

didn't come down any further and then we had a very large increase in EU migration. As you rightly say, for 15 years we have been pointing to the likely problems stemming from very large volumes for immigration, wherever they come from.

- Q27 Mr Burrowes:** Can I turn to the land border between Ireland and the UK? In her speech on 17 January, the Prime Minister said, "We will work to deliver a practical solution that allows the maintenance of the common travel area with the Republic, while protecting the integrity of the UK's immigration system." How do you think that is going to be achieved?

Lord Green: It is going to be extremely difficult. It will depend on the detail. Quite a lot of it will need some very private discussions with the Irish and with the Commission, and it will be very technical. I can't say more than that at present.

- Q28 Mr Burrowes:** Do you have any thoughts on the detail?

Lord Green: Not at present.

Phoebe Griffith: I agree that it is going to be very difficult. I think it is going to create some perverse incentives in our immigration system. Not only is it going to be hard to police the border; I think it is going to create a difficult dynamic within our own country. It is going to be hard to adjudicate on who is or isn't entitled to work in the UK as a consequence. So I think it is going to create a huge problem, yes.

- Q29 Mr Burrowes:** And what about the risks of exploitation of the common travel area? There is a view—I can quote the article where a diplomatic source familiar with Brexit discussions claimed that the numbers of EU citizens wanting to come and work illegally in the UK "would be very small" after Brexit. That is the first issue; perhaps you can comment on that. The other issue is that the House of Lords European Committee recently expressed concern that the divergence would cause organised crime to be exploited through the CTA and, indeed, human trafficking as well. So there are three areas.

Lord Green: Well, those risks clearly exist. One major distinction, of course, is that there is some sea between us and Ireland, so there are greater possibilities of surveillance of movement from Ireland to the mainland of the UK than there would be, for example, in relation to Scotland.

Secondly, we can, I think, look to the Government of Ireland to co-operate so far as they can for domestic reasons, because it is very strongly in their interest that a way forward should be found, not least because of its implications for the settlement in Northern Ireland.

I would add that the Governments of the European Union believe correctly that they played a valuable part in the Good Friday agreement. They do not want to see that unwind. The Irish Government do not want to see it unwind. It ought to be possible to find some way through this, but at this range and this level of generality it is hard to go further.



Phoebe Griffith: I can't comment.

Q30 **Mr Burrowes:** You don't see any risk in terms of a back door for migrants to subvert immigration controls?

Phoebe Griffith: The evidence is there to suggest that immigration controls increase the likelihood that you will have more undocumented migration. I guess that has been one of the obvious advantages of having freedom of movement within the European Union. That has not only led to people working legally, but contributed to our economy much more, because they have paid into the tax system. That is a truth.

A lot of it depends on what happens in Europe as well. The incentives to leave Europe might change depending on what happens in the eurozone, particularly in countries such as Spain or the other countries in southern Europe.

Migrants make rational choices. There are big wage differentials, but for your average EU migrant the standard of living in Europe is comparatively high. The sacrifices that you have to make to migrate are great. A migrant who has the choice to work legally in Britain will obviously make that choice on the basis of the higher burden of risk. Making that choice on the basis of coming to work illegally in Britain, the risk factor is much, much greater. So there are lots of moving pieces to that and much of it is out of our control, to be honest.

Lord Green: But under our system, they would be free to come direct to England anyway, so there is no point in any EU citizens going through Ireland. I am not talking about goods, but individuals. In relation to non-EU, it has been the case that Irish border controls have not been, shall I say, inconsistent with ours.

Q31 **Byron Davies:** One of the popular areas of discussion is seasonal labour—particularly skilled seasonal labour—in sectors such as agriculture.

Phoebe Griffith: Unskilled.

Byron Davies: Unskilled, I beg your pardon. If the UK does restrict movement of EU citizens, how do you think we can address this?

Lord Green: First of all, for the reasons I have described, we have to get the numbers down. But there is a way forward that will meet the needs of farmers without necessarily adding substantially to long-term migration. It is the seasonal agricultural workers scheme that I mentioned.

May I draw the Committee's attention to the New Zealand scheme which has been described as a model of best practice by the World Bank? In absolute summary, that permits seven months' work in any 11-month period. The employer must take reasonable steps to recruit local workers. They must pay the market rate of pay. They must pay half the return air fare and the full cost of repatriating overstayers. That in summary is what their system is.



HOUSE OF COMMONS

As I mentioned, we have had a system somewhat like that for many years. This would be a way forward and I think it should be negotiated with the NFU and others.

Phoebe Griffith: I think that focusing exclusively on farming would be very short-sighted, particularly in London. Levels of migrant dependency in certain sectors are acute. I have some statistics here: for example, 35% of people working in residential care in London come from countries outside the EU, but in construction in London 33% come from within the EU. So there is a whole spectrum of different levels of dependency that we will have to take into account.

In terms of the reasons why these sectors have become very dependent: they are different. In the case of agriculture, it is because profit margins are becoming so small as a consequence of supermarket price wars that access to EU migrants who can come and work seasonally probably makes the difference between viability and unviability. We would need to think carefully about the implications to those sectors. Other sectors have experienced the direct consequences of Government cuts, particularly in care and health. Training budgets in the health profession have suffered substantially. We will need to think about the fiscal implications of addressing some of those significant labour shortages.

Just making a decision on the basis of wanting to set up a temporary migrant scheme is probably short-sighted. There are other things that need to be thought about, such as implications for levels of integration and how migrants fit into their communities. Obviously, seasonal migrants tend to be very detached. Finally, there are the risks associated with exploitation, which are considerably higher for low-skilled migrants: that is problematic for migrants, but it also impacts quite heavily on domestic workers in those sectors in particular.

Q32 **Byron Davies:** It has a lot of regional implications as well, which makes it quite difficult to manage, I guess.

Lord Green: Yes. There is a lot to work through here. Our point is that you need a broad policy approach, and we think we have set that out.

Q33 **Mr Umunna:** Can I go back to this issue of the net migration target? I think there is broad consensus that however you voted in the EU referendum last year, there is a desire in all parts of our country for more control over our immigration system. But does it not undermine the sense of control to persist with a target that you continually fail to meet, Lord Green? You were asked about that in the past tense. You supported it when it was introduced. How can you carry on supporting a target that—even if you take EU citizens out of the equation—Government is not going to meet?

Lord Green: Has not met. We certainly have supported the target, and we continue to do so for these reasons: one is that it is a very effective means of focusing public opinion on an issue that we think needs some attention. Secondly, it introduces an element of—can I call it democratic accountability? This is in the sense that because people are aware of this



HOUSE OF COMMONS

target committed to by successive Governments, the Government feels to some extent that they need to address the issues that flow from it. So this is now firmly in the public mind. I am not sure that it would be helpful for a Government—whichever one it was—to abandon it.

Mr Umunna: With the greatest of respect, it is an effective means of undermining people's confidence in the system. It is ludicrous to suggest that somehow it has helped achieve the target, because the target has so far never been met.

Lord Green: It certainly underlines the failure of Government measures to reach the target that they set. That is clear.

Q34 **Mr Umunna:** But what organisation sets itself up to fail, year after year after year? That is a stupid thing to do, surely.

Lord Green: Yes, if that were the case. But I am not sure that it is.

Q35 **Mr Umunna:** So they haven't failed year after year after year to meet the target?

Lord Green: I am saying that in the future that may not be the case, for a number of reasons. One is that the proposal that we make will reduce net migration by about 100,000 a year, for a start, so that brings you a good deal closer. What happens then depends on a whole range of issues. You know as well as I do how complex this is, but in terms of actual net migration from Europe, if you are talking about skilled people, over a period of years, net might not be very great, because they come and go at that level. You may well get back to the situation that we had right up until 2004, where there was no significant movement of people between Europe, as it then was, and the UK.

Q36 **Mr Umunna:** But even if you took out the EU citizens, you would still have migration from non-EU countries running beyond the tens of thousands.

Lord Green: Yes, you do; exactly. That is, in a sense, the next problem. The problem with that has changed in the last year, in that we are in a very uncertain situation in respect of the numbers. As I am sure you know, in terms of the passenger survey, 60% of net migration are students, on the present numbers; 25% work, and 15% are family. You probably know that the exit checks are showing a larger number of students leaving than had been previously recorded in the passenger survey. What we do not know is whether the issue in question is the overall outflow or its composition. In other words, are more people leaving than we thought, or is it simply that of those who are leaving, the same number, more are students than had been shown?

Q37 **Mr Umunna:** The problem is that many people for whom this is, understandably, a big issue will just think, "You promised to reduce migration to the tens of thousands." You have just spent two minutes explaining to me why it is uncertain, complicated and the rest, so why persist with this nonsense, given all the uncertainty, that you are going to be able to meet an unachievable target?



HOUSE OF COMMONS

I get the desire for more control. When I first started working for my predecessor in his constituency surgeries and saw some of the chaos around how the asylum system worked, I understood the need and why people wanted more control. What I do not understand is why we set ourselves up, by having this unachievable target, to continually undermine the confidence that the public have in this place and in Government to control the numbers.

I am not getting very far with you, Lord Green, so I will ask Ms Griffith. Please explain to me why this Government maintains this ludicrous target it cannot meet, year after year after year.

Phoebe Griffith: I am not in a position to do that, because we have criticised the target ever since it was introduced. We acknowledge the fact that it increases transparency, helping public accountability and helping Government understand the objective across Government. However, I think it has created a whole set of quite perverse incentives, particularly because it clusters migrants into one single figure.

One of the obvious incentives is that it has led to very severe restrictions on forms of immigration that, for most of us and most of the public, seem unquestionably to contribute, particularly international students. I was interested to hear Lord Green question the figures on overstaying, which is a piece of work that we did. We were concerned that some very big and quite draconian decisions were being made on the basis of quite inflated figures for student overstaying.

The second perverse incentive that we have detected and are concerned about—we have discussed it before—is that it is driving policies that consider transient, seasonal, temporary migration to be the preferred option. There are reasons why that makes sense, but there are some very important reasons why it does not. One is that we want to be an integrated society. Within the system, the balance has definitely tipped in favour of ensuring that people cannot settle in Britain, and therefore do not have a huge incentive to integrate. The system could be used to do exactly the reverse: put in place incentives through the visa system to ensure that people invest in learning English and participating in our labour market.

Q38 **Mr Umunna:** That is eminently sensible. Can you help me with another problem I have with this Government? I have a lot of problems with the Government—

Tim Loughton: It is entirely mutual.

Mr Umunna: My colleague Mr Loughton says it is mutual. The other issue we have taken evidence on is the situation of EU citizens. I will come to Lord Green on this as well, as you can help us. We have had the Immigration Minister come and give evidence to us and say that the Government will not guarantee EU citizens currently here the right to stay before we get reciprocal rights for our citizens in the other 27 member states. Most people would think, "That's kind of sensible and reasonable."



HOUSE OF COMMONS

I then asked him, "Do you know who the EU citizens are who are in this country?" to which the answer was, "No." I asked, "Do you know where they are located, the EU citizens who have not hit the five-year qualification for permanent residence?" He said, "No, I don't know where they are." I said, "If you are not going to guarantee them the right to stay and, therefore, there is a possibility that you are going to remove them from the United Kingdom, how on earth are you going to get rid of these people, if you don't know who they are or where they live?"

He did not really have an answer to that question. Can you please explain the ridiculous negotiating position that is basically smoke and mirrors that the Government has adopted? You are an expert and I respect experts. I wonder whether you might be able to tell me.

Phoebe Griffith: What was the question? Why has the Government decided to do something that seems so—

Mr Umunna: Why make a threat that you can't deliver on?

Phoebe Griffith: I guess it is a negotiating strategy of sorts.

Q39 **Mr Umunna:** Do you think that negotiation by threat works?

Phoebe Griffith: I think it would put an issue on the table that probably would not have been on the table. EU member states were perfectly prepared to reciprocate if we were to guarantee the rights of EU citizens in Britain—*[Interruption.]*

Mr Umunna: The other members of the Committee can question you when their time comes: please go on.

Phoebe Griffith: Please correct me, but I have yet to see any evidence of EU member states using that as a way into weakening the British position. I do not see why they would want to, for the same reasons that we would not want to cause huge levels of anxiety and insecurity in our case. We are on the strong side. In the main, it has been young, mobile, often very skilled migrants who have come to Britain. The reverse is not the case. On this question, I think we should have been on the front foot and been prepared to make concessions.

Q40 **Mr Umunna:** Thank you. It would be remiss of me not to go to Lord Green, so why should we cause stress and upset to EU citizens and British families who may have EU citizens as part of their families? What is the point in all of this?

Lord Green: As you know, we have offered to the European Union an early negotiation on this and they turned us down. They said there would be no negotiations until article 50 is triggered. So the ball is in their court—No. 1. No. 2, we have a serious responsibility to more than 1 million British citizens in the European Union.

The situation is extremely complex in 28 different countries. We have a responsibility to those people and it can only be dealt with by what does not need to be a terribly difficult negotiation, as you said, Phoebe. We do



HOUSE OF COMMONS

need to sit down with the 27 and see what the issues are and how they can be resolved. That seems to me entirely sensible.

- Q41 **Mr Umunna:** Lord Green, let me ask you the question I asked the Minister. If we do not give EU citizens currently here, who have not reached the five years, the guarantee to stay and we ask them to leave, do you know where they all are? Can you advise the Government on how they will remove all the citizens of the EU in our country—not British citizens, obviously? How are they going to find these guys?

Lord Green: First of all, it is not likely to arise but that is not an answer to your question. It is going to be necessary, whatever happens, to issue documents to European citizens in Britain to reaffirm their right after five years' residence to stay here indefinitely.

- Q42 **Mr Umunna:** I am talking about the people who have not reached the five years.

Lord Green: I understand that. They are going to have to offer this document, probably a biological bit of paper [*Interruption.*] Thank you, biometric—biometric residence permits. That is what I was looking for. They are going to have to offer that to all Europeans and, therefore, will assume that those who have been here five years will pop up and say, "I would like one." In terms of identifying the rest, it is probably not possible.

- Q43 **Mr Umunna:** So it is an empty threat, isn't it?

Lord Green: Not necessarily. It may be that we will have to introduce some means of checking people through HMRC or whatever. I don't think it is going to happen, frankly.

- Q44 **Mr Umunna:** So it is all a bit of nonsense really, isn't it?

Lord Green: Yes.

- Q45 **Stuart C. McDonald:** I just want to follow up on my colleague's questions about the net migration target. Lord Green, am I right in thinking that the number 100,000 as a target appears to have been plucked out of thin air? I cannot see any science behind that at all. As Phoebe Griffith has said, it is responsible for creating a heck of a lot of anxiety every time it is missed; it has driven a heck of a lot of pretty nasty policies as regards students, spouses, refugees and so on; and it also has this ridiculous one-size-fits-all flavour to it. In five years' time if the only migration movements that the United Kingdom saw were a million people leaving Wales to go abroad and 901,000 folk coming from abroad to live in Maidenhead, Theresa May would have met her net migration target. What is the science behind it? It is utterly arbitrary.

Lord Green: It is easy to make that kind of point—there is something in it. As a matter of fact, over the last seven or eight years, within Government it has been an extremely valuable tool, because it has enabled the Home Office to say to the other Departments, "We need this, that and the other, because we have this target to meet." That has, I think, been quite effective.



HOUSE OF COMMONS

- Q46 **Stuart C. McDonald:** What about Phoebe Griffith's point that in actual fact it has driven some policies that otherwise would have been utterly unacceptable? For example, now you have some of the most draconian policies in the OECD in relation to spouse visas and financial thresholds, which mean we have 15,000 to 20,000 families out there who previously would have been able to have both parents in this country but just because of that net migration target, they now do not. It is a driver of bad policy because these are easy targets. Students are easy targets as well. By having this artificial, utterly arbitrary target, policies have been introduced that otherwise—no member of the public that I am aware of would support these financial thresholds.

Lord Green: Well, the other way of putting that is that without a target, immigration would have gone even higher even faster—I believe that probably is true. If you think that 330,000 a year is a problem, try 500,000. Where do you stop?

- Q47 **Stuart C. McDonald:** Why 100,000 though? When you introduce a target, shouldn't you have some sort of science behind what you are trying to achieve, rather than just picking a number out of a hat?

Lord Green: You cannot have science in this, but the calculation at the time was that this was a feasible level to get it down to over whichever five years they were looking at. At the time, it was a sensible and credible aiming mark, if you like. It has not worked, because the numbers have shot up, but they would have shot up a lot further without the target.

- Q48 **Stuart C. McDonald:** What I was going to ask you about was regional variations and the potential there. I will go to you first again, Lord Green, because I suspect we are probably not going to see a meeting of minds here either. You said in a paper that I read that you wouldn't support a significant variation between different regions and nations of the United Kingdom, but in the paper that you have sent to us, you do propose having some of the permits reserved for Scotland. Is that right?

Lord Green: Yes. I think that the first thing to say about Scotland is that we need to take seriously whatever needs there might be in Scotland, but they have to be genuine needs, not just grievance needs, if I may put it like that. Each of these aspects needs looking at. The population arguments are pretty thin. The need for skilled labour is no higher in Scotland than in the UK—in fact, as a proportion it is somewhat lower—but, that said, if you are introducing a new system or expanding the system of work permits, it should be done in a way that takes account of the needs of each region and country in Britain.

- Q49 **Stuart C. McDonald:** How did you come to your analysis that 2,500 permits was all that was required to meet the needs of Scotland's economy?

Lord Green: We took the proportion of tier 2 visas that went to Scottish-based companies and added 500, I think.

Stuart C. McDonald: Pretty broad-brush.



Lord Green: Oh yes.

- Q50 **Stuart C. McDonald:** One of the reasons that you offer for not seeing broader variation between nations and regions is that it would create a back door. When you were talking about Ireland earlier on, you sort of gave the game away, in the sense that the front door is absolutely open. Having a more liberal visa regime in Scotland is not creating a back door to England if, under your scheme, people can already just fly straight into London or wherever else, as visitors or students, and work there. Why would you see a more liberal regime in Scotland as somehow being a back door to England?

Lord Green: They can fly to Scotland, England or wherever they like, but they can't work legally.

- Q51 **Stuart C. McDonald:** Sure, but nobody is going to go through the process of getting a job legally in Scotland only to work in the black market in England, if all I need to do is turn up on a plane as a visitor in England. It doesn't make any sense.

Lord Green: It rather depends on what your alternative is. What we are saying is there should be a consistent policy on immigration as a whole, for the UK as a whole, and similarly on work.

- Q52 **Stuart C. McDonald:** We dispute that, obviously. We have a different view of the demographic and economic needs of Scotland's migration policy, but hypothetically, if it could be shown that there was a need for a significantly different system for Scotland or another constituent part of the United Kingdom, would you still be opposed to a significant variation in policy?

Lord Green: Yes, I would, certainly.

Stuart C. McDonald: And is that for practical reasons?

Lord Green: Absolutely, I would. If it could be shown that there was a significant need of some kind, then it should be met within the UK system. That is quite different from saying there should be a different system in Scotland.

- Q53 **Stuart C. McDonald:** Let us explore what that could look like. Would you, for example, say that applying different thresholds—financial thresholds, say, salary thresholds—might be one way of doing it, so you are still operating within the UK system but with variations in terms of financial thresholds?

Lord Green: I think we should examine the evidence for that.

- Q54 **Stuart C. McDonald:** Would you be sympathetic if the Scottish Government wanted to re-introduce the post-study work visa?

Lord Green: Well, yes. Again, you need the same system for both, but again, it should be possible within a UK system—indeed the present UK system—to meet a requirement if it is a genuine one.



Q55 Stuart C. McDonald: Phoebe Griffith, I think IPPR is probably slightly more sympathetic—in fact, much more sympathetic.

Lord Green: I thought I was very sympathetic.

Phoebe Griffith: We have been exploring the feasibility of a regional system in light of the referendum, and the reason is this: the referendum provided a very clear picture of the fact that attitudes towards this issue are very diverse across Britain.

We know Britain is a small country, a point that people who are concerned about migration make recurrently, but Britain is also a very diverse country; the needs of our labour market are very different in different parts of the UK, and the demographic reality of the UK is very diverse. For that reason, we think it makes pragmatic sense to have some kind of regional flex within our system that currently does not exist. One of the reasons we think this is worth exploring in detail is the fact that we probably have more tools now at our disposal to make sure that the system works, is enforceable and therefore enjoys a level of public trust.

Biometric residence permits have been introduced. The responsibility to check status has been devolved to everyone from bank managers to landlords, so a lot of this is happening at a much more localised level anyway. We think that by regionalising at least an aspect of our immigration system, we embed immigration much more within a wider conversation about, say, industrial policy, or regional economic regeneration, or the expansion of the higher education system, which in a sense is the dog wagging the tail.

That is one of the reasons why we are so critical of the net migration target. Immigration numbers start determining all policy decisions and, while I acknowledge the need for the Home Office to have a strong say on the issue, it should not have a veto over immigration policy because immigration is a very complex issue. It is an issue that touches on every aspect of our economy, our communities and also our higher education system, which, after all, is one of our most successful export sectors. It seems absurd the way we are running things at the moment.

Q56 Stuart C. McDonald: Finally, you set out your proposals, which I would certainly welcome, in your paper for this Committee. If you take the view that free movement of people has been, overall, a positive for the country—I would say it has been a positive for Scotland, and indeed has given all sorts of opportunities for people in this country to travel throughout the European Union—is there any reason why you could not say, “Okay, free movement of people continues to apply in Scotland, even if not in the rest of the United Kingdom”?

Phoebe Griffith: It would have to be more restrictive than it is at the moment in order to ensure a level of enforceability to the system. Yes, if it is politically uncontentious and there is a real economic case to be made around free movement, I struggle to think why you would want to discount that as an option outright.

Lord Green: May I add a few points on these regional ideas, several of which are floating around?

Chair: I think you were just asked about that.

Lord Green: In relation to Scotland, but we also have London and various other ideas that are floating about.

Chair: Very briefly.

Lord Green: Yes, briefly. Nearly all of these ideas are put forward by people with very little interest in controlling immigration and less still in reducing it. All of them would be more bureaucratic than the present system. All involve anomalies, whereby a company just outside the area you are talking about is at a disadvantage compared to one a couple of miles down the road. They would all be confusing for employers, who might have a variety of plants, but some would have this and some that. There is every risk of immigration running out of control again as soon as you lose central control. We have seen before, in 1998, what happens when you do that.

Q57 **Chair:** If you had different systems in different parts of the country, why would that have numbers running out of control?

Lord Green: Because it depends on who had the authority to issue the work permits. That is why I think it is essential to have central control.

Q58 **Chair:** It is not a problem in principle.

Lord Green: It's a problem in practice.

Chair: It is simply that you don't trust the people who have put those proposals forward.

Lord Green: Once you do that, you will get very heavy pressure from employers and others to expand the system. There is always pressure on the immigration system, and this would be a serious weakening of it. It would also make it very difficult indeed to enforce, for reasons that are obvious.

Q59 **Chair:** The current system that we have for tier 2 involves having work permits in different parts of the country. They have to be sponsored, and if there is a breach, the sponsoring employer can lose their ability to sponsor again in future. You proposed introducing that system yourself for EU residents in future, so presumably you think that is an enforceable system.

Lord Green: Under central control, yes.

Q60 **Chair:** What's the difference between having central control of the numbers and having different decisions at regional level on the numbers?

Lord Green: One is controlled and the other isn't. You would find that in the regions there would be all kinds of reasons why they would want to



HOUSE OF COMMONS

expand the intake, and you would find very quickly that the numbers shot up.

- Q61 **Chair:** Surely that's a difference of view you have potentially with different regions, as opposed to a problem with the enforcement.

Lord Green: It is both.

- Q62 **Stuart C. McDonald:** If Scotland decides that it is actually reasonably comfortable with the level of migration just now, or even wants to increase it slightly, why not just let it do that? If that causes a problem for your net migration figures, remove Scotland from the scope of the net migration figure, because it is not a healthy one. I don't know whether anyone has made any analysis of the effect of the UK meeting the net migration figure on Scotland's population, but it would not be a good one. Why not just remove Scotland from the net migration target? We then get to do what we think is right for that part of the United Kingdom, and it does not have to trouble your precious net migration target.

Lord Green: The key word was "slightly".

Stuart C. McDonald: A few more people in Scotland is not a problem for you.

Phoebe Griffith: One clarification on our proposal: I don't think we are proposing that controls and visa policy should be devolved. We are proposing that the target should be set by the regions—not imposed by Marsham Street, but negotiated with the regions. It should have a regional flex. It is different and a mix.

- Q63 **Chair:** You may have a different view, Lord Green, on what the different targets and measures should be. The question is about whether this is practicably deliverable and enforceable. Your view, Ms Griffith, is that it would be.

Phoebe Griffith: Yes, for the reason that you set out. At the moment, we do make employers liable for ensuring that there is compliance. It would be an additional point of compliance that employers would be liable for—that employees would remain in the region for which they had been awarded the visa. It would be an add-on, rather than something hugely dramatic.

Lord Green: The key is central control.

Chair: We will bring in Tim Loughton, but first, James Berry and Chuka Umunna, very briefly, on this point.

- Q64 **James Berry:** I will pick up what Stuart said. You might well have a situation where, in London, people said, "Yes, I am a bit concerned about the overall level of migration, but if the NHS is telling me we need 10,000 nurses from abroad, then I am willing to exceed the cap." That brings me to my substantive question: if we need, say, 10,000 new care workers each year in London, just to pick a figure from the air, 3,000 are currently coming from the EU, unrestricted, and 2,000 are coming from



HOUSE OF COMMONS

outside the EU on tier 2 migrant visas. On the day we leave the EU, we are still going to need a total of 5,000. Therefore we are going to need quite a significant increase in the tier 2 cap, because training people takes a long time—four or five years.

Lord Green: The first point is the one I mentioned: there is no cliff edge. People are not going to go rushing home. They are more likely to stay than otherwise. Secondly, I think you do have to look at particular industrial sectors and see what is involved.

- Q65 **Mr Umunna:** Lord Green, isn't it the case that you are adopting a typical patronising Whitehall-knows-best view? All this sole central control by Whitehall—which, I may say, did not exactly make the right predictions of the numbers of EU immigrants that were going to come to our country in 2004—and your wonderfully centrally controlled system was telling Ministers that we were going to get between 5,000 and 13,000 people coming. You have been going around since then telling everybody how wrong they were. The point is that this idea that sole central control has been terribly successful is rubbish, is it not? Why on earth not let the regions and nations of this country actually have a say and try to fix the system?

Lord Green: First of all, we said from the start that that estimate was almost worthless.

Mr Umunna: I know that. The point is you are saying central control is everything. I am saying it hasn't exactly worked very well, has it?

Chair: Very quickly, because I want to move on to the next panel.

Lord Green: You are talking about your own Government, of course.

Mr Umunna: I know. I don't only make partisan points.

- Q66 **Chair:** A simple question: do you think the system of central control and assessment of numbers and setting of targets, under whichever Government, has worked or not?

Lord Green: It certainly hasn't worked yet.

Chair: Okay. That will do for now.

- Q67 **Tim Loughton:** If it is an absurd system to have migration targets, surely the absurd thing about it is having a net migration target where you have no control over one side of the equation other than the number of people the Government deport. That is why it is doomed to failure, surely.

Lord Green: The reason for the net migration target is that is what affects population and pressure on public services. We have a population that is growing at half a million every year. We have to build a city of Liverpool every year.

- Q68 **Tim Loughton:** I understand that. My point is that making it a net target is foolhardy because you have no control of one side of the equation. The point I want to make is to come back to the free movement of labour,



HOUSE OF COMMONS

which seems to be a victimless good in some people's eyes.

I want your view on why other EU countries were not more up for some form of settlement and reform of the system. If we take the example of Poland, the Poles are the largest group of EU citizens in this country, although historically it goes back well before the EU because of wartime links. Some 830,000 Poles are over here. The birth rate of Poles in this country is something like 2.6. The birth rate of Poles in Poland is nearer 1.6—a declining population—and 15 million Poles live outside Poland, yet Poland has one of the best education systems within the EU and is a net beneficiary of EU funding, including money from us.

There is the absurd situation now that we are paying money to the Poles to educate to a high level their students in order for a lot of them—the highly skilled ones—then to leave Poland in a brain drain and come to places like the UK where, by and large, they are employed below their skill level. That may be good for us—although having someone with a PhD picking turnips in Norfolk is a huge waste of human skills—but surely it is a net detriment to Poland.

Therefore, free movement of labour—other than what funds may be repatriated by the person picking the turnips, or being a scientist over here and going back to Poland, which may be beneficial—is surely completely unsustainable for Poland, which will continue to be a net beneficiary of EU funds because it does not have the people staying in Poland to create the economy that would make it more economically sustainable. Is that a fair assessment? Why on earth, therefore, do they not want to do something about it?

Lord Green: Yes, I think that what you have described is pretty accurate. Why not? Ideology. It was entirely this European fixation with free movement of goods, capital and labour that they were not prepared to shift, and particularly not prepared to shift when they were pretty certain that the Brits were going to stay anyway. They were wrong.

Phoebe Griffith: I share your frustration. That applies not only to Poland but to Spain, where we have seen a similar dynamic. It wouldn't take a lot of analysis to see that we have actually been the net beneficiaries of that equation. Nevertheless, I think there is politics in this. The economic situation in southern Europe didn't help because, to some extent, Britain was acting as a pressure valve for countries like Spain, which, as you said, were producing a lot of graduates who were struggling to find a foothold in labour market, and that is problematic.

There is a third point, which is that there is an integrity to the European settlement and, to be honest, our concerns about free movement are not shared on the continent. They are still not shared: every public opinion survey of European citizens shows that your average EU person still sees free movement as one of the EU's greatest achievements. So there is a cognitive problem there, which is that we were talking apples and they were talking pears. But it is frustrating because we could have reacted much sooner to work with the European Union to address some of the pressures, to manage freedom of movement more actively, and to ensure



HOUSE OF COMMONS

that some of those imbalances that were starting to emerge in sending countries were part of the equation when we were making decisions around immigration. Freedom of movement was not considered to be immigration by the European Union; it is a different beast.

- Q69 **Tim Loughton:** So you agree that free movement of labour has produced, and will continue to produce, albeit without the UK as a destination, some net losers from countries such as Poland?

Phoebe Griffith: To be honest, our leaving the European Union will become the distraction and we will probably do less to address some of those pressures. All the emphasis will be on the negotiation rather than actually looking at the reality and where those pressure points are emerging, which is where, as I have said three times, we should have been more proactive about addressing the impacts and intervening where there was evidence of problems. That applies as much to the UK labour market as it does to the Spanish or Polish labour markets. I think it has been too laissez-faire for something that has turned out to be so important for the European Union.

- Q70 **Chair:** I have a brief, final question. In terms of structuring any new system, do you see it as possible to combine a system that includes some free movement and some non-free movement? It could be regional or sectoral; it could be that you kept free movement for high-skilled, not for low-skilled, or for some parts of the country and not others. Do you think that would be possible in terms of designing a new system?

Phoebe Griffith: Possible in term of designing, but it would be more difficult in terms of agreeing it. That probably would have been easier had we decided to remain in the European Union.

Lord Green: You mean of EU migrants, I assume?

Chair: Yes.

Lord Green: I can't see how that could work.

- Q71 **Chair:** Isn't your proposal, which involves work permits unrestricted for high-skilled workers, and also people able to come who are self-sufficient, people able to come who are students—

Lord Green: Yes, of course. That is our own proposal. I thought you were talking about work.

- Q72 **Chair:** But doesn't that include, effectively, free movement for high-skilled workers, students and tourists, but not for low-skilled workers?

Lord Green: Yes, exactly.

Chair: Thank you. We will now move onto our second panel.

Examination of witnesses

Witnesses: Professor Alan Manning, Chair, Migration Advisory Committee, and Madeleine Sumption, Director, Migration Observatory.

Q73 Chair: Thank you very much for waiting; I appreciate your patience. I am sorry that you have had to wait slightly longer than expected. I ask that you briefly introduce yourselves and also, Professor Manning, please tell us whether the Migration Advisory Committee is providing advice to the Home Office on what options for immigration reform there will be under the Brexit negotiations.

Alan Manning: I am Alan Manning. I have been chair of the MAC for over two months now, although I was a member 18 months before that. I am also a Professor of Economics at LSE. The Government have not yet commissioned us to do any Brexit-related work.

Madeleine Sumption: I am Madeleine Sumption. I am director of the Migration Observatory at the University of Oxford. I am also a member of the Migration Advisory Committee, but I am here today to talk exclusively in my capacity as an observatory person, so any questions that are for MAC should certainly go to Alan.

Q74 Chair: Great. Could you tell us which sectors have the highest levels of EU migration at the moment, in terms of the workforce, and which would be most affected by any changes to immigration rules for the EU?

Alan Manning: Has the observatory done some work on that?

Madeleine Sumption: We have done work on both aspects. It is a broadly similar question of where would the impact be highest, except that you have to make some assumptions about who would continue to have access. It looks as though Alan has detailed numbers.

Alan Manning: I have some numbers in front of me.

Madeleine Sumption: Hospitality, particularly accommodation and food services, is the area that is the largest employer of EU migrants. There have also been significant shares in manufacturing and construction—particularly certain types of subsectors within those, such as food processing, which has very high shares. Alan has a detailed table in front of him.

Alan Manning: If you take all the EEA—excluding Irish citizens, as we take it that the common travel area will continue—manufacturing of food products is something like 33% EU citizens currently; accommodation is 18%; warehousing and support for transport is 15%; food and beverage services is 11%; services to buildings and landscapes—that is construction—is 14%. Those are the numbers that are above 10%.

Q75 Chair: How does that divide up into what you would consider high skilled and low skilled?

Alan Manning: If you look at those sectors, you would think that most of them are predominantly lower-skilled—food manufacturing, warehousing, accommodation, hospitality and those kinds of things. The other way of



looking at that is to see what the fraction is that comes from the EU 10: the A8 plus the A2. Again, it is those sectors that have the highest proportion. Most of those sectors are relatively low-skilled.

Madeleine Sumption: The Migration Observatory did a piece of analysis just before the referendum looking at the skill levels of the workforce as a whole in different sectors. We looked at the proportion of people who are in the kinds of jobs that would be qualified as skilled under the current tier 2 immigration system, such as whether it is a graduate job with a certain salary. We found that hospitality, in particular, was one of the areas most reliant on low-skilled workers—less than 10% of the workers in that industry were in graduate jobs. Then you have construction and manufacturing somewhere in the middle. Even in some industries such as banking and finance, it was still a minority of workers who were in the types of jobs that would meet the criteria of the tier 2 immigration system.

- Q76 **Chair:** Why have those sectors become so dependent on EU migration? Is that the increase each year in terms of levels of migration, as opposed to the historic level—that is, in the same way we measure new registrations in the NHS, for example? I am asking about flow, rather than stock.

Alan Manning: The numbers I gave you were the current stock, but if you go back in time to what the stock used to be, food manufacturing in 2004 was 2% EU citizens; it is now 33%. That is a fairly dramatic change over a little more than 10 years.

- Q77 **Chair:** In terms of the scale of the impact, suppose the Government came forward with reforms that meant that all EU citizens who lived here continued to have the right to live here and work here in the same way, but there were restrictions on new arrivals from the EU. Which sectors would be the most affected? Would it be the same sectors?

Alan Manning: That is a question that I don't really have an answer to, in terms of just restricting the flow. It is not a question that the MAC has considered at all. If I answer that kind of question, you have to understand that I am answering it in a personal capacity, rather than an official capacity—I will try to make that distinction as we go through.

I would expect the pinch to be felt in those sectors that are the greatest users at the moment, but when one is talking about low-skill employment, one has to understand that, almost by the definition of low skill, these are workers who are not particularly tied to a specific sector. They might be moving from hospitality into retail. They might move from food manufacturing into other jobs as well. I am not sure that one should necessarily think of all these sectors as silos with no connection between them.

- Q78 **Chair:** Has any research been done on the level of direct recruitment each year for particular sectors, for example those sectors that are under pressure to recruit, from elsewhere in the EU?



Madeleine Sumption: There isn't a lot of systematic data available on this. The main source of data that we have is the labour force survey. There is some information there about recruitment via agencies, but it doesn't specify whether the agency is one that recruits directly from abroad or not. There was a piece of work produced for the Equality and Human Rights Commission last year, which might be worth looking at. It looks at direct recruitment abroad. It found quite low shares of employers using recruiters who exclusively recruit abroad, but there could be recruiters who have a number of different recruitment sources. As far as I am aware, there has not been a lot of work on that.

Q79 **Chair:** So there isn't an analysis of new national insurance registrations each year, for example, and which sectors those are going to?

Alan Manning: The labour force survey asks, "How did you get your job?" It is certainly true, as Madeleine said, that lower skill EU migrants are more likely to have reported having got their job through an agency. The question does not provide any information on whether that was an agency that they contacted after arriving in the UK, or an agency that they contacted back home. The national insurance numbers would not really help us answer that question. Employers recruiting EU labour at the moment are not required to go through something like the resident labour market test, which would require that the job had been advertised in the UK, as would apply for non-EU migrants.

Q80 **Chair:** If the Government decided to apply the system in place for non-EU migrants for EU migration but only for new migration, do you have any sense of what the impact would be?

Alan Manning: I don't know. Again, you are making a distinction between the stock and the flow. I don't have any view particularly on why the flow would be different from the current stock, which is the work that the observatory—

Q81 **Chair:** When they look at the scale of the impact, some of the assessments seem to assume that somehow the existing stock—people who are already here—would disappear. If we assume that people who are here from all over Europe would continue to be able to be here, and then the Government brought in new rules and restrictions on new arrivals, has there been any assessment of what the scale of the impact would be on particular sectors and the labour market as a whole if that happened?

Madeleine Sumption: It is quite difficult to generalise about this, because there are so many different types of impacts—there is the impact on population growth, on different sectors in the UK economy, on demand for public services, on enforcement and operational issues. A lot of the research that we have looks in the aggregate at the impact of new migration on big macro indicators such as GDP, GDP per capita, and wages. While it is difficult to generalise, a lot of those studies have found that the impacts are relatively small on average across the economy.



HOUSE OF COMMONS

We need to distinguish that from impacts on specific industries, because while you may have a situation where on average the impact is pretty small, there are certain industries where they could potentially lead to a significant change in the business model if they are going to have fewer people coming in, especially if they see attrition of EU workers out of those industries over time. The responses of employers will vary depending on the industries, the occupations of the kinds of people they are hiring, and the specific situation of that employer.

You may see differences between large and small employers, for example. This is one of the reasons it is so difficult to generalise. Some employers may be able to raise wages in order to attract more people into the jobs, others will find that they cannot do that so they may simply reduce production or perhaps even go out of business. Some employers will be able to mechanise the work and rely on different forms of technology. Obviously, certain jobs are very difficult to mechanise and so you won't see that there. Because it is so varied, you may have a situation where you don't, on average, see a huge impact, but particular employers would be affected much more than others.

Alan Manning: It is much easier to ask questions about the current situation we have data on: who is here now, where they are working, how they got their jobs. One is asked to forecast about hypothetical future restrictions—the exact form of which we are not quite sure—and how many people would then be affected, and where they were. That involves much greater uncertainty.

- Q82 **Chair:** The question I am trying to get to is: take the existing non-EU citizens. Some people have suggested that you should just have the same system for EU and non-EU. Currently, the non-EU system has no unskilled migration. Suppose that system was applied, so there was to be no—or very low levels of—low-skilled migration from Europe, but not affecting the current number of people who are here and who wanted to carry on living here. I am trying to get a sense of what the impact of that would be, if that is something that the Government might introduce.

Alan Manning: I fear that I am not going to be able to give you a very precise answer, but I would say that if there is no low-skill work route, then that does not mean that you don't have a continued flow of low-skill workers. For example, even among non-EU people there is currently no way you can come here legally as a low-skilled worker. But we do pick up low-skill workers through, for example, the family route, through the refugee route, and maybe even through people who originally came in as a high-skilled worker, got settlement and then fell on harder times. So what might be possible in the scenario that you are laying out is reduced emigration because—although we haven't got great data—we feel that there is quite a lot of going backwards and forwards at the moment. Fewer people would do that. There might also be flows of family migration involving European citizens who have settlement rights here, but it is very hard to provide any assessment. They might be a source of low-skilled workers: not all of them, but there would be some.



- Q83 Chair:** It is clear that there isn't a huge amount of analysis of this so far in terms of modelling, but based on what you know so far, which are the sectors that you think that analysis would need to be done for as a priority, if you were interested in what the economic impact might be of particular options and particular new rules on immigration?

Alan Manning: When we have a commission, we engage with partners and then we hear what they think. We have not had a commission on Brexit. I have not had engagement with employers and so on relating to this specific question. Anything I am going to say is pure speculation on this. I think the sectors that are the heaviest current users are probably most concerned about it, agriculture being one. That is what I would expect.

- Q84 Chair:** Looking at some of the other sectors such as distribution, manufacturing, food processing—put aside hospitality for a second—those sorts of sectors, is there any evidence that the availability of low-skilled EU workers has changed their investment patterns and so, for example, reduced the level of automation, because there have been high levels of people they are able to recruit from?

Alan Manning: That is a very good question, but I don't have the answer. It is possible, with a ready supply of labour which is not limited to the domestic supply, they haven't felt such pressure to mechanise. I am not aware of any research answering that question, but I do think it is a good question.

Madeleine Sumption: There are snippets of information from other countries, but nothing from the UK, as far as I am aware. There are some studies from the US and Germany that look at the impact of migration on investment in labour-saving technology that have tentatively suggested that there is a relationship, but it could be completely different in the UK context. That is something we do not know.

- Q85 Chair:** Is there evidence about the impact on wages or terms and conditions in individual sectors?

Alan Manning: Not so much sectors. There are studies that have focused on specific occupations. There are other studies that have focused on particular regions, so different segments of the labour market, with segments being defined in different ways.

Some studies have found that increasing immigration has depressed wages in low-skilled occupations. I think the MAC report that reviewed those effects described them as "modest". They are quite small when one sets them against other things that are happening to wages, such as the financial crisis, the slowdown in productivity growth and the minimum wage.

Although everyone is worried about the effect on the wages of workers at the bottom end of the wage distribution, over the past 20 years, that is the group that has done least badly or best in the whole of the labour



HOUSE OF COMMONS

market. That is because of the minimum wage, which has had a much more powerful effect than anything immigration has done.

Chair: I notice you didn't mention care workers.

Alan Manning: I think you will find care workers are mostly non-EU currently. I have the figures, but by occupation. There is a long list of occupations here, and perhaps you want to move on—or while Madeleine is answering the question, I will try to find the figures.

Madeleine Sumption: I believe it is true that the share of migrants working in care is more likely to be from outside the EU than from the EU, but there has been an increase over the last few years, partly because changes in the immigration system have made it harder for non-EU workers to come in.

In terms of the sectors to look at, I think obviously there are the sectors that have been the heaviest users, which would be of interest, but there may also be sectors, even if they are not very heavy users, that the Government consider to be important for other reasons completely unrelated to immigration. Care would be a classic candidate.

Alan Manning: These are figures from the last census, so are getting a little out of date now. Around 15% of care workers were non-EU as compared to 3.5% of EU excluding Ireland, so it is heavily on the non-EU side.

Q86 **Mr Burrowes:** In terms of better managing the debate on migrants, do you think the focus of that management should be—as I think has been submitted to your committee—in relation to deprivation, or should it be through migration?

Alan Manning: I'm sorry, I am not quite sure what you mean; managing the integration of migrants, and whether we should do that more through—

Mr Burrowes: There is a paper saying that it is principally socioeconomic deprivation, not migration, that best explains people's perception of their local area. It recommends that in terms of a policy to better manage integration, it would be wise to focus on deprivation issues.

Alan Manning: That is not an area that the MAC has ever really reviewed. It did do a report on the impact of low-skilled migration some years ago, before my time, in which it looked at some of those issues. It concluded that the evidence base wasn't terribly strong. In the more academic research literature, that is a more contentious issue: what is more important, deprivation or measures of share of migrants and so on?

I have just completed a research paper, quite separate from my MAC work, that looks at people's overall satisfaction with their neighbourhood and how that is affected by the changing mix of the neighbourhood. We do find that people feel uncomfortable with a changing migrant mix and



HOUSE OF COMMONS

ethnic mix of their communities. Deprivation is important as well; I don't want to say that is the only factor.

Q87 Mr Burrowes: Have you any thoughts on how we can better manage integration?

Madeleine Sumption: That is a very broad question. I am not sure I have an answer. The Migration Observatory does not make recommendations, unless we provide data on various different dimensions of integration, but we are not promoting a policy per se.

Q88 James Berry: I want to come back to the issue of care and NHS workers. In London, certainly, there are a lot of both EU and non-EU healthcare workers. I know that Kingston hospital, which is just outside my constituency, currently has 20% of its doctors and nurses from within the EU.

I am told by care homes in the constituency that they always satisfy the domestic labour market test, in the sense that there is not a single British applicant for jobs. You are right that they do tend to go outside the EU, but that is mainly because of language and training rather than anything else. But that has changed because of the cap being reduced quite considerably, so they have had to recruit from inside the EU.

Assuming that wages in the care sector, and therefore conditions, are not going to go up considerably, because of pressures on funds at the moment, if you need 4,000 new care workers a year from outside the UK—2,000 are coming from the EU at the moment and 2,000 from outside—the blended cap is going to need to be increased quite considerably on day one after we leave the EU, isn't it?

Alan Manning: The size of the cap will be a question for Government, which they might or might not ask the MAC. It is not a question to which I have an answer now. I think if the EU was just moved into the EU box—and there is a cap on tier 2 general now—I think it would be sensible to consider whether the cap needed modification.

Q89 James Berry: In terms of how you do your work, your distinguished predecessor explained it to us—I should have said, congratulations on your new job. As I understand it, you go and ask employers. You may ask NHS Employers, who represent employers in the NHS, what their needs are that are not being met by the domestic labour market. Do you then present the Government with the figure of how many overall migrants will be needed, or do you just focus on the sectors that you think should be on the shortage occupation list?

Alan Manning: It depends on the question we have been asked by Government. We would then take evidence from anybody who wants to submit evidence, employers included. We always have a critical approach to that evidence. It is not that we take everything that they say as the truth, which we then pass on to Government. We try to line it up with other sorts of information that we have from other statistics. That is the approach that we have always taken and will continue to take. It is about trying to get evidence from as many different sources as possible. You



HOUSE OF COMMONS

hope it all lines up in a consistent way. Sometimes it does; sometimes it doesn't all quite line up.

- Q90 **James Berry:** So you are commissioned to advise on which sectors should be on the shortage occupation list. But are you also commissioned—or could you be commissioned—to advise the Government on roughly how many visas should be granted within each sector, essentially to inform the Government on what the cap should be?

Alan Manning: Hypothetically, yes. They could give us as a commission what we think the cap should be, but they don't have to. If they did and we made a recommendation, they wouldn't have to accept that recommendation. We always respect that decision.

- Q91 **James Berry:** Is that kind of research available from the Oxford Migration Observatory as well?

Madeleine Sumption: On what the cap should be for different sectors?

James Berry: Yes, on what the demand is from the unmet need or the skills shortage, however you want to describe it, in the individual sectors.

Madeleine Sumption: This is something that sounds like it ought to be quite straightforward to work out but is really difficult, partly because the concept of need or shortage is a little bit slippery. There are some types of jobs where, in theory, you might be able to—for example, teachers. You could say, "If we need a certain teacher-to-pupil ratio, we have projections of how many pupils there are going to be", so maybe you can work out how many teachers are needed.

With something like engineers, it is much more complicated. More engineers might be good for productivity, but if we have fewer engineers, maybe the ones who are here will do different things, reallocate themselves differently, get paid more.

This is going to be a big challenge for the Government. There has been a lot of discussion about sector-specific policies, particularly for low and middle-skilled work, and there aren't a lot of simple statistical metrics that would enable us to say, "This is exactly what the need is: you should have a cap of x thousand for the care sector and y thousand for a different one." A lot of it will come down to a level of subjective judgment.

- Q92 **James Berry:** Yes, I suppose people don't often advertise a job a year in advance, which is how these things are set. Picking up on the questions asked to the other panel, I think the problem is that at the moment, when we are in the EU, the only effective control we can really exert on levels of migration is through limiting the number of people allowed to have tier 2 migrant visas by reducing the cap. They happen to be the very people that almost anyone in this country doesn't object to coming, and they are the people we are turning away.

Alan Manning: Yes, although the cap is not currently binding, because there are also minimum salary requirements and so on.



James Berry: Thank you very much, that is helpful.

- Q93 **Stuart C. McDonald:** To follow on from Mr Berry's question, how practical do you think it would be to apply a work permit scheme to EU nationals alone? What would be the advantages and disadvantages of that?

Madeleine Sumption: To EU nationals alone?

Stuart C. McDonald: Yes, a work permit scheme for EU nationals. I think one or two people have been talking about this as a possibility, but how would you then link that into the broader system? Have you any thoughts on whether this is realistic?

Madeleine Sumption: You are talking about a system where EU nationals would face the same kind of work permit system that non-EU nationals currently have, or something different?

Stuart C. McDonald: Possibly, or it could be a separate type of thing.

Madeleine Sumption: In principle, there is no reason it cannot be done, in the sense that the system exists for non-EU citizens and it could be introduced for EU citizens as well. The current system that applies to non-EU citizens was designed in an era when free movement did exist and some of the decisions were made with the fact in mind that free movement was around. So the Government might no longer feel that is an appropriate system, or it might feel that it is.

The basic idea of having a work permit system is reasonably straightforward. The big questions are exactly what that work permit system looks like. The Migration Observatory is releasing a report at the end of this week that looks at the options in some detail, but there are lots of questions that would need to be addressed, such as what are the sponsorship arrangements for employers? Is there a labour market test? What kind of fees do they pay? What kind of jobs are eligible under that system? Particularly, will we open up some of the low and middle-skilled jobs that are not currently eligible under tier 2? Will there be the same rules or different rules for EU citizens versus non-EU citizens? Will the visas be strictly temporary?

You choose the work permit system and that is just the first decision. Then there is a massive number of decisions beyond that that would need to be made.

- Q94 **Stuart C. McDonald:** In broad-brush terms, imagine that the system comprises the MAC or some other body assessing what sort of access to the EU labour market a certain sector needs and then advising on quotas. Then presumably after that, it would be first come, first served for employers to get a permit to get an employee over here. Is that feasible, or would it be easier just to integrate it into the system that is here already, the tier 2 system?



Alan Manning: Having one unified system is, in some sense, administratively simpler. Employers would only have to get to understand one system and so on and so forth. At one level you could look at other countries such as Canada, which is relatively pro-immigrant.

They have systems that treat citizens from other countries more or less equally, as we currently do with our non-EU immigrants. You can make it more complicated—there may not be good reasons to do that—but complication on its own is not an attractive feature of a system. Employers want a system that is relatively simple to understand and navigate through.

Q95 **Stuart C. McDonald:** You pointed to Canada as an example. Are there other countries that we should look at as possibilities for modelling our immigration system on?

Madeleine Sumption: This will be in the Migration Observatory report on Friday. Lots of different models exist. Some countries have an integrated system for everyone; Sweden is an example. You can apply for essentially any occupation. It is probably the closest you get to free movement while still having a work permit system. You need to make an application, but there are not any occupational restrictions, which is pretty unusual. Most countries distinguish between high and low-skilled. One of the reasons is that we have more metrics. At the high-skill level, it is relatively easy to prioritise applications using metrics like salary, for example, or occupational skill level, and you have a skill cut-off: you say anyone skilled above this level, however it is defined, will be eligible so long as they meet whatever criteria we impose.

It is a little bit more challenging when you talk about low and middle-skilled jobs, partly because salary is no longer a criterion. The types of arguments that one would be making for having that kind of immigration, if you think there should be low-skilled immigration at all, are quite different. It is more about the social impacts. For example, do you want to make this labour force available in social care, or do you want to support a specific industry, whether it is hospitality, house building or agriculture? There will be an inclination to go down the route of having specific quotas for specific industries.

The real challenge here is that there is a trade-off. The more you do industry-specific policy, the more it will feel responsive to political needs, because you can say, "Okay, the social care sector is important. Here are our priorities for this sector. We will have a special policy here." The problem is that once you start doing that for a lot of sectors, you end up with a very complicated immigration system. There may be particular jobs where it is not 100% clear which sector someone should fit into, and you start to have trouble policing the boundaries between them. You have the analytical problem of being able to know how many people are needed in different sectors. So I think the Government will face a real trade-off in working out how industry-specific they want to get. It will take a more uniform approach across the board to have similar criteria. There will be



cases where certain employers will not be eligible, and that is just how it will be.

- Q96 **Stuart C. McDonald:** I look forward to the report on Friday. In that report, is any consideration given to regional or decentralised models of immigration policy? I don't know whether you saw the exchange that we had with the first panel. Have you thoughts on that?

Madeleine Sumption: I am afraid that is not in the report.

Stuart C. McDonald: You should do another report, then.

Madeleine Sumption: I have separately written about this issue. In theory, it is not necessarily the case that in order to reflect different regional demands, you would need to have different regional systems, in the sense that we currently have an employer-driven system, where a person goes to work for a particular employer in a particular place. That said, there are several countries that have immigration systems where there is a significant devolution of decision-making power to the region; Australia and Canada are the main examples. The main arguments they use is that different areas have different needs and therefore they need to be reflected in the system, particularly when talking about low and middle-skilled jobs. If you look at Australia and Canada, they have national systems for high-skill people. Everyone meets those criteria, and generally they prefer to get the national-level visa if they are eligible for it.

It is a little bit trickier than it sounds, at least from an economic perspective, to devolve the criteria to the regional level, partly because, as I mentioned, it is hard enough to identify what the objective needs are at the national level and, when you get to regional level, the data is usually less good. In the same way that it is hard to identify particular sectoral needs, it can be difficult to identify particular regional needs.

- Q97 **Stuart C. McDonald:** We need to improve regional data as well. Professor Manning, any thoughts?

Alan Manning: I would perhaps add one point which is more of a question, something one would perhaps need to think about. You can have a regional-based work permit system, but if one is talking about migrant groups on the path to settlement, there has to come a point some years down when you no longer have restrictions on where those people can live. At that point, you would have to think about the decisions those people then make about where they live. It is possible that the area that wants permanent migrants ends up with only temporary migrants because they leave, and the area that really only wanted temporary migrants ends up with permanent migrants. You would have to think about that. I think that in some counties where there is a worry about the population of very remote areas, that has been a problem.

- Q98 **Stuart C. McDonald:** We are not necessarily talking about very remote areas. I think they have tried this in Canada, and there is evidence on this that we will have to look at. In this country, it usually takes five years for settlement, sometimes even more. By the time you have



HOUSE OF COMMONS

reached five years, you have obviously put down roots, become a member of the community and so forth, so there must be a pretty high proportion of people who then settle, and remain in and about the region they were in.

Alan Manning: Maybe. I think that is a good question, and one would want to look at the evidence from other countries. There have also been countries that have had refugee dispersal policies, which have required refugees to live in certain areas; after a while, those restrictions come off. Looking at those experiences would enable us to have a better idea of the balance of what is likely to happen.

Q99 **Mr Winnick:** Professor Manning, when the incoming Government in 2010 said they wanted to reduce overall immigration from the hundreds of thousands to the tens of thousands, of course, you were not in your present position. However, do you think it is now practical to do that, even if the result of the negotiations is that Britain leaves the EU? Can the Government achieve such an overall target—tens of thousands?

Alan Manning: I don't think it is impossible, but I do think it is impossible to guarantee under our current system. I was in the earlier session when someone pointed out that we don't control emigration really at all. If you have a net migration target and you can't control emigration, it is very difficult to control immigration, and on the immigration side, you would need many more caps and quotas than we currently have. But these numbers can be quite volatile: before the financial crisis, I think Spain had net immigration of plus 300,000; a few years later it had net emigration of minus 300,000.

Q100 **Chair:** I presume you are not suggesting that as—

Alan Manning: No, I am not suggesting that as a policy.

Mr Winnick: Just as well.

Alan Manning: Yes. These are driven by things that we don't control.

Q101 **Mr Winnick:** That is a very frank answer. Do you give such advice to the Government?

Alan Manning: We only give advice to the Government when we are asked questions by the Government. We don't give advice to the Government on questions we are not asked.

Q102 **Mr Winnick:** So you haven't been asked since you've taken up this appointment? It may seem a bit strange. The Government has an overall policy, which it has reiterated since being re-elected, of reducing immigration to tens of thousands. One would have thought that the committee of which you are the chair would have been asked its views on how practical that policy is, and yet you haven't been asked anything of the kind.

Alan Manning: We've never been asked that specific question.

Q103 **Mr Winnick:** Are you surprised?



HOUSE OF COMMONS

Alan Manning: You'd have to ask the Government. No, I am not surprised. It is up to the Government to set the questions that we answer, and we accept that those are the rules under which we operate.

Q104 **Mr Winnick:** We are having the Home Secretary give evidence next week. We can assume that, if we have that inclination at the time. I would have thought, as one politician, that if the Government have such a bold policy, it would be useful to ask your Committee. Be that as it may, as far as the freedom of movement is concerned, as long as we stay in the EU we have no controls on that, have we?

Alan Manning: That is as long as the EU remains committed to freedom of movement in its current form. The Commission did propose quite substantial changes to the posted workers directive last spring, for example. There are questions—some of the pressures that the UK has come under are not completely non-existent in other European countries.

Q105 **Mr Winnick:** Can I ask about students? Apparently there is going to be a Division very shortly—there is a great deal of talk about sovereignty of Parliament and so on and we are going to exercise that very shortly. As far as students are concerned, the controversy is: should students be considered in the numbers of immigrants to this country?

Alan Manning: That, again, is a question that the MAC has never been asked to consider.

Q106 **Chair:** Sorry, David—I am conscious that the Division is going to flash up. Briefly, let us suppose that the Government were able to halve the level of EU migration, for example. Given what you know about the non-EU migration, do you think there is any chance of them meeting their net migration target in the next five years?

Alan Manning: As I said, I don't think it is impossible; I think it is impossible to guarantee, under the current way the system is set up.

Mr Winnick: If we've got a moment, could you answer about the students?

Q107 **Chair:** I am going to have to close the session. Before I do, if you were advising the Government on a way to lower the level of low-skilled EU migration without having either huge bureaucracy or a big impact on the economy, what area would you be advising them to look at?

Alan Manning: The MAC isn't something where, if you ask a question, we have an instant answer. There may be other people like that, but we are not like that. It is more about how we would set about answering that question—the process. I would want to look at how other countries manage things; what are the issues that have come up in those countries; how they operate in practice. I would want to engage with partners here. That is, all the usual kinds of approaches; and then at the end of that give what I hope would be the right answer, but not an instant answer.

Chair: Thank you very much for your time.