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INQUIRY INTO ECONOMIC MIGRATION TO THE EU

From Sir Andrew Green KCMG, Chairman, Migrationwatch UK

Summary

1. There should not be a common EU policy on economic migration. The principle of subsidiarity dictates that labour market policy should remain an area of competence for national governments. If a common EU policy on economic migration is adopted, the UK should exercise its opt-out in respect of it. Failure to opt out would result in a serious loosening of British immigration controls which could well place a strain on community relations.
2. The admission of self-employed economic migrants should be based on a proven entrepreneurial track record or a capital investment.
3. Member States that are experiencing a considerable net inflow or outflow of workers as a result of EU enlargement must be free to determine levels of economic migration from outside the EU accordingly.
4. The Community preference principal should be maintained but it should apply only to long-term residents (irrespective of citizenship). This is absolutely essential to ensure that if other member states open up their labour markets to non-EU workers then it does not, by default, become a back door route to entry to the UK. We would suggest a minimum residence qualification of 10 years.
5. In the absence of such a minimum qualifying period, there should be a common EU policy namely that such amnesties should not take place, since they encourage further illegal immigration and may have consequences for other Member States.
6. An ethical framework should be established to protect third countries from and compensate them for the loss of skilled workers. This framework should be co-ordinated with overseas aid policy.
7. In considering whether to opt into a common EU policy, the Government's chief considerations should be the needs of the economy and community relations. The reality is that Britain is already second only to Holland as the most crowded country in the EU; it does not need large scale

immigration. This might well be the effect of opting in and would lead to a serious social strains.

Detail

Should there be a common EU policy on economic migration?

8. Article 63(3) TEC provides for the Council to adopt "measures on immigration policy within the following areas: a) conditions of entry and residence, and standards on procedures for the issue by Member States of long term residence visas and residence permits". This need not be construed as a mandate for the progressive harmonisation of labour migration throughout the European Union, which is the meaning placed on it in the Green Paper.

9. Despite the implementation of Economic and Monetary Union (EMU), the labour market needs of national economies within the EU reflect different conditions in each Member State, including: demographics; education; the balance between economic sectors; stage in the business cycle; levels of unemployment and economic inactivity; and also, for Member States that are not members of the euro zone, interest rates. Economic migration is thus a competence that is better exercised at Member State level, and the principle of subsidiarity should apply.

10. Whether economic benefit accrues to the host community from economic migration depends on its characteristics. Studies of economic migration do not produce uniform results; for example, a recent publication by the Institute for Public Policy Research (IPPR) [1] suggests that "the fiscal impacts of immigrants are relatively healthier than the UK-born", but admits that "Net fiscal impacts only represent part of the economic impacts of immigration". No major studies encompassing the overall economic impact of economic migration have been undertaken in the UK, but a study by the Netherlands Bureau for Economic Policy Analysis, part of the Dutch Ministry for Economic Affairs, concluded in a study of June 2003 that labour immigration has the following effects:

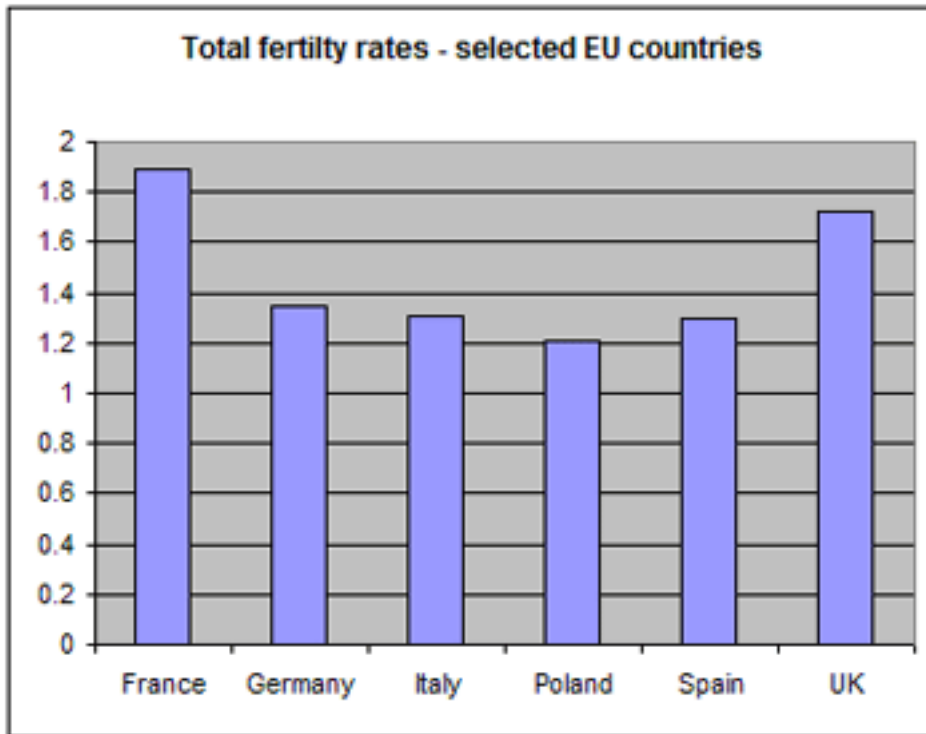
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| <ul style="list-style-type: none">a) GDP will increase, but that increase will accrue largely to the immigrants in the form of wages;b) The overall net gain in the income of the host population is likely to be small and may even be negative. |
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These results are similar to those of major studies in The US and Canada. They all indicate that the economic benefits of large scale immigration are very limited - of the order of 0.1% of GDP per head per year. In the UK that is approximately 25.

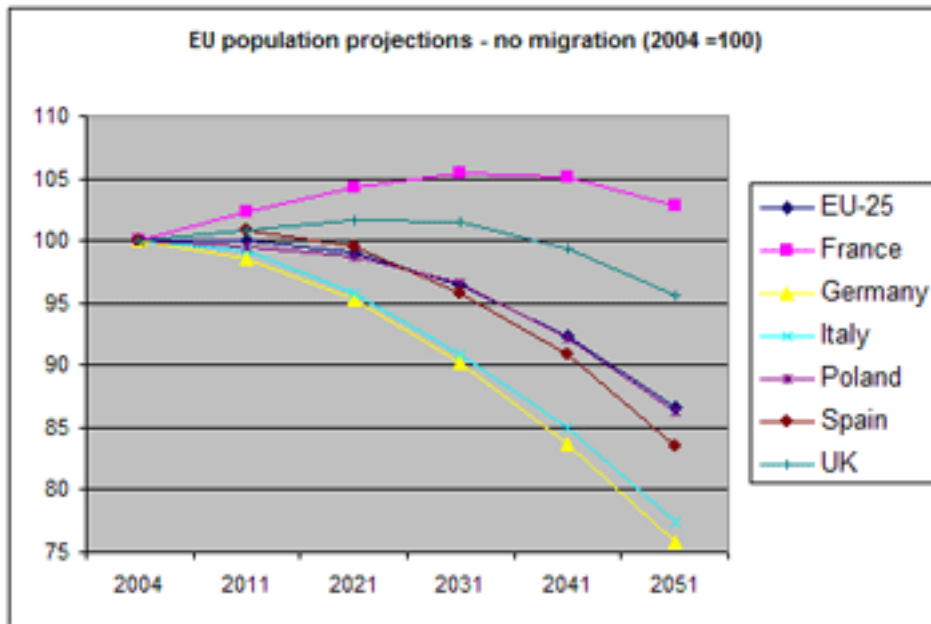
11. Furthermore, immigration is a policy area that is highly sensitive to public opinion and it is liable to affect community relations. Such considerations are better taken account of at national level, since both relate to political cultures and patterns of ethnicity that are specific to individual Member States.

12. If a common EU policy on economic migration is adopted, the United Kingdom should exercise its opt-out under the Title IV Protocol agreed at the Treaty of Amsterdam. The exercise of this opt-out would be essential to maintaining the effectiveness of the UK's border controls and of its opt-out from the Schengen Agreement. Furthermore, a common EU policy on economic migration is unlikely to suit conditions in the UK for the following reasons:

a) demographics: Total fertility rates (TFR) vary widely across the EU. The UK, along with France and the Scandinavian countries, has fertility rates which are significantly above EU averages but Germany and the Southern European nations and many of the new EU members from Eastern Europe have very low fertility rates. The following bar chart shows the TFR for selected EU states: [2] The latest data from the Office for National Statistics (ONS) shows the UK's TFR increasing further to 1.78 and increases are also reported from France where it is thought that the TFR is now close to the replacement level of 2.05.



The impact of this variation on future population is significant. The following graph shows the pattern of population growth/decline which would take place in these countries, and in the EU as a whole, if there were no migration. As can be seen the population of the UK would only start to decline from about 2030 and even by 2051 it would be at 95% of its current level. In contrast the population of Germany would start to reduce in the near future and it would lose 25% of its population by 2051. These different demographic trends point to very different immigration needs across the EU states.



b) population density: the UK has a population density of over twice the EU average. Most immigration is concentrated on England (and London and the South-East in particular) and England has a population density of over 3 times the EU average and second only to the Netherlands and Malta in the 25 nation EU. Appendix 1 shows the population densities of the EU states. Congestion is therefore a much more significant factor in the UK than elsewhere and points to a very clear need for the UK to be able to limit immigration by controlling its own borders and having its own immigration policy.

c) historical flows: the UK has traditionally experienced and continues to experience considerable migration from the Commonwealth and the English-speaking world with which we have close cultural and linguistic ties. In the 10 years from 1994-2003 nearly half of all immigration to the UK was from these countries. [3]

d) EU labour market: unemployment rates vary significantly across the EU, from less than 5% in Ireland, Luxembourg, Austria and the UK to 9.8% in France and Germany and over 18% in Poland. [4] This again points to very different immigration needs across the EU

e) national labour market geography: deprived parts of the UK still suffer from high levels of unemployment and economic inactivity. National policy has sought to address these geographical inequalities. Now that EU structural funds have largely been redirected away from the UK's deprived areas, it is more likely that a coherent policy approach to tackling these inequalities can be formulated at national level;

f) social consequences: many of the UK's existing immigrant communities are well established in British society but present rates of immigration are already producing strains. It is essential that immigration policy be retained at national level and carefully managed so as to avoid jeopardising community relations.

Do the same considerations apply to self-employment as to employment?

13. No. Any common EU policy on economic migration by the self-employed should be aimed at economic stimulation and based on either an entrepreneurial track record or a capital investment within EU territory by the applicant. The presentation of a business plan is insufficient to show that a self-employed individual will benefit the prospective host community.

To what extent do enlargement and free access to the labour market for workers from the new Member States affect a common policy?

14. Enlargement and free access to the labour market for workers from the new Member States mean that some of the existing Member States, such as the UK, are experiencing a considerable net inflow from the EU and conversely, some of the new Member States, such as Poland, are experiencing a considerable net outflow. It is essential, therefore, for Member States to be able to adjust their national policies on economic immigration from outside the EU in order to take account of the intra-EU flows, over which they have no control except for the temporary retention of labour market restrictions as provided for by the accession treaties.

Should the "Community Preference" principle be maintained? Should it apply to third country nationals legally resident in the EU and, if so, to all workers or only long-term residents?

15. Yes, the Community Preference principle should be retained. By giving preference to resident and Community workers, the principle helps to prevent the depression of wages by an expansion of the labour supply from third countries through immigration policy. It should, however, apply only to long-term residents of the EU. There is a risk otherwise that other EU states which decide to operate a policy of liberal access to their labour markets will open up a back door route for entry into the UK. This would pose a particular risk to the UK because of its special attraction as a gateway to the English-speaking world and because of its traditional ties to many developing countries.

Should there be a common EU policy on the "regularisation" of illegal workers (amnesties)?

16. The only common policy that is required is one that limits the rights of free movement and access to labour markets to long-term legal residents, for example those who have been legally resident for at least 10 years. Failing that, there should be a common EU policy against amnesties of illegal workers. Amnesties are an expedient short-term measure which tends to encourage further illegal economic migration in the long term by shifting the balance of risk in favour of such migration. Further, an amnesty in one Member State may affect other Member States since those subject to the amnesty will enjoy free movement rights thereafter.

Should measures be taken to protect third countries from - or compensate them for - the loss of skilled workers?

17. Yes, an ethical framework for recruitment from and fair compensation of third countries for the loss of valuable human capital should be co-ordinated with overseas aid policy in order that economic migration may be conducted on a responsible and sustainable basis that does not undermine

development efforts.

What considerations should the Government take into account in deciding whether to opt into a common EU policy?

18. The major considerations should be the distinctive nature of the British economy. Unlike some EU partners, Britain simply does not need large scale immigration. Furthermore, public opinion is opposed to any ceding of competence by Parliament in the field of immigration. The loss of such control could threaten community relations - an outcome that is to be strenuously avoided.

1 June, 2005

NOTES

- [1] *Paying their way: The fiscal contribution of immigrants in the UK*, April 2005
- [2] Eurostat estimates used in 2004-based population projections.
- [3] ONS international migration MN30 - total gross inflow from Commonwealth countries and the USA 1.84 million out of a total inflow of 4.10 million.
- [4] Eurostat news release 59/2005.

Appendix 1 - Population densities of the EU member states (excluding Malta) and England.

