

Home Affairs Committee

Oral evidence: [Post-Brexit migration policy](#), HC 857

Tuesday 22 May 2018

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Members present: Yvette Cooper (Chair); Stephen Doughty; Kirstene Hair; Tim Loughton; Stuart C. McDonald; Douglas Ross.

Questions 110-178

Witnesses

[I](#): Matthew Fell, Chief UK Policy Director, Confederation of British Industry (CBI); Sunder Katwala, Director, British Future; and Dr Heather Rolfe, Association Research Director for Employment and Social Policy, National Institute of Economic and Social Research.

[II](#): Rosa Crawford, Policy Officer, EU and International Relations, Trades Union Congress; and Professor Guglielmo Meardi, Professor of Industrial Relations, University of Warwick.

Examination of witnesses

Witnesses: Matthew Fell, Sunder Katwala and Dr Heather Rolfe.

Chair: Welcome to our inquiry on post-Brexit migration options. Welcome to our panel here today; we are grateful for your time. Could you briefly introduce yourselves?

Matthew Fell: Good afternoon. I am Matthew Fell and I am the chief UK policy director at the CBI.

Sunder Katwala: I am Sunder Katwala and I am the director of British Future, which is an independent, non-partisan think tank.

Dr Rolfe: I am Heather Rolfe, and I am associate research director for employment and social policy at the National Institute of Economic and Social Research.

Q110 **Chair:** Thank you. Could I start off by asking what you are looking for out of a post-Brexit migration system?

Dr Rolfe: I can say something about what employers are looking for. I have spoken to about 100 employers since around the time of the referendum and after it. Those discussions focused on why they recruit EU migrants, what alternatives they might have if they were unable to recruit them, and what kind of immigration policies would work for them. The top line is that they want a system that is easy to work, that is flexible and that is not expensive. Basically they would like free movement to continue, and they are resigned to the fact that that will almost certainly not be the case. They want a system that will enable them to meet skills and, importantly, labour shortages. They would not want a simple extension of the current system that applies outside the EU to EU workers. Essentially that is what they want: a system that is easy to operate and applies to low and high-skilled labour.

Sunder Katwala: My overall goal would be to see if we can use this opportunity to rebuild public confidence in how we handle immigration and integration in this country. The test of whether that is done is: do we have something that is fair to the people who come here and to the places that they come to? Do we have something that is workable in practice for employers in the private sector and in the public sector? Can Government deliver on what it needs to do as a system in order to do it? As well as being acceptable to the public, it needs to be politically viable in Parliament. If we want to do that, then we have to negotiate with our European partners if we want a deal. There is a set of political challenges to having political consent. Fairness to migrants and communities, and workability in practice, including for business—you've got to knit those together. The challenge is not to say, "Well, if it is going to work for business we won't really be able to listen to what the public want. Let's tell the public we'll give them something, but not really deliver what we promised."

Q111 **Chair:** Have you got any particular preferred model in mind?

Sunder Katwala: There are three clusters of model you could have. One, as Heather Rolfe was just telling us, is the employer's preference, which is to say, "I like free movement, so can I tweak it, reform it, find controls within it? Can I stay in the club and in the single market in some ways and keep it?" Another option is to say, "I'm not going to talk about immigration and the European Union. I am just going to get the system that's right for Britain and take whatever trade role I have." In the middle set of options, it won't just be tweaking: "We are not in David Cameron's 2016 negotiation, but we will negotiate. I'm going to have some controls, but I'm willing to talk to the EU about the trader market and the immigrant issues at the same time."

I think British public opinion, if you want a cross-party, cross-referendum broad social consensus, would be in that middle set of options, to say, "We don't just want to tweak it. We want a new system, but we are willing to negotiate on the new system that we've got". We could have a skills-based system, for example, and we could set the different thresholds where we remain as open to skills from the EU as we have been, but we have controls below a skills threshold. Again, we might negotiate the nature of those controls and how they work and whether Europeans get first access to them. I think that is where British public, political opinion could converge and then you would have to take that to the negotiating room and see if you could make it work.

Matthew Fell: The first thing to say is a recognition that EU migration and access to people who are talented is right up there. Recently, there has been a lot of focus on trade, customs and so on, which is hugely important to many businesses, but it is people who touch even more businesses in the UK. A recognition that this really matters would be the first thought, I would say.

Next up would be making sure we really have an eye to making sure the UK is positioned as an attractive destination right around the world, whether that be for workers, which is the focus today, or for students and tourists and so on. How the UK is seen and perceived around the world is hugely important.

Our view would then be that there are clearly very legitimate public concerns to address here. When we are crafting a solution to this, I think we need to recognise those and think about what are some of the controls, on the one hand, that can address those concerns, but also the flexibility that would enable business to go about accessing the talent that it does. We think there is a way through that to reach a good position.

My final thought would be about making absolutely sure that we put an emphasis on people rather than numbers, which we feel has fuelled the wrong sort of debate in recent months and years. To close, I echo some of Dr Rolfe's remarks about not looking for just a straight port across another "rest of the world" model, but for a system that absolutely recognises the

need to access a range of skills across the spectrum. We would agree with that view, too.

Q112 Chair: In one of your answers, you said you think there is a way through this. Do you have a particular preferred model or approach that you would see as part of that?

Matthew Fell: What are the levers that you would have as part of a system for this? We might get into a little bit more of the debate, but I think there is something around making sure that people are registered in the UK after a period of time. If people are not in work, not studying, not independent financially, then clearly, in a careful and measured way, you would need to look at how you would have some sort of deportation mechanism for them. On the importance of negotiating, there are some interesting examples and models—for example, in Switzerland—when they take into account their own labour market conditions in different sectors and so on.

Finally, there is an important component part to addressing those public concerns, whether that is through enhancements to the Controlling Migration Fund and so on. There are some ways of doing that as well. We would be looking at what are the different levers that you could pull to design a system that could address business need and public concern.

Q113 Chair: Dr Rolfe, did you have any preferred model or approach?

Dr Rolfe: We ran a range of options across employers. They would be in favour of a system whereby they were able to identify low skill shortages as well as high skill shortages—similar to the current occupational shortage list. It would have to be very flexible because the situation changes all the time in relation to high skills, but also particularly low skills.

Employers would also be happy with having to do a resident labour market test, basically proving that they had not been able to recruit a British worker before they went and recruited a migrant. They are quite happy with that. One thing that surprised us is that they are quite happy to have to apply a job offer before somebody came to the UK. We thought that might be a bit of a problem for them, but they could recruit online. The downside of that is that they would probably make more use of agencies. Sunder will back me up on this: agencies are quite unpopular with the public as a way of recruiting people. That might not go down well with the public, if we are thinking of an immigration system that is acceptable to the public as well as to employers.

Regional schemes are probably less popular and wouldn't work so well with employers. That would introduce some unfairness. A couple of sectors are pushing for sector-based schemes, including the health and social care sector, but generally employers think they would lose out from sector-based schemes because they wouldn't be the preferred sector and, again, that those systems wouldn't be sufficiently flexible. Those are the main preferences and systems that they feel would work and would work less well.



Q114 Douglas Ross: Do you think the Government should review the arrangements for non-EEA economic migrants?

Matthew Fell: The first thing to say is that I would be more in the camp, which Dr Rolfe mentioned in her opening remarks, of not believing that that is a model to look at as being fit for purpose for EU migrants. In a sense, that almost answers your question about whether that is completely fit for purpose—no is the answer.

Some of the worst elements of that are that it works quite simplistically and treats anyone without a degree as being unskilled. That is not a correct diagnosis, so I wouldn't go there. Many business find it very hard to grapple with the complexity of it, and it almost prices out a lot, including small and medium-sized businesses. Emphasising numbers rather than people is an unhealthy way of characterising the debate. For all of those reasons and, having looked at it, it absolutely wouldn't be my starting point for an EU model.

Q115 Douglas Ross: But even if that is not the case, do you think the Government should also look at this? I presume the answer is yes, by which I mean looking at not just a post-Brexit EU model, but the current arrangements for non-EEA.

Matthew Fell: Yes, I would say that is right, but there is clearly a pressing need to get the EU model working well. If we look at that from almost a geographic proximity and the numbers of people that businesses rely on right here and now, there is a 2:1 factor, roughly, in terms of EU workers in the UK. That would be a big priority.

Sunder Katwala: I think it is very important to try and look at it in the round. In a way it is a mistake, if you say it is a reset moment, to then say, "Let's spend two or three years getting the EU-UK relationship right, and when we fix that let's start to think about the non-EU." It's a challenge around the Migration Advisory Committee process and report to try and look at the two in the round. We designed the non-EU system we have in the context of having EU and EEA free movement, so even if we extended it, you would then have a different context. Where would the low and semi-skilled immigration that we don't have from the non-EU come from? Looking at it in the round is very important.

There is another reason as well. Taking time to get this right probably means looking at immigration controls that might be in place in the summer of 2021, because of grace periods and registration and so on. So, we have some time to get this right but we need to get on with it. There have been immediate shifts, and just the fact of the referendum has changed flows of EU migration. It has particularly changed the A8 accession country flows quite a lot. It has had less impact on EU15 and A2 flows. That has had a knock-on impact on non-EU migration. We see in the tier 2 skills, for example, that a quota that was never full is full. So, we are already turning away doctors who NHS trusts want to apply, because something has been full every month for three or four months. Maybe that



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will be full for 18 or 24 months. While we should try and get it right in the long term, there is an immediate pressure—

Q116 **Douglas Ross:** On tier 2, what do you think the specific issue with that is? We have heard from Ministers and advisers. The previous Home Secretary agreed at an evidence session like this to go and look at that. What do you think is the reason that, since January, it has reached four times—

Sunder Katwala: Very specifically, there has been a substitution effect, where EU migrants can go to different countries and are less attracted to the UK, probably because of the value of the pound.

Q117 **Douglas Ross:** That didn't happen immediately after Brexit. **Sunder Katwala:** No, it didn't. Because the A8 pattern is different from the EU15 and the A2 pattern, that tells you something interesting. Is it just the message of Brexit? That would have affected everybody. So probably it is the value of the pound for people who were planning to come for two or three years, but maybe it's also people who are coming to the health service, and it also might be the uncertainty. Certainly, there has been a change in behaviour by EU migrants and, then, by employers. So now the quota is full.

There is a short-term fix for this. The long-term fix is to get our training right for the NHS and skilled jobs, and to get our skilled migration broadly right. But if you took NHS visas out of the quota now, you would not be turning down people that NHS trusts want, which is probably the most popular form of migration in our country. You would also free up a third of the other slots if you did it like that for this interim period. Then we could take a breath and say, "Let's get our skills policy—EU and non-EU—right."

The other place where I think there is a link is that, if we think we should be open to EU skills because we should be rather open to that, we might be more open over time to non-EU skills above the same threshold we use with the EU—because we are doing trade deals or because we think that is beneficial—while being more controlled for EU and non-EU. Those two things are very closely connected and we should try to find ways to make the links.

Dr Rolfe: May I add a point? We have asked employers whether they see a case for a preference being given to EU citizens in terms of immigration policy and they are quite divided on that. Employers in sectors such as food and hospitality, who want workers very quickly, see that there is a case for having a source of labour that is quite close to hand. In other sectors, and particularly in the health and social care sector, they see no distinction at all. They would be quite happy to recruit more from outside the EEA; some of that is for language reasons, with the language being better from outside the EEA in many cases. It is not a simple case. Some sectors may have a preference for EU workers and some not, but future immigration policy can't really assume that preference should be given, unless it is part of some kind of single market deal, in which case, we

would have to have that. Then there would be different questions about whether that was going to be acceptable politically and to the public.

Q118 Douglas Ross: I know it is difficult because we obviously don't know what the final outcome will be, but are businesses doing enough to prepare for changing workforces and so on? We rightly ask a lot of what the Government can do, but what could businesses do in the interim period and following any new immigration policy?

Matthew Fell: Clearly, businesses are watching this very carefully. Just to amplify what Sunder said on the question why was there a particular issue around the turn of the year, there is quite a simple and practical thing around that. It is driven by economics and the value of the pound: lots of workers returning home for Christmas simply didn't come back again. You could answer a timing point around that in a very practical way.

In terms of the preparation for business, there is clearly a little bit of a trade-off here. Taking the time to get the future set-up right is, clearly, very important, so we wouldn't be urging, "Let's rush to get this done at all costs." There is then the important point around the preparation time for business to understand what a new arrangement and a new system looks like and how they have time to implement that. The feedback we have been getting from businesses is that you need around a two-year run-in preparation time for that. That is consistent with trying to get some clarity as we head towards the end of this year—2018—and with the arrangements to run through a transition period so that you would be ready to jump into a new system, whatever that new system may be.

Q119 Stuart C. McDonald: What role does the net migration target play—or what role should it play—in shaping policy for migration after Brexit?

Dr Rolfe: I think the figure was plucked out of the air. I don't think it has ever been very useful. What Sunder said at the beginning about the focus on numbers isn't particularly useful. The pledge has been made many times and then broken. If we reduced EU immigration by around half, we still wouldn't be meeting the target. I think the target is impossible to meet. Economically, there is no case for it. It would be quite damaging if it were to be met. It's a political target and not one that could in any way be supported by any kind of evidence.

Sunder Katwala: Looking at the target with the benefit of eight years' hindsight, it has eroded public trust and confidence in Governments being able to achieve what they say they are trying to achieve. We have to learn from that. The challenge for critics of the target is that I don't think you can replace something with nothing. It is about deciding whether or not our approach to immigration is to say, "Well, if employers say they need an amount of immigration they should have whatever they need," or whether we should be setting targets in different areas.

The public do not believe in one-size-fits-all targets. They believe in differentiating not just by types of flows of immigration—refugee protection is different from work migration—but within work migration. I think people have a very open and permissive approach to student and



high-skilled migration where they would not set numerical limits but would be quite attracted to setting some realistic and pragmatic targets for the year or for three years, so that for employers, public and planning, you knew where you stood as to what you were trying to do and you would report back as to whether you had got the immigration you were hoping for and expected, whether it was too high or too low and what you had done about it.

Control the things that you want to control, and set targets to reduce the things that you want to reduce. If you have a target to compete with Australian, Canadian and American universities by getting as many students as possible, it is really odd to count that number in a number that you are trying to drive down; that doesn't make any sense.

Matthew Fell: I agree that net targets have been damaging, for a number of reasons. One is that they have driven this very narrow debate around numbers rather than a proper debate around the costs and the benefits of migration.

Secondly, I would underscore the point that a failure to hit a target undermines public confidence in an overall system. I do not think that is a healthy thing to do.

My third thought is that I am not entirely sure that this focuses on the issue that people care about. Others on the panel are more expert than me to talk about this, but I think the public generally have a stronger affiliation for people who are coming to the UK to make a contribution and are in work and so on. I think they are much more focused on, if they are doing that, rather than a particular number.

Q120 Stuart C. McDonald: A couple of you have already mentioned controls or measures—policy options which are not strictly immigration policies, but are designed to address some of the perceived public concerns around this issue. For example, you have already mentioned the Controlling Migration Fund, and so on. One other alternative policy option could be around labour market laws. In Switzerland and Norway, for example, you have some collective bargaining mechanisms and other labour market enforcement measures that have been designed to address concerns over undercutting terms and conditions. Would that be transferable to the United Kingdom as an alternative policy option and what sort of reception would it get?

Dr Rolfe: By all means, have those kinds of controls in place over employers' core practices. That is obviously something that needs to be addressed. I think that is separate from immigration, because I do not believe that most employers who recruit migrant workers recruit them to undercut labour; they recruit them because they find it difficult to recruit British workers. In low-paid, low-skilled sectors something like one in three employers give that as the main reason. They generally report that EU workers do not have lower expectations of pay and conditions than others.



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Where there is a big difference between British workers and migrant workers is in migrant workers' ability and willingness to be very flexible about the hours that they work. The widespread use of flexible contracts and zero-hours contracts has undoubtedly been in migrant workers' favour, because they are able to up and down the number of hours they work simply because of their lifestyle and because they are here to earn as much money as they can in a short period of time.

If you tackle zero-hours contracts and flexible working, you are then in danger of inflicting damage on industries which really do rely on the use of those contracts. That is quite a difficult choice to make.

Sunder Katwala: On this issue of controls that are not necessarily selection controls, but other controls, I think people propose them for two different types of reasons. They propose them as symbolic reassurance to the public—"Don't worry, we will change something; here is where you are"—and they propose them as actual measures that might make a difference. I think we should be focusing on the actual measures that might make a difference, because there is a real danger of exaggerating and over-promising the impacts of measures when they are done for reassurance. The main point is that the public never hears about any of these measures.

Most people have not heard of the net migration target, for example, so what are the chances that they have heard of the apprenticeship levy or how migration impacts it? You need those things to deal with actual impacts, but there is an over-estimation of them as symbolic things that make it look as if we have made a difference. That is what happened in the 2016 negotiation, when benefits were a totemic issue. You can get something on the totemic issue, but it matters less than you thought. Who is going to be flexible? People can say, "We've got full employment and can't find other people because we need people who will be ultra-flexible," but the employer might need to be more flexible for a mother or father with caring responsibilities who want to increase the hours. The employer must be flexible. We will have to talk about flexibility in a different way so that people can do more work, which is good for them and good for employers.

Matthew Fell: My take on the question would be to put a little bit more emphasis on enforcement rather than on new regulation—strengthening what is already there. There are some good examples. For instance, the Low Pay Commission recently suggested that all workers should have a pay slip detailing hours worked. They can then ensure that it reconciles with their understanding so that we do not have discrepancies.

I agree that the issue we are seeking to address is more skills availability and talent rather than pay. If we have a scenario in which five different firms are looking to recruit a type of skill and there are only three people to go around, you might get competition in the labour market and ratcheting up of pay, but two of those firms will be left without the talent they need, so we will lose out overall.



Q121 Stuart C. McDonald: Finally, could I follow up, Mr Fell, on your comment that, essentially, businesses will be looking for something like two years to prepare for the new immigration system? Realistically, if immigration is tied up with trade negotiations, we are not going to have much clarity about the post-implementation period system until quite close to the end of that implementation period. Does that mean we need to find a way so that there is not a big bang—a sudden change—at the end of the transition period, and so that we change our implementation very gradually to give businesses a chance to adjust?

Matthew Fell: What I think would be most helpful through this negotiation and in the negotiations more generally is to start to paint a picture of what things are going to look like. That will be tremendously helpful in helping businesses to plan more generally. Everybody accepts that in a negotiation, nothing is agreed until everything is agreed—that is ultimately true in any negotiation—but we can start to send signals about the parameters of a system and the sort of things businesses need to get ready for. That signalling is incredibly helpful. That would be my approach.

Q122 Tim Loughton: Can we come back to the issue about EEA and non-EEA migration? How feasible is it to have differential systems between EEA and non-EEA migrants coming in future? You mentioned different sectors, but that still implies a degree of inequality. How practical is that?

Sunder Katwala: It is absolutely feasible to do that if we decide to do it. It is a set of political choices.

The debate about preferences gets confused between two different questions. The first question is whether we should agree preferences with the European Union, or with Australia, Canada or anybody else. The different question is this: is the only fair thing to rule out all preferences? The idea that the only fair thing is to rule out all preferences sounds fair, and is a plausible intuition, but it entirely collapses in practice and cannot work. Nobody ever really follows it through. Every Member of the House, for example, would say, "I obviously do not mean Ireland. Ireland is different. We have a special relationship with Ireland." A fair system in which we always treat everywhere the same also means saying, "Ireland or an independent Scotland in future must never have a different relationship with the United Kingdom than Peru or Ukraine." That is not a plausible debate, so there will be preferences.

We have a very open system with one set of countries, but it seems unbalanced or unfair to others with whom we have special relationships. People say it is unfair to Australia and Canada, but they do not say it is unfair to the Ukraine or Chile.

The big issue is whether you have consent for the migration you might be taking in a negotiation you are doing. That might be a negotiation with the EU27, it might be a negotiation in India or it might be a negotiation that Liam Fox is doing in the United States. You should not be taking migration that you do not have consent for as part of a deal. If you have consent for the migration and it is a good, reciprocal deal, then do that deal if it fits



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with your broader policy—I think that would be the approach. Otherwise, you are saying, “Never do a deal with anybody if you haven’t done that deal with everybody.” For economic migration, that does not make any sense. We do not want to be unable to negotiate with America, Australia, India and so on. If the types of deals we had done looked unfair, it would be different.

Preferential offers are good if they are in our mutual interest. We might do a deal because we wanted two-way migration with that country—Australia is a country that a lot of British people live in—or because it was part of a trade partnership. We might want a trade deal with India and they might want more post-student migration, and we might think that was good for us. If you do not have the political support for the migration you are taking, you are in trouble, and that is the post-2004 point.

Q123 Tim Loughton: Is the implication that a preferential arrangement for immigration from EU countries as part of the negotiation that is going on at the moment is not tenable?

Sunder Katwala: It is tenable. We do not know what the Europeans will think. We will not know until the British Government have a negotiating position and try to negotiate for it. If you cannot get anywhere with a preferential system that is not free movement but is not the same as everywhere, you will have to jump towards saying, “I’m just keeping free movement,” or, “I’m not going to do that.” In principle, I am saying that you face the same issue in your EU27-UK negotiation as you do in all the other trade and migration negotiations that you are going to have for the next 15 to 20 years, but you are going to have to put them together. I would say that policy makers have quite a lot of permission to negotiate quite openly for skilled and student migration deals and would have to think quite carefully about lower-skilled migration.

Q124 Tim Loughton: To put it in practical terms, you are realistically saying that, as part of the deal we negotiate, we would go to the EU—we cannot specify places within the EU—as first preference for, say, doctors.

Sunder Katwala: My proposal would be to say, “Let’s set a skills or salary threshold”—let’s call it £24,000—“and have a very light-touch system for EU migrants, with no numerical cap or limit on them.” I would also decide to be as open as I wanted to be, but I would be open to the EU skilled migration we are currently getting while deciding how open to be according to our policy. The tricky bit is how much low-skilled and semi-skilled migration you want from the EU or anywhere else.

In our research, we have found that two thirds or three quarters of voters—leave voters and remain voters—think that not having a one-size-fits-all policy and being open to skills above a threshold but controlling low-skilled migration would be a good deal for Britain if it were part of a broader package. If it were not, you might start doing that skilled deal where you took doctors first from somewhere else—Canada or Australia, say—because they might be your preferred partners if your negotiations had collapsed entirely.



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Q125 **Tim Loughton:** You envisage that there will be preferential deals for migration as part of the EU trade deal, which will, as a consequence, prejudice the migration chances of non-EEA professionals coming here?

Sunder Katwala: No, whether it prejudices is a matter of policy. My view is that if you are operating above a threshold where there is public consent, you could be equally open to Australians, Canadians, Americans, postgraduate Indians and so on above the threshold you have. The European Union does not lose there, because you are open to their skills and you are open to other people's skills.

Q126 **Tim Loughton:** Based on what threshold—purely a salary threshold?

Sunder Katwala: You can set the threshold you want. There would be a lot of public consent for being entirely open to skilled migration from the EU and more open to skilled migration from non-EU countries if you were controlling low and semi-skilled migration from the EU.

Q127 **Tim Loughton:** Does anybody else want to come in? I am still not clear about what that actually means. Let's take the example of a doctor. You have to have a certain skillset to be a doctor. Are you saying that, as part of our trade negotiation, we would have first preference for doctors coming from the EU, which would mean that doctors coming from India, Australia or wherever else were second preference, on the basis that we have a finite demand for doctors coming in, which could be satisfied solely by EU doctors and therefore India and Australia would not get a look in? Is that the way it would work?

Matthew Fell: That is not quite how I would characterise it. I would say, though, that it is useful to look at this in the context of trade negotiations. We do want a good deal with the EU, whatever that might look like. Having people as part of that negotiation in trade deals—history would suggest—tends to lead to a better outcome. But I do not think that necessarily is just with the EU. We have a very big and important trade negotiation going on with it right now, but the indications from others—India, Australia and so on—suggest that as part of any future trade negotiations with them, they would also want to have a negotiation with the EU that takes this issue in the round. I would not view it as prejudicing one versus the other. I would say that having it as part of the mix would tend to lead to a better outcome following the set of negotiations.

Q128 **Tim Loughton:** But it must prejudice one against the other. We cannot take doctors from India, because we are taking all of them from Europe.

Sunder Katwala: I don't agree with that, because it is only if there is a public or political preference for less-skilled doctors from India or less-skilled doctors from Germany. The pinch point you describe comes in in low-skilled and semi-skilled immigration, because there will be public and political views about how much you want. If you want to be open to doctors, I would level up above my skills threshold. I wouldn't do it straightaway, but I would keep the EU skills we have and then I would level up in my other trade deals, because it would be very popular migration.



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Q129 Tim Loughton: That's not the point I'm making. I am sorry if I am not being clear. If, as part of a trade deal, you are giving preference for certain skilled sets coming from the country or the union with which you do that trade deal, that must mean that you are disadvantaging another part of the world—

Sunder Katwala: It doesn't have to work like that.

Tim Loughton: Unless you have an infinite demand for those people coming in. With something like doctors, we need more doctors, but we don't have infinite demand. So when we do a trade deal with India, we cannot say as part of that trade deal, "You will have first preference for doctors as well," because we have given away that first preference. So there must be a knock-on effect. Given that we can only do the trade negotiations with the EU first, before we are allowed to do the others post-Brexit, that must mean that the EU gets first dibs, effectively, on any preferential immigration deal. It must do.

Dr Rolfe: I'm not sure in practice it works like that. Currently you do have that situation. Any doctor applying from outside the EU, until recently, has been able to get a visa and come here. If EU doctors were given priority, it is not going to—

Q130 Tim Loughton: But they have priority now. They can come in without visa requirements. That is a priority over the Indian doctor who has a visa requirement.

Dr Rolfe: Exactly, but that is not preventing recruitment of non-EEA doctors; in fact the reverse is true. I think most doctors recruited from outside the UK are not from the EU. EU doctors are a minority.

Q131 Tim Loughton: Doctors are probably not a very good example to have taken, but there are certainly other people coming from the EU, who more than satisfy the demand that we have on whatever skill base you want to take it.

Sunder Katwala: Let's take the example of tech. There won't be an infinite demand, but you are quite open to some of it. The logic of your position is, if you are going to strike a preferential deal, don't make a preferential deal where you use up all your opportunities to take the migration you want so that you won't be able to negotiate anything with anybody. You want some headroom to make some other deals, so you can constrain the type of deal you make.

If you can't do that, you'll have to say, "I must never talk to anybody about migration ever." That is fine, but you have tied one of Liam Fox's hands behind his back when he goes to different countries and you have tied one of the Prime Minister's hands behind her back. Thinking about the different negotiations you might want to make, you have lots of commission to do certain types of youth mobility deals, certain types of student deals and certain types of post-student deals. The pressure point will come on where you want to source your lower-skilled labourers.

Q132 Tim Loughton: That's really what I am getting at. You have to quantify



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it. You could say, "We will take 500 doctors from the EU and, beyond that, it's open house to the rest of the world." That would be a practical way of doing it—yes?

Sunder Katwala: The other premise you have is that there will be an over-supply of skilled EU migrants beyond the numbers that you will want to take. That might be the case, but that might not be the case, based on the balance we have. It is about having some model, such as the annual migration report or the one, two or three year plan, so you can see if you have a worry that so many doctors will want to get to Britain that we won't know whose doctors to take. The reality is that there are shortages and there are operations not taking place in NHS trusts, because we can't employ the doctors they can find and we can't find the doctors they want. If we hit your problem, we will have to decide which doctors to let in, but we would need a mechanism for deciding on a yearly basis, "Have we got a problem with an over-supply of doctors or are we trying to recruit doctors that we can't find?"

Q133 **Tim Loughton:** In terms of how we make value judgments about that—we have probably chosen the wrong example with doctors, because everybody is desperate for doctors, so it is a pretty rubbish analogy—and how we determine how much demand there is that needs to be filled outside our borders, would you advocate, as was advocated in TheCityUK-EY report yesterday, that there should be an independent skills advisory panel, above and beyond the Migration Advisory Committee, so that we have a well informed and reasonable indication of exactly what demand there is, which takes us out of the political arena as well?

Matthew Fell: My observation on that would be that, whatever model you have that makes those judgments, make sure it is agile. There is a real problem, and the danger of having something complex or having different bodies or groups that look at this is that you take more time to make a decision. The one thing we do know about this is that you need to be very responsive to demands in the labour market and to where skills and needs are changing for companies. Whatever system you go for, make sure it is agile.

Dr Rolfe: Currently, you have the occupational shortage list, but an employer can recruit outside of that and has to undergo various conditions—advertise a vacancy, and so on—and I think that could be applied to low-skilled work as well. Whatever is on that list, if an employer finds it difficult to recruit a fish gutter or whatever, they can advertise in a jobcentre—not for 28 days, because that is too long for that kind of job—and then, basically, show some proof that they have done all they can to recruit a British worker. You could also introduce a system of trusted sponsor status, so that these employers will have gone through various checks, will have training and development policies in place, and will have good recruitment and retention practices. Whatever shortage list you have, it can never be complete, as Matthew said. It can never be up to date, so you have to enable employers to recruit outside of that list.



Sunder Katwala: I think it is absolutely sensible to do what you said, which is to link the two up—your skills needs and your training policies, and what part migration plays in that. That should be part of the same policy, and we should be reviewing that regularly. We have more informed advice on that if there is good engagement with employers. You also get to say, “Somebody’s been on the shortage occupation list for three years, five years or 10 years. Why are you always on the shortage occupation list?” The public would like to see that. That’s all a very good thing. What it doesn’t do is take the politics out of that. Governments and the politicians will still have to take responsibility for the decisions they take.

Q134 **Tim Loughton:** Finally, what about a six-month, visa-free flexible system for certain skilled workers, so that a French bank could relocate one of their people to their bank in London to deal with a particular project that they were on that needed doing straightaway, without having to go through all sorts of processes to qualify? Is that feasible as well?

Dr Rolfe: That sounds quite similar to the current system—the transfer system—that is allowed under tier 2.

Tim Loughton: It’s very limited.

Dr Rolfe: One of the original ideas of free movement within the EU was for precisely that kind of reason—so that people could develop skills and experience, come for a short period and go home. That applies particularly to highly skilled workers. Probably where it falls down is if you start applying that to low-skilled workers here on a six-month contract. That’s not going to appeal to employers, but certainly for skills development that absolutely seems a good idea.

Q135 **Kirstene Hair:** In my constituency of Angus, and indeed in many other rural areas, we rely very heavily on seasonal migrant workers, specifically to pick soft fruit, and obviously they contribute significantly to our local communities. I wondered whether you had done any research to identify the impact of leaving the EU without arrangements in place for seasonal workers in places like Angus, which heavily rely on them.

Dr Rolfe: We have covered that whole sector in our research. It would be very damaging, and I think employers are already experiencing shortages and finding it difficult to recruit, for reasons that are quite clear. It is short-term work, it is low-paid, it is very hard and it does not appeal to local workers. Interestingly, we have just done focus groups in Kent, where the issue of seasonal workers was brought up—it is an area where fruit is grown and picked, and so on. Historically, women with children used to do that job. The reason they do not now is that for health and safety reasons they can no longer take their children along there. Also, apparently, the work used to be very much cash in hand, but in any case it does not appeal to local workers, and any attempt to get more local workers into that kind of work has failed. It seems there needs to be some solution, and while I think generally short-term seasonal visa schemes are not really the way forward for immigration policy, there is probably a very strong case in the agricultural sector to have seasonal work visas.



Q136 Kirstene Hair: Would you go so far as to say that there is no other alternative without damaging the industry than to bring in a similar scheme to what was abandoned in 2013?

Dr Rolfe: The alternatives, I suppose, would be to try harder with local workers, but farmers say they have already done that, and with students. There have been a number of proposals, but I don't think any of them have really worked. It seems to me that historically, apart from women with children picking fruit, it is a sector that has employed a lot of seasonal migrant workers or workers who move around. The alternatives have probably been tried, and it seems to be suited to that kind of labour.

Sunder Katwala: There is a specific challenge for agriculture, and it is not entirely a Brexit question. You needed a scheme before 2013, because the European workers who had free movement chose not to do that if they had other options. Once Romania and Bulgaria came into the European Union, you had a new flow of new European Union workers for whom that work was a possibility and a viable thing. As those workers get more integrated into the European Union, that might not happen anymore, so you would have been looking beyond the EU27 if we had stayed in. That has been the historic pattern: people have come from Ireland and Scotland, then they have come from southern Europe and so on. There are specific needs there, but how you do that and how you explain it are quite challenging in this context.

The key, which was part of the pre-2013 scheme, is that the employers who do that have to answer the question, "Why is what's good for your business good for the place your business operates?" If they are responsible for dealing with housing and thinking about local impacts and local integration, people will be pleased that that work is being done there. If you do not have that connection, that permission and consent from the local area, it does not work. In the National Conversation research that British Future did with Hope not Hate, we found that in Dungannon, for example, there was a strong sense of the local value of that work being done and how that was going, and therefore the migrants felt part of the place. Employers have to step up and deal with those impacts to make it politically a good and viable idea to have the seasonal schemes they will need.

Matthew Fell: My view is that agriculture is clearly a hugely important part of the economy, particularly in your constituency but also in areas of Northern Ireland and the south-west of England, for example. It is very important for parts of the country, and possibly set to become more important as we put a premium on food security and things like that. It is part of the economy, but there are other parts of the economy as well. My instinct and preference would be, "Let's first try to design a system that works for all sectors of the economy." That would be my starting point.

While we are talking a little bit about sectors, which a few have mentioned, my view on sectors would be a note of caution. There are huge interdependencies that run through the economy, and many, many different sectors depend on others, so while they might not have EU



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workers within their own labour force, they are hugely dependent on them in others. Supermarkets would be a good case in point, for example, with logistics, the food sector and so on. I urge looking at the interdependencies between sectors as part of this debate.

Q137 Kirstene Hair: Obviously it worked before, as Mr Katwala outlined. I will ask one final question: in the focus groups that you mentioned, was there a clear sense of urgency? Did they identify what the impact would be if they did not have a system in place within the next 12 months? We have seen a 15% to 20% decline in the workforce coming over; last year we saw fields left with fruit rotting for the first time. I wonder what urgency you have identified with this particular sector.

Dr Rolfe: The focus groups were with the public, not employers, but I think there is an urgency within the agricultural sector for a solution to be found. As Sunder says, they have found that the workers who came over here just to pick fruit now have other options, and the seasonal agricultural workers scheme was closed in, I think, 2014.

I think there is more urgency in some of the other sectors that we have mentioned. On whether there is an urgency about immigration policy in general, I think that employers would like to see some kind of certainty, but they are facing a climate of uncertainty generally around the UK's membership of the EU, trade deals and so on. Although immigration is very important for them, I think they would be quite happy for a longer transition period to try to get new policies and new approaches up and running, or to try to have a period of adjustment.

Q138 Kirstene Hair: Who would be, sorry?

Dr Rolfe: Employers. I think they want clarity about immigration policy, but I do not think there is urgency to address it now and change policy now. In the case of seasonal agricultural workers, there is a need for that to be addressed now through policy.

Q139 Stephen Doughty: I apologise for being elsewhere at the start of the session. I have a couple of points about confidence to deliver whatever policy is set. There are lots of different options. You mentioned a trusted sponsors scheme. We already have trusted sponsors, but I am aware of a case this week of an individual who was working for Carillion and TUPE'd over, and has suddenly found out that their sponsorship status was not what it was and suddenly found themselves unable to work. What confidence do you pick up on out there about the Home Office actually delivering any given policy or scheme? Even some of the schemes that are in place already are clearly not working.

Dr Rolfe: I think that employers who already have dealings with recruitment from outside the EU are more confident. I think they generally find that the system is quite bureaucratic, but is something that they can work with and are quite used to working with. The fear and concerns that it will not work are from employers who have had fewer dealings with recruitment from outside the EU, and have a lot of recruitment of EU citizens. They are worried that they will face the same bureaucracy and



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costs that are associated with tier 2, and they have no experience of it. They are worried about that. They are also worried about falling foul of the law and the reputational damage that will result from that, even though they have good intentions to follow good practice.

I think there is less cynicism about the immigration system—just concern, because they recognise that immigration policy will be policed in the workplace, not at the border. We are not going to stop tourists coming in, and when someone arrives at the border from France we will not know whether they are here on holiday or to work. In the workplace, employers will potentially be faced with an array of different passports and different entitlements to work in the UK. I think that is what they are concerned about.

Q140 Stephen Doughty: I watched a programme last night talking about the difficulties faced by west coast fishermen in Scotland and the Hebrides. EU nationals who had been working on ships had now all gone, and they were trying to get Filipinos in to work but were having huge problems doing that. You talked a lot about agriculture, but do you know anything about the fishing industry in particular, and the challenges around that? No.

We saw Ian Paisley Jr speaking about it in Northern Ireland in exactly the same way: "Let's go for a hard Brexit, but I'd like to recruit all these particular fishermen. We are having a problem in the fishing industry." There seem to be some real inconsistencies in what people are saying.

Sunder Katwala: What that throws up—this is in all the research, and you see it playing out—is that the question changed once you had the referendum result. It changed from, "Do you want it controlled, or do you want free movement?"—which is perceived as the opposite to controlled—to, "If you've got your controls, what are you going to do with them?" Then people were like, "Well, I want to be very selective, but tell me about a role and a job that I know about—tell me about something that is part of the tourism industry or fishing—and then actually, yes, I want to pragmatically make allowances for that."

You could say that that is inconsistent, but in a way it is quite helpful to get to that pragmatic phase of the debate. People want controls, and then they want them to pragmatically let in the things that are good for local economies. It is difficult for politicians to balance that. There is a paradox in the question that you asked about controls, which is that the public do not have big concerns or too much to say about current student migration, which they like, and current non-EU migration, which feels like it is skilled and controlled. That's fine. They are worried about the flows that they perceive as uncontrolled—EU free movement. Employers are very happy with the less-controlled systems and find that the ones that are more controlled, and therefore have more public confidence, have more hoops to jump through. You definitely have a tension there between what employers want and what tends to give the public more confidence.

Q141 Stephen Doughty: To return to the Indian doctors issue, there has never



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been a problem with recruiting Indian doctors on my patch. I do a lot of work with BAPIO—the British Association of Physicians of Indian Origin—which has made a huge contribution to the Welsh NHS.

I guess that leads me on to a bigger question: in trade deals, which countries do you think will put on the most pressure for enhanced visa arrangements or enhanced migration arrangements? Where do you think the potential issues are for that clashing with public consent?

Those fishermen on Barra in the west coast of Scotland where very keen to have the Filipinos, who seem to have integrated well into the community. There was a sense that there was both consent and desire for that, so that might be a clear case, but what are the other areas where you think there would be a clash between the pressures put on us in trade deals versus where public consent lies?

Sunder Katwala: There are two different tensions. One relates to the questions that Douglas Ross and Tim Loughton were asking earlier, which is that, in a way, deciding which deals to make is basically a broad question about your overall vision of Britain's political and economic strategy and which relationships should be prioritised. If the European relationship is one among many, you wouldn't use up all of our headroom and so on. There is a broad distinction there, although on the whole I think you would want to keep open the ability to make deals in the conversations you are in.

In terms of public consent, I think people slightly overestimate the extent to which the public have ethnic or cultural preferences. If you ask people about different countries, they will give you different—

Q142 **Stephen Doughty:** Can I press you a little bit on that? Is there not evidence?

Sunder Katwala: I will give you the evidence now. The British Social Attitudes survey did a very good experiment. They asked about doctors from Pakistan or Poland and about lower-skilled workers. People did not see those as the same questions. When you do that, people take the skill over the ethnic cultural preference. If I name a country, such as Australia, America, Nigeria, Romania or Poland, Poles are very popular but there are more negative attitudes about Romanians. People are telling you something about integration from that country, but they are also actually just guessing what their skill level is, so you get differences on those jobs.

When people think about family migration or refugee migration and so on, they might start thinking that they want to be open to all the people who need protection, and they would think more about integration issues. However, in the comparative European evidence, the British public have the strongest pro-skills bias and the weakest ethnic cultural preferences of any country in Europe.

Q143 **Stephen Doughty:** But assuming it is a situation of equal skills?

Sunder Katwala: Yes, then they will. They slightly positively stereotype east Asian students over west European students, but they prefer all the



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students with good grades over all the students with poor grades. When we are thinking about economic migration, people base it on skills. It would therefore be about what types of skills we are taking from India, Nigeria, Canada or Australia, not about wanting a 1950s policy in which they want a racially preferential policy disguised as something else.

Q144 Stephen Doughty: Is that universal across all age cohorts, or is there more of a bias against, for example, particular religions or ethnicities?

Sunder Katwala: Skills are trumps when we talk about economic migration.

Q145 Stephen Doughty: In every cohort?

Sunder Katwala: Yes, but there would be a gradient on that. People are more worried about, for example, Muslim integration than other forms of integration, but that turns out to have less weight than you might expect. It's not that people will say they will take Indian doctors but not Pakistani doctors. They will take all of the south Asian doctors, but they will be worried about the people with very low skills, in terms of how much they will contribute and how they will integrate. However, they will want people from all sorts of countries to work in care homes and in agriculture, because somebody has to pick fruit.

Q146 Stephen Doughty: Does anyone want to add to that?

Matthew Fell: On your first question about confidence in the Home Office to deliver and so on, I strongly agree with the point that companies that are not frequent users of the system find it more daunting, and the costs and so on associated with that is a big issue. On countries wanting us to be a part of trade deals, that is the general sense. We pick signals up from the likes of India and Australia and so on that they would be keen to talk about that in the round.

On the final point, I think that the general view is that people look much more for the in-work contribution you are making—that is the premium, rather than where in particular you are coming from. Many studies seem to show that that comes out more strongly.

Q147 Chair: If you have a very open trade deal on services, does that require a very liberal migration approach?

Matthew Fell: I have two thoughts on services. The UK economy is hugely focused around services—it is very important to us. The ability to move people into different countries for their assignments, business trips and similar things associated with services is hugely important, if that is the make-up of your economy, like it is for the UK. At the moment, one of the reasons companies choose the UK to locate in is not just to do business within the UK but to service global projects. That ability of people coming in and out is attached to that. I would say that there is an important link between services and migration.

Sunder Katwala: I think it makes a good case for at least trying to negotiate the type of preferential system I have been talking about that is



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open to skills. In service-based industries, therefore, you will have an open system; not just on a sectoral basis, but in finance, higher education, pharmaceutical and so on, you will have an open, skills-based system.

We do not know how far that is negotiable with the European Union, because we do not have a policy, we have not tried to negotiate it and they have not negotiated with departing members before. That should be the first preference of a British Government that wants a deep and expansive partnership deal: to say that we want a services deal and that is therefore open to skilled migration in services.

Q148 Chair: I want to ask you a bit more about what you think the trade-offs are likely to be in the negotiations, either economically—so, in terms of delivery of services—or politically. Do you think there will be trade-offs in terms of where we will get to on trade deals and migration policy? If so, where would you end up? I am conscious that somebody may have a particular approach in terms of migration, but if you have to choose a migration and trade package, where would you end up and do you think they are linked?

Matthew Fell: I think they are linked. In any negotiation, a trade-off is almost inevitable. That is the point of a negotiation—you get into some degree of trade-offs. The hope would be that you would get something in the round that achieves both aims as much possible.

On trade, there is an awful lot of focus on trade deals, but we have seen many other countries around the world where we could make giant strides on trade that are not actually dependent on a trade deal—it is about how we promote both inward investment and UK exports, where you can make huge strides on trade without a trade deal. To the extent there is a trade-off, this issue of people is hugely important in that mix.

Dr Rolfe: Obviously, it is relevant to some sectors, but it is not particularly relevant to sectors that rely quite heavily on migrant workers. It is less easy to see a case for a trade and immigration mixed deal for a sector such as hospitality, although maybe to a certain degree. That and, certainly, food processing are two sectors that are very dependent, as is social care. A focus on immigration policy linked to a trade deal excludes a lot of sectors. It may be helpful for the trade deal, but I think in terms of sorting out the UK's future immigration policy, it is less so.

Sunder Katwala: I think the public politics of trade-offs is very tricky. There are some really important asymmetries. I think people have understood what free movement is since 2004. It would be tricky to say to people that we have changed it because we have applied existing rules—I think they are expecting a bit more change than that.

On the other side, I think people do not have a strong grasp of what is a free trade agreement, what is the single market and what is the customs union, and how it is different from the single market. They want sensible arrangements on trade, but that is a very technical set of questions. I think people will naturally use cues like, "Who is arguing for it?" or, if it is



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balancing the objectives of the referendum, "Do I see people from both sides of the referendum arguing for it, because that would balance it?" or, "Do I just see people from one side arguing and saying it is a balanced deal?" It is quite tricky to get that kind of trade-off argument to work.

It comes back to where the public are on immigration, which is that they are moderate balancers, which the National Conversation that the Committee looked at worked to. It is certainly possible to get most people to engage with the fact that there are pressures and gains of migration—pressures on housing, gains for the NHS; pressures on the NHS, gains for the economy—and that they want to balance those things. It is perfectly possible to get people to think, "I want a relationship with Europe that balances my trade and migration objectives, so I might not get all the controls I wanted", but when you make it an all-or-nothing trade-off, you are asking people not to be balancers. You are saying, "Well, we knew all of that and that was all very good, but now you are just going to have to choose this or this." You can have the political debate and people might jump and say, "Well, I will just take the single market", or they might jump for migration. That is going to polarise people along referendum lines again, because you have said it is all or nothing.

They are certainly linked questions if you want to be in the single market. What we do not know is whether you can negotiate something new in a negotiation that has never happened before. That is what people want to do. In all of our discussions, people very, very rarely thought that they will take the trade-off at that strong level, where they say, "Whatever I wanted, I will trade it all in because the economy matters." There is something very interesting about the two locations out of 60 where everybody—leavers and remainers—did that, which was Macclesfield and Knowsley.

It was very local and tangible to people in Macclesfield, with AstraZeneca and other industries there. That was good for the single market. It is a place of relatively low migration: "I know what it is for". In Knowsley, you had people who had worked in the car industry or who used to work in the car industry being very influential in explaining to people what it was to trade component parts. Everyone bought that because it was a peer-to-peer conversation. Everywhere else, people have just not bought that those things should be linked and therefore they would call the bluff of the other side in the negotiations. They might be wrong about that, but I think what advocates have to do is to make the case for the migration policy you are going to have being a good migration policy, and going with a good trade policy, because as soon as you change to the trade-off question, you are sort of saying, "We have listened to you on immigration and you know we want to listen to you, but you knew I was going to go with the banks in the end, didn't you, so I'm sorry I can't give you what we have been talking about?" People do want to strike the balance and the British Government has to therefore try to get the European Union to strike a balance that might be relatively open and pragmatic but that has trade access and immigration controls in it.



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Q149 **Chair:** I have one quick final question. Do you any of you think that any version of an emergency brake is workable?

Dr Rolfe: I think emergency brake is really problematic. The idea of the emergency brake would be that if there was shown to be too much demand on services—

Chair: Any version. I am interested in whether you think any version might be workable.

Dr Rolfe: I think it would be very difficult to prove that immigration was causing the difficulties in accessing services. Who, then, is going to decide when an emergency situation is apparent? And how, then, do you operate it? Does it mean that people who are here, who then need to move jobs, have to leave because they then cannot get a new job? I would note what I said earlier about immigration policy being policed in the workplace. At what point then? If somebody loses their job in that period, do they then have to go? Even if the first part of it was possible, how would it operate in practice, in terms of identifying too many demands on services or a negative impact of immigration, and in carrying it through, potentially deporting people, stopping people from being recruited who may be part-way through being recruited and starting a new job? The whole thing would be very problematic and, I think, unworkable.

Sunder Katwala: One of the rules of politics and policy is that nobody has a time machine that they can deploy. This feels to me like a very useful policy for 2006. What would the world be like if you had had seven years of controls? Would it be different? Wouldn't it be different? Or for 2016: if people had known the result would be 52-48, would they have given the Prime Minister the seven years of controls he had not had, and might he have got further? I think the emergency brake also has a sense of a temporary thing to get you through something, but we had the period of very high migration between 2004 and 2010 and we are not expecting that again, so it seems to me this is a time to reform the system we are going to have and are going to keep. Anything that is transitional or temporary does not feel like the type of thing you are looking to do. It feels like a debate from the recent past.

Matthew Fell: I would look for other checks and balances in a negotiation, rather than an emergency brake. I mentioned the Swiss model, where you look at the state of the local labour markets and particular skill sets and so on, and if you have a ready supply of those clearly in the UK, you give priority to those versus others.

Q150 **Chair:** Isn't that a version of an emergency brake?

Matthew Fell: I think it is a more sophisticated version of an emergency brake. An emergency brake, to me—the name of it and the idea of it—very much conjures up a blunt instrument to address an issue. What I had in mind was something that had a little bit more sophistication about it, which looked at different types and different areas of the labour market.

Chair: Thank you very much for your time this afternoon. We really

appreciate it.

Examination of witnesses

Witnesses: Rosa Crawford and Professor Guglielmo Meardi.

Q151 **Chair:** May I welcome our second panel and ask you to introduce yourselves?

Rosa Crawford: I am Rosa Crawford, a policy officer covering migration at the Trades Union Congress.

Professor Meardi: I am Guglielmo Meardi. I am a professor of industrial relations and director of the Industrial Relations Research Unit at the University of Warwick. If relevant, I am an Italian national. I have been at Warwick for 19 years.

Q152 **Chair:** As an opening question, may I ask what you think the Government should pursue as a post-Brexit migration policy?

Rosa Crawford: The TUC represents almost 6 million workers. Many thousands of them come from the EU or from other countries around the world. They contribute hugely to our economy and keep our public services running. Our priority is protecting the rights of those workers, as well as of workers from the UK.

In a Brexit deal, we want to see an assurance that we will continue to keep the same level of employment rights that we currently have secured by EU law, and that we will continue to have the frictionless, tariff-free trade that we currently have, which is so important to defend jobs.

For us, it has been completely indefensible that there has been no guarantee of the right to remain for EU citizens. Many of them are our members, and we would want a deal to deliver that. Most importantly, we need assurances that there will be an ongoing protection of rights and, indeed, a strengthening of the protection of rights, because we know there are concerns about migration that are linked with undercutting and exploitation, because strong enough rights have not been enforced in this country. We would want to see that. That could be delivered now and enforced in a future Brexit deal.

Q153 **Chair:** For example, what would you propose?

Rosa Crawford: For example, we would want to see an enforcement of employment rights where you could see an actual strengthening of resourcing going into things such as the Employment Agency Standards Inspectorate—currently, there are only nine inspectors to cover more than 1 million agency workers across the whole country—the GLAA, the HMRC and the Health and Safety Executive, where we have seen cuts to funding. There are not adequate powers among those agencies to adequately enforce rights where we know that there is significant exploitation.



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Looking at sectors such as care and cleaning, and at the hospitality industry, they are not required to have licences. Even though the GLAA now notionally covers the whole economy, there are no requirements to licence minimum standards. That is why we see exploitation in those areas.

As trade unions, we would also want to see an extension of collective bargaining agreements across the economy. At the moment, where you have collective bargaining agreements across the public sector and in sectors such as energy and manufacturing, you have good terms and conditions and, importantly, equal terms and conditions between agency workers and those directly employed, and between migrant workers, who are often agency workers, and those from the UK. Those have been essential in guaranteeing good quality jobs for all and, of course, in binding solidarity and good relations in the workplace, which is important for building solidarity in the wider workforce. But not enough of the economy and not enough workplaces have those collective bargaining agreements.

Looking at hospitality and distribution, just over 3% of the workforce are covered by collective bargaining agreements. It is no wonder that pay is £300 a week lower than it is in the manufacturing sector, where just over 20% of workers are covered by collective bargaining agreements. Both sectors—distribution and hospitality, and manufacturing—have roughly the same levels of migrant workers. The difference is clearly the presence of collective bargaining agreements. We would want legal extensions of those agreements, and the installation of things like the wages councils, but turned into modern wages councils, so that you can guarantee decent terms and conditions even in sectors where collective bargaining agreements have not yet been agreed.

As I have said, we could do all those things right now, but we need the Government to support those policies, and more employers to take a proactive approach, work with trade unions and agree collective bargaining agreements, which have been essential for guaranteeing good conditions.

Professor Meardi: Every country will find its own solutions and no country can give an exact lesson to others, but there is a general trend when we compare the management of migration and labour markets in large economies, in particularly large economies that are not in the EU but are closely linked to it via trade agreements or the European economic area. If you compare countries and periods over time, the quantitative control—the blank quotas or contingents—have more negative effects on business and on labour conditions. The substitution effect between national employees and foreign workers—

Q154 **Chair:** Sorry. Could I just pause you? Can you explain that again?

Professor Meardi: I am talking about countries that rely on quantitative limits on migration and try to introduce them linked to the labour market. Canada, traditionally, and Switzerland until 1999, have not managed to



run that system consistent with the needs of business. They never really cracked the code to get a system that is flexible enough to satisfy business. It is interesting how Canada managed to do that until the '70s. Since the '80s, when they have had a more volatile economy, they have never really managed to set the number of migrants they needed in the right way. Paradoxically, immigration has increased in periods of high unemployment and decreased in periods of low unemployment, which is the opposite of what should happen. The same happened in Switzerland until 1999.

In terms of public opinion and concerns with migration, those blunt instruments have not solved or addressed the fears of the population about the substitution effect—when local workers are substituted for migrant workers—or cases of abuse and exploitation. Often the opposite has been recorded. Migrants tend to have a more conditional status and are less likely to claim any rights they might have.

Other instruments used to control migration, in particular by Switzerland and Norway in the past 15 years, have had positive effects. They have not brought down migration, but did have an effect. It is possible to argue that the data shows that it is likely that they had an effect on migration demand by restricting the demand of specific forms of migrant workers. In particular, they have reassured the population, which is very visible in opinion poll data for Norway, year after year—it is possible to reach the same conclusions from the results of the continuous referenda run in Switzerland on free movement. Switzerland voted against the European economic area in 1992 when there were no regulations on migrant work. After 1999, they introduced regulations on migrant work. The Swiss voted by a large majority in 2009 in favour of the extension of free movement of foreign workers from Romania and Bulgaria, despite the fact that Romania and Bulgaria had a negative press.

After they slowed the rate of labour market control, Switzerland voted against free movement in the 2014 referendum, by 50.5% to 49.5%. They implemented that referendum in a controversial way, but they did not introduce quotas. The referendum literally said that they would introduce a resident labour market permit. An opinion poll shows that that satisfies a large majority of the Swiss population, including those who voted in favour of quantitative restriction of migration.

In terms of the quality and quantity for businesses and employees, it is not a right-wing and left-wing issue. There are good reasons for the UK in its own way to consider qualitative policies about how migrants are recruited rather than quantitative policies concerning how many.

Q155 Chair: You talked about the sorts of labour market restrictions or the labour market regulations those countries used that strengthened public support. What were they?

Professor Meardi: In the case of both Norway and Switzerland in particular, they were the banning of the extension of collective agreements in those sectors where there was a fear of social dumping,



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such as the oil industry in Norway, construction in both countries, industrial cleaning and so on. There was also the sectoring of minimum wages at the regional or national level, depending again on where there was such a need when there were no collective agreements, and resident labour market tests as already mentioned in the case of Switzerland. In the case of Switzerland, there are extensive controls and checks. Switzerland basically controls the working condition of employees, whether their wages and labour conditions match the collective agreement for 10% of employees every year. The equivalent in the UK is 0.2%.

Q156 **Chair:** Sorry, can you make that point again?

Professor Meardi: Switzerland has a massive labour inspection system that inspects companies accounting for 10% of employment every year, against 0.2% for the national minimum wage in the UK. Joint liability in the case of the subcontracting chain has a huge effect in sectors such as the food industry or construction, and both also have positive effects on the product market. It is not only about employment, it is also to reassure customers about whether construction or food is provided in a controlled way. ID cards—the health and safety card they call it in Norway—that employees have to carry in the workplace at any time to indicate their employment status prevents bogus self-employment, which is a big issue. I would say it is probably an under-discussed issue because, as far as I understand, whatever the regulation for work migration, people would still be free to move for tourism and short business visits, so the potential for this violation of regulation through bogus self-employment is probably a big problem that has to be controlled and addressed in some way.

Q157 **Tim Loughton:** Can we turn to the single market and the compatibility or incompatibility of the UK continuing to participate fully in the single market with the free movement principles?

Rosa Crawford: As I outlined, our priority is the protection of workers from any country, making sure that their rights are not undermined by bad employers—not all employers obviously, but certain exploitative employers, particularly in sectors where we have already seen exploitation take place, in construction, care, cleaning and so on. For us, continuing to remain in the single market is very important, as I said, to keep UK workers at the level of employment rights protection that we get in the EU. That is a floor that we need to build up from, but we would certainly strongly support the kind of protections that we have talked about—the legal extension of collective bargaining, introducing modern wage councils, implementing stronger enforcement of employment rights and, indeed, having the extension of joint and several liability—as Professor Meardi has outlined regarding other countries. All of those are absolutely compatible with single-market membership. Indeed, Norway and Switzerland are in the single market and have implemented those kinds of protection. But also other EU countries have implemented them. We see a much stronger role for collective bargaining agreements in the economies of our northern European neighbours, in Sweden, Belgium and France for example, and that is completely compatible with their single market membership. So for us there is no conflict.



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Q158 Tim Loughton: Okay, but all those things are entirely operable unilaterally if we chose to do them and the Government has not suggested anything else. However, none of those things would allow us to do anything about the free movement of people if we remained in the single market and that would not be in the spirit of the referendum result, would it?

Rosa Crawford: As I have outlined, the priority for the TUC is protecting the jobs and the rights of our workers so we would want any kind of Brexit deal to assure those things.

Q159 Tim Loughton: I understand that, but that can be achieved whether you are inside or outside the EU, depending on your own Government. In terms of single-market membership, it inevitably means the free movement of people and with that we would have a problem. So there is no way of remaining part of the single market and having any restriction on free movement of people, as you see it, is there?

Rosa Crawford: For us, the problem and the concern around migration and free movement has been driven, very importantly, by the exploitation and undercutting that has been allowed to take place, and by cuts to public services, which have left migrants being scapegoated for restrictions to services that were not there—

Q160 Tim Loughton: With respect, Ms Crawford, I understand all that, but it is not the question I am asking. I am just trying to get to the bottom of this. We are talking about immigration post-Brexit. If we were somehow to stay in the single market, we could not, as it stands, negotiate some form of restriction on free movement of people. Switzerland has completely fudged it—it is a rather more complex solution than you alluded to, Professor Meardi—so it now has to give first refusal on jobs to Swiss nationals. Whether or not that is acceptable to the Swiss people, the latest opinion polls in Switzerland show the lowest ever support for membership of the EU—11%. Clearly, free movement of people is not a popular prospect for the Swiss. We did not vote for continued free movement of people. We could not continue with it if we stayed in the single market, could we?

Professor Meardi: On the referendum in Switzerland, yes, you can call it a fudge. It is a complex issue. However, the opinion polls are quite clear. When this resident priority system was introduced—it is not only for Swiss nationals but for anyone who registers in a jobcentre in Switzerland—opinion polls showed that people accepted it, by a ratio of two to one, as a reasonable implementation of the referendum, although I agree with you that literally it is probably disputable. Recently, the party that campaigns against immigration—the Swiss People's party—tried to call another referendum, more clearly to stop free movement. They still have not even reached the required number of signatures, and all opinion polls show so far—I know that opinion polls can be wrong—that people are against stopping free movement of workers by a ratio of two to one. It is true that only 11% of people in Switzerland want to enter the European Union, but that is not really a matter of debate in Switzerland. A large majority are

happy with the system. The same is true of Norway, which also had a referendum against the EU and then implemented the single market.

To answer your main question more specifically, I do not take free movement and control of migration as a black and white issue. Free movement in the European Union, and even more in the European economic area, is conditional—it is not entirely free—and the same controls can occur in many ways. Apart perhaps from North Korea, nobody controls migration entirely. What happens in the European economic area in particular is that there is an emergency brake. These things are compatible with the things I said before. Unlike other respondents said, that emergency brake is unilateral. Although it is subject to an opinion by the EEA Joint Committee, it remains unilateral. Technically, it is rather simple; it does not mean deporting anybody. Although Norway has never used it, it is psychologically hugely important. The Government in Britain, for instance, could promise—and keep the promise—never to allow the same ratio of immigration as occurred between 2004 and 2007.

Let me add a very small example, which people may laugh at—that of Liechtenstein. Even Liechtenstein has a quota. It is a relatively low quota—applied to the UK, it would be only around 30,000 people. Liechtenstein has that on the basis of its special geographic situation. Obviously, it is a very small country. I think the argument can be made—although it is not me negotiating with the EU—that although the UK does not have a geographic special situation in the way Liechtenstein has, it has a special linguistic situation that makes it different from the other European countries. I think that argument would have some traction in other European countries. So it is even possible to have a stronger emergency brake than Norway's and stay in the single market, although that is a matter of negotiation.

The resident labour market test is quite a strong tool. It is not something that the UK uses, so it is a big change in comparison with what the UK has.

Q161 Tim Loughton: But we are not Liechtenstein and David Cameron did not get a negotiation on an emergency brake when that was one of the things on the agenda before we went to a referendum. There is no reason to think that we would be able to achieve something remotely satisfactory now.

What are the advantages of staying in the single market? I understand Ms Crawford's argument that it is all about quality of employment practices, but that is not entirely dependent on remaining part of the EU. We could replicate—and to an extent the Government have said that they would do so—employment law in domestic UK law. We could go for tighter controls or reduced controls if we wanted, and if the Government of the day wanted that.

Given that our economy is some 80% dependent on services and that the single market is only remotely sophisticated in terms of goods, why is there such a big issue about staying in the single market anyway?



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Rosa Crawford: Well, it is our largest trading partner, and many millions of jobs depend on it.

Q162 **Tim Loughton:** Why do they depend on the single market? They may depend on trading with those countries.

Rosa Crawford: They depend on the tariff and barrier-free trade that we have in goods and largely in services. Although the single market may not be that sophisticated in terms of service trade, I have yet to see something more sophisticated in terms of a global trade agreement that provides barrier-free trade—importantly, also underpinned by common social protections. That makes the single market unique as a trade arrangement in the world. That, for the TUC, is why it is so fundamental to stay part of it.

You are right that the Government can improve the level of employment rights, and we would want to see them do that, from the level of EU standards. However, it provides a floor level of rights that we cannot go below, and there are many rights that we get from the EU around sick pay, holiday pay and anti-discrimination rules that we, as the TUC, have fought for and are fundamental to protecting workers in this country. We do not want to see those traded away in any trade agreement, and we do not want to see our barrier-free and tariff-free trade traded away either.

That is why the single market is so fundamental to us, although we would be open to another option if there was something that delivered the same objectives. It is up to the Government to offer that.

Q163 **Tim Loughton:** Okay, but they are not mutually exclusive, are they? I get your point about employment protection. That can be achieved by our Government if it is so minded, and at any stage in the future, of course, if we remained part of the EU, they could have diluted those employment protections as well. Tariffs can be replicated outside the single market, and depending on the level of free trade agreement we may be able to limit tariffs in some areas, all areas, or whatever.

Those things do not rely on the single market. They may exist, in the current form, in the single market, but they are not exclusively the preserve of the single market. If we were able to negotiate an advantageous free trade deal based on lower tariffs, more tailored to us, which is what the Government want to achieve, and if we had assurances about retaining those employment protections, which the Government can do, and can change upwards or downwards subject to the electorate agreeing with them, what is so good about the single market?

Professor Meardi: Can I just say that it is absolutely correct that Prime Minister Cameron did not obtain an emergency brake? That is incompatible with the European Union. It is not incompatible with the European economic area, or the single market outside the European Union. Why is the single market important? I would agree that it is not essential, or a matter of life or death.



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About 10 years ago there was the strong theory that the world was becoming flat, and geography did not matter anymore because of new technology, new transport systems and so on. Actually, the evidence in the last 10 years has been that trade, and especially trade in services, has become more, rather than less, elastic to distance. The service trade that you were referring to as a strength of this country often—it is also possible with a country very far away, and also increases with countries very far away—increases at a higher speed with neighbouring countries because it implies the movement of people. To provide a service also means sending consultants, technicians, repair people, trainers and so on. This is obviously easier for the UK to do with the Netherlands rather than with New Zealand or Japan. That is one big reason why the single market can be important. I agree that on services it is very deficient; however, if we compare it with free trade agreements, it is actually the most advanced free trade agreement on services. It depends what the alternative would be. A hypothetical pure services free trade agreement would be superior to the single market, but that is a very hypothetical thing that has never been—

Q164 **Tim Loughton:** It would be superior.

Professor Meardi: It could be. It depends on your priority. If your priority is promoting the services industry in the UK, I would agree with you that that would be preferable, but it is a theoretical hypothesis that has not materialised anywhere.

Q165 **Tim Loughton:** Let's take the services industry. It is about 80% of the UK economy, which is a different picture from many of the European economies, particularly Germany. The largest component of that services industry is the financial services industry, which is virtually tariff free and relies on regulations equivalence, mutual recognitions or passporting, one thing that is now coming in. It is the most elastic industry geographically. It is meaningless that it is 20 miles away from our nearest neighbour when markets can be 2,020 miles away and still trading as efficiently with Singapore, California or whatever. I still do not get why the single market is so good for us, because it is not, is it? It is all about a single market that advantages goods rather than services, if it advantages anything, which does very few favours for us. We still have 800 professions that are regulated in individual countries, 400 of them in only one country, rather than having an EU-wide recognition, which is what the single market was supposedly all about and has failed to achieve since the 1980s.

Rosa Crawford: I come back to the key point, which is that we need to have a deal that safeguards and increases the number of good jobs we have in this country. Given that 80% of our economy, as you have said, is around services, we need a deal that guarantees barrier-free trade—as much as has been agreed—with the EU to support those jobs. They go beyond finance; I acknowledge finance is important, but there are many other jobs in services, in travel, retail and education services, that are very important. They depend to a large extent on having that barrier-free relationship with the EU via the single market. We need to preserve that in any future deal, as well as having a safety net around rights. We would



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want to have that guarantee as a way to say in the future that those cannot be lowered. As you acknowledge, they can be extended, but we do not want to do away with the safety net that provides such fundamental rights on sick pay, holiday pay and agency workers' rights. We want to see those continue. In the single market context, that is guaranteed.

If there is another way to deliver that, we could consider it, but at the moment it looks as though only the single market has been proposed as a way to achieve that barrier-free trade in goods and services that we need to protect jobs as well as, importantly, employment rights.

Q166 Stephen Doughty: Rosa, I've just been at a press lobby lunch with the general secretary of the TUC, Frances O'Grady, who gave a strong speech on the single market and the customs union and why the TUC is supporting them, which was good to hear. I was shocked when she revealed that the Prime Minister had only met her once in her whole time as Prime Minister, and that she had met Chancellor Merkel, the President of Ireland and other figures far more times. What has been your experience of Government listening to the TUC? Normally, I get concerns from businesses about the fact that Government is not listening to them on post-Brexit migration and the issues they face, but what has been your experience of the Home Office, DExEU and the Department for International Trade listening to trade unions and their representative body?

Rosa Crawford: While the meetings have taken place, we have found it unsatisfactory in terms of trade union concerns being factored into the Government's negotiations and what is happening in Brussels. I think that is clear to everybody from the fact that at the moment we have the Government red lines, which rule out continued membership of the single market and membership of a customs union, and have not provided any assurance for the union movement that we will continue to keep up with EU levels of rights, which means workers in the UK would fall behind, which means companies could locate themselves in the UK to undercut EU Governments. So, we do not see any evidence in the few meetings we have had of any yielding of trade union objectives, which are protecting workers' rights and speaking for workers' objectives more broadly.

As you say, there is a contrast on the EU side, where we have assurances around single market membership. Barnier and other leaders have said that single market membership is indivisible from following levels of employment rights, and it is a fundamental point about the single market that social rights and protections go along with it. Indeed, it is about common regulatory standards and having rights, and employment rights standards are part of that as well.

Northern Ireland has also been a fundamental issue for us. We want to see assurances that there will be no hard border, yet we do not see anything credible from the Government on that.

Q167 Stephen Doughty: I want to ask a little bit more about that. There has been a lot of talk about the issues around the customs union and the



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impact of a hard border, particularly given that a number of unions in the TUC are organised in both the UK and Ireland—cross-border. My own union, the GMB, does that. What would you say are the particular concerns around Ireland, Northern Ireland, the UK and Ireland, migration, workers' rights, and so on, from a single market perspective?

Rosa Crawford: As you say, for the TUC and a number of our affiliated unions, our relationship north and south of the border is fundamental, and we work very closely with the Irish Congress of Trade Unions as well, and since the result of the Brexit referendum was known we have highlighted that we can't have a hard border and a return to the times of the past. And trade unions were clearly a key part of those who negotiated the Good Friday agreement and their role in peacekeeping has been very important.

In terms of free movement, it is that critical issue: will those in Northern Ireland have fewer protection rights than those in the Republic? If so, will there be a licence for undercutting? Will those from the Republic who are in Northern Ireland then become undocumented, which would lead us into the whole area of a question mark around those with undocumented or uncertain immigration status being much more vulnerable to exploitation by employers, which we see at the moment for undocumented workers? Also, as we have seen with the Windrush scandal, there are those who do have status to be in the country but there has been uncertainty because of Home Office inadequacies.

All those issues are an issue in Northern Ireland but also more broadly for the whole of the UK. For us, a customs union would be a very important way of making a step forward towards not having a hard border. But, as you say, a single market is a fundamental way of completing that and making sure there is no hard border, because it absolutely guarantees fundamental regulations, which include employment regulations that you need to prevent having spot checks and cameras, because with all of that you would still have some checks involved even if you have tariff-free trade in goods, as you see with the Norway-Sweden border. So we would need to see something with the single market as part of the deal, to make sure that you have none of those checks and to ensure that you can keep the peaceful relations that have been so fundamental in the last few years.

Q168 Stephen Doughty: Can I ask a question of you both, following on from what Tim was asking about the restrictions that can or can't be placed within the single market, or indeed within the EEA, on freedom of movement? I personally have felt that this issue has been completely mischaracterised through the whole debate—just to be clear. It is very clear from the treaties that limitations can be placed on grounds of public policy, public security and public health. Some public services jobs can be reserved for nationals. An EU national is not allowed to become an unreasonable burden. The restrictions around qualification for benefits and social security are not as they have been portrayed in parts of the media and certainly not as portrayed by hard Brexiters.



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Do you not think that there is a case to be made—for example, were we to stay within the single market—for revisiting those guidelines and those restrictions that already exist, and perhaps giving people some more confidence that those restrictions were in place and that people weren't either coming here on benefit tourism from across the EU, or whatever, so that those concerns could be dealt with while not losing the benefits of the single market?

Professor Meardi: In the case of the EEA, or any single market deal outside the European Union, there will be some important changes in what can be done and what cannot be done. In particular, the citizens rights directive would not apply. It does not apply to the single market; it is within the whole citizen pillar of the European Union. Therefore, any movement for reasons that are not for work or business could be entirely regulated unilaterally by any country. The emergency brake in the EEA agreement is unilateral on the basis of serious distortions of economic, societal or environmental reasons. It is then assessed by a joint committee in case other countries can take counter-measures. That is the reason why Norway has never tried to use it, but it does not mean that it cannot be negotiated. I would add that the UK joining EEA or EFTA would be a magnitude change for those organisations. Probably quite a lot would need to be re-regulated, but obviously that is a matter of negotiations and political processes I cannot predict. It would be a magnitude change for those organisations, so I wouldn't expect the treaty to remain exactly the same, just the UK added to what existed.

Q169 **Stephen Doughty:** Sure, but the idea that for example being in the EEA means you just have complete freedom of movement has that additional break. The other thing that you will be aware it specifies is serious economic, societal or environmental of a sectoral or regional nature.

Professor Meardi: Yes.

Stephen Doughty: Which is pretty crucial, if you looked, for example, at pressures in a particular region in the UK or a particular sector. There is provision to take steps, so that could be applied.

Professor Meardi: Absolutely. This is a major difference with the European Union, which doesn't have those criteria. In the case of Switzerland, there isn't an emergency brake in the same way, because there isn't a unilateral treaty, let's say, but because of the complexity of its arrangements, again, there is quite a lot of leeway for negotiating, as the case of the resident jobseeker priority has indicated.

Q170 **Stephen Doughty:** But the kind of glib response you get in the media and in some political debate in this place that staying in the single market means accepting some sort of free-for-all on migration is not correct.

Professor Meardi: As I said, I don't take this as white and black: free movement against control. All migration regimes of countries not in the European Union, first of all, do discriminate. I don't know of any country in the world that has the same migration regime for every other country, for political reasons or simple geographic reasons. Even North Korea has



special agreements with Russia and China. Secondly, all migration regimes of important economies have some sort of facilitated free movements for specific jobs in specific sectors. It is a matter of degree from one extreme to another, rather than a clear black and white. It is possible to use all possible regulatory measures that the single market allows and have a relatively controlled migration regime, which is probably not so different in terms of effect from no single market and no free movement regime, where you will still probably need some fast reaction work permit system in order to allow the needs of business or economies with a different population, as in the case of Canada.

Q171 Stephen Doughty: Rosa, this idea that if you are in the single market or the EEA there is this free-for-all, would you similarly describe that as false and say that you can actually have sensible restrictions or brakes within it?

Rosa Crawford: There is a much more complex discussion that needs to be had. Fundamental, to us, is addressing the concerns that workers have articulated about the fact that their pay is dropping. You have 6 million people below the living wage. You have over a million people on agency work contracts. There are almost 2 million people on zero-hours contracts. There are things you could do right now to address those concerns. As I have said, you could have the extension of collective bargaining agreements. You could eliminate, as the TUC is calling for, zero-hours contracts as well as much better regulating and enforcing employment rights. All of that is eminently possible now.

We also need a huge increase in funding for public services, particularly in areas that have been suffering austerity for the last eight years where, as this Committee importantly highlighted, migrants have been scapegoated, but it isn't the migrants that are the reason why people can't have access to health and decent schooling. There is also the need for investment in house building and those sorts of provisions, so that people have a decent opportunity.

We need to recognise that there need to be domestic reforms, and we need to address those problems, but those problems are not actually addressed by restrictions around migration. They are addressed by a proactive Government policy, investment in services and investment in skills, which it was heartening to hear the panellists in the previous session acknowledging. We need to see employers go further, particularly in sectors such as agriculture, where there has actually been a drop in investment and funding for apprenticeships and skills opportunities. Despite the huge gaps in the labour market, we need employers to step up and invest more, as well as the Government. Obviously, cuts to nursing and other health professionals' bursaries have fuelled the reason why there are almost 40,000 vacancies in nursing.

Those are the kind of reforms that we need to see and that we see in other countries such as Norway, but also in countries such as Sweden, Belgium and Germany. Free movement is not regarded with the same concern as it is here, because they have these proactive and positive



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measures around providing increased protection for workers' rights, and put resources into the areas where there is increased population and increased demand. It is not a very complicated set of proposals, yet it has not been done. That is why we have seen communities really suffer. That came out in the Brexit vote.

Q172 Stuart C. McDonald: Let us pretend that, contrary to all sound advice, the UK has left the single market and the customs union—something I would be very sad to see. There would then be a debate about whether you carry on with one set of immigration rules for EU nationals and a separate system for non-EU nationals. Theoretically, obviously we could just say that at the end of the transition, we will apply the system that exists already for non-EU nationals to EU nationals, but what would be the consequences of that? Would that be quite a shock to the labour market?

Rosa Crawford: We do not want to speculate on future migration deals. We are very concerned about the fact that we have not seen an immigration White Paper. It was promised to us almost a year ago. When we see proposals coming forward from the Government, which we really want to see, so that we know where we are going, we will comment on them.

However, I will say that we have concerns about how non-EU nationals are treated at the moment; we have raised them at the TUC with the Migration Advisory Committee, particularly on how restrictions on visas restrict people's ability to leave exploitative employers. That is most explicit in the case of overseas domestic workers, who are tied to one employer. It is almost impossible for them to leave.

To another extent, there are workers on tier 2 visas who would find it more difficult to leave an employer because they are worried, if they leave that employer, about whether they will find another job within the time period. The UK is almost unique in western Europe for not providing workers with uncertain immigration status with any effectively enforceable rights. Since the Immigration Act 2016, it is a criminal offence to be working in contravention of your visa. That provides a ripe field for exploitation. That is why you see undocumented workers falling into being exploited, particularly in sectors such as agriculture, but also in hospitality. We would not want that kind of system to be implemented, or anything like that to be extended to EU workers for their insecure status.

Q173 Stuart C. McDonald: You mentioned agricultural workers; there was a lot of talk just now about the need for temporary visas in low-skilled occupations, including agriculture, food packing and so on. I take it that, in principle, that would be all right, but you would have to be alive to concerns about avoiding exploitation and tying workers to one employer with no ability to get out.

Rosa Crawford: As I said, we will not comment on any specific post-Brexit immigration system until we see the detail. Really, the onus is on the Government to provide the detail. But in temporary migration schemes



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that we have experienced in the past, we have had similar concerns that the limited visa and the limited period for which the worker has legal status in the country have allowed employers to abuse workers, because they threaten them with being reported to the authorities and losing their immigration status if they complain.

The A2 workers who came from Romania and Bulgaria were only allowed to work in the agricultural sector, as you know, or come in as “self-employed workers”; a lot of employers used that route to take on workers in bogus self-employment. We saw that in cleaning in the underground and in cleaning and care more broadly. Self-employed workers, as you probably know, have almost no effectively enforceable rights and no right to minimum wage, holiday pay or anything. That was used and abused by some employers.

The fact that in agriculture, you could only stay in that sector—and it is a sector that has very low trade union membership—meant that workers were more likely to stay in quite exploitative forms of employments. Once they were allowed to enter the labour market more broadly, inevitably we saw Romanian and Bulgarian workers try to move out of those sectors.

We would have concerns about an extension of any temporary migration system, because of the fact that it has been abused in the past as a way to exert undue control over workers and limit their ability to leave exploitative employers and stand up for better treatment.

Q174 **Stuart C. McDonald:** Professor Meardi, first, what would be the implications of just saying, “The non-EEA system now applies to EU nationals as well”? Secondly, how do other countries deal with low-skill temporary visas?

Professor Meardi: As was said in the previous session, the non-EEA system has been built and designed as a complement to the EEA one, so it would not stand on its own. It is only for skilled workers. It is not realistic, whatever we think about migration, to think that suddenly, low and medium-skill migration will go to zero. That is only possible in theory. It would create huge bottlenecks for businesses, public services and for a number of officials. What will probably happen is that it will need to be complemented by something else, so the non-EEA system would have to change.

I repeat what I said before, that no other country applies exactly the same system for everybody. Canada is famous for its points system, which the UK has imitated for the non-EEA system to some extent, so it is a valuable comparison. Since 2002, it has added to that points system an increased number of temporary migration schemes for sectors for which the points system was not fit for purpose, in particular the construction industry, the oil industry, the primary sector industry, the care sector and, increasingly, the tourist industry.

The temporary schemes, as already mentioned, created a number of tensions and a number of scandals around 2011 to 2014. The



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Conservative Government restricted them suddenly as a reaction, and also because it was before an election. All the temporary schemes were limited to 10% per employer and the fees were multiplied by 10 for temporary workers, but it did not really help. The conditions created huge problems for business for a couple of years until the Liberal Government reopened them, and it did not improve the condition of migrants. It made their status in the country even more vulnerable and they were even more scared of claiming anything.

Changing the system to non-EEA would require major changes, in particular for temporary schemes. That has an additional economic side, however. It is true that in Norway, Switzerland and Canada, immigration has had some negative effect on productivity. That is true. It is small. There are added things that matter more for productivity than relying on immigration, but it is true.

Q175 **Chair:** Can I just clarify? Is it the immigration that reduces productivity, not the labour market regulations?

Professor Meardi: Immigration, yes. An increase in immigration generally slows down productivity increases—in general—for low-skilled migrants and high-skilled migrants.

However, the kind of immigration that has the most negative effect on productivity is the temporary one through those temporary schemes. That is easy to understand, because there is an increased churn—every year you have new employees and you have to train them. By the time they have learned their job, you have to send them away, because that is what the regulations require in Canada. They have to send them back to Honduras and recruit another Honduran the year after. Again, economically, it would have some costs to build a migration regime in the Canadian style—that is, with a points system—as is basically the current non-EEA system in the UK, plus temporary schemes for specific sectors and occupations.

I make an exception, which is agriculture. In any case, agriculture will quite clearly need some seasonal or temporary worker scheme, because even if—absurd hypothesis—the UK remains in the EU, it does not seem that the EU population is enough to fill the agricultural need anyway. They will probably need something for Moroccans, Ukrainians or whoever else, but that is a separate, very important problem.

Another sector that was mentioned in the previous session was fishing. I am not an expert on the British fishing industry, but when I looked at Canada I also looked at that. That is an important issue in the Maritime provinces, in particular Prince Edward Island. That confirms the case. They had huge recruitment problems and the only way to fill the needs of the Canadian fishing industry was to expand the permanent settlers scheme for workers in the fishing industry. They had to introduce that. The Maritime provinces of Canada have the largest permanent immigration scheme of all of Canada for that reason. Temporary permits are not enough to recruit workers in the fishing industry.



Rosa Crawford: In the case of agriculture, until 2011, it was covered by a wages council, which was the last wages council to be dismantled by the coalition Government. Up to that point, the wages council had provided a floor level of rights and pay. Unite the Union documented that after the wages council was removed, pay and conditions got significantly worse and—surprise, surprise—the employers sought to recruit more workers who were willing to work antisocial hours on exploitative terms and conditions. To refer back to the previous session, what some employers call flexibility, we would call old-fashioned exploitation. What you need to do is guarantee a floor level of standards in order to attract local people to the job or other EU citizens to the job and guarantee that people are treated decently and some groups are not used to undercut other groups. Domestic labour market protections play a very important role in how you can recruit and the level to which recruitment takes place in certain sectors and making them attractive to people to want to work in them. I think that needs to be part of the analysis.

Q176 **Chair:** Can I ask you a final question? Can you give an example of how an emergency brake could work?

Professor Meardi: Immigration from Europe is in any case declining. That was discussed in the previous session. It is not only because of Brexit, but for demographic reasons. There are very few young people now in Poland or Romania. I think the pool of potential migrants is becoming smaller.

Let us imagine an asymmetric shock, which happens unfortunately in the European Union and affects some countries, say Italy and Romania, and a large wave of immigrants arrives in the UK. It will be possible to introduce a registration scheme and a specific limit to how many Italians or Romanians arrive. That limit can be zero or infinite—whatever number the Government would require. It would have to be time-limited, but that time limit can be revised afterwards. There isn't really a demand for that. The Norwegian Government includes a party that is openly anti-immigration, the Progress Party, so it is not because they are in favour of immigration ideologically; with the Progress Party, they are happy staying in the European Economic Area and with not pulling the emergency brake. The reason why Norway hasn't introduced it is the fear of the rebalancing measures that could be taken by the EU.

For Norway, it is different. It has levels of immigration that are much higher than the British ones. The economy is doing so well that it is difficult for them to argue for any specific situation. I would say that the British situation is different. The higher population density allows the use of societal arguments, which Norway cannot use. The economic situation is not as good. Obviously, I cannot predict exactly how it will be, but I guess Britain will have more options, given the complexity of the country, to say, "Specific sectors and areas of the country are affected, so we need to pull the emergency brake."

Q177 **Chair:** Do you think it would be possible to reduce or to limit registration by sector or by skill level? Would you just have to do it on a blanket basis



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or would it be a problem to try to do it on a blanket basis?

Professor Meardi: It has to be a national or regional sector. A skills sector becomes very complicated, to be honest, and the more complicated it is, the more loopholes there are. It would probably have to be on a sector regional basis, and then if business needs some qualifications, they would have to recruit from other countries.

What I think is a problem, I admit, with the emergency brake is that, although the advantage is it leaves much more leeway to the Government to change policy whenever the situation changes, for business the counter-argument would be that it may be better to have any system, and clarity on that system, rather than an emergency brake, which would be a sort of “hard Brexit on demand”—if, for a few months before the election I need a hard Brexit, I can pull it and then release the brake afterwards. That may be of interest to the Government or politicians. I guess business may have a problem with that. All then depends on how clear the Government’s policy on the use of the emergency brake is, so that business can make some predictions—“We know that the economy’s going bad, so we know it’s likely that the emergency brake will be used”—rather than just leaving it all to the wishes of the Government at any given time.

Q178 **Chair:** What reaction would you expect the EU or other EEA countries to have? What are the kinds of things that Norway anticipates when it decides not to use an emergency brake?

Professor Meardi: In the case of Norway, they expected some trade restrictions that would affect them negatively. Exactly what, they didn’t know, because they never went that far. They expected not to be expelled from the EEA, but they would have expected some surgical action.

In the case of Switzerland, when it had the referendum in 2014, the EU reacted in a rather surgical way, which affected some scientific collaborations. Again, I think that would probably be the first reaction, affecting things that are relatively easy to pull without causing economic damage to the EU itself, and there will probably be a sort of rising scale of reactions, depending on what happens.

I repeat: the economy of Norway has been in an excellent position, despite—or thanks to—a very large immigration influx in the last 10 years. The UK would be in a different position, but would probably be able to argue based on social or economic pressures in a way that Norway can’t.

Chair: Thank you very much. We really appreciate your evidence and your time this afternoon.