

**Why it's impossible to have a debate on immigration in the UK:  
Assessing the assessment and the assessment of the assessments of the economic impact of migration**

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**Abstract:**

In April 2008 a widely talked about report on the economic impact of immigration in the UK was released. This commentary attempts to understand the context in which it has been discussed.

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In April a widely talked about report on immigration in the UK was, as is the usual policy in politics, first leaked to friends in the press and then released to the public a few days later. 'The Economic Impact of Immigration' was written by members of the Select Committee on Economic Affairs, appointed from the House of Lords (the UK's unelected upper house). They claimed, much to the delight of anti-immigration campaigners, that mass immigration to the UK has had "little or no impact" to the economic well being of the average UK citizen. This surprised many people because throughout the recent immigration debate the UK Government has continuously made the case that, in spite of the problems linked to mass immigration, they are needed to keep the British economy healthy, fill the vacancies in key sectors and that overall they contribute much more than they take back.

Thus the stage was set for what could have been an interesting debate on the economic reasons for and against immigration; we might have clearly seen how the UK's Government, citizens, businesses, Trade Unions and press wanted and expected immigration to continue (or not) and how future policy could accommodate it. Disappointingly, however, the public debate quickly became confused grumble laced with xenophobia and politicians used the opportunity to score cheap points. The report itself, whilst providing an important critique of government statistics and figures, overreached itself as its authors further confused the immigration debate with their unsubstantiated policy recommendations.

## Measuring an Immigrant's Contribution

Faced with the challenging remit to discover what immigrants contribute economically to the UK, the House of Lords Select Committee led by Lord Wakeham and including two Conservative ex-chancellors in Lord Lamont of Lerwick and Lord Lawson of Blaby, assessed the available data and, after 8 months, concluded that it wasn't good enough:

*"There are significant unknowns and uncertainties in the existing data on immigration and immigrants in the UK. There is insufficient data about people leaving the UK and about short term immigration to the UK. Existing data do not allow for accurate measurement of the stock of immigrants at a national, regional and local levels... The gaps in migration data create significant difficulties for the analysis and public debate of immigration, the conduct of monetary policy, the provision of public services and a wide range of public policies."*<sup>i</sup>

It might be assumed that the Committee, which did not undertake or commission any fresh research would refrain from making policy recommendations based on information which they admit is "insufficient". However, among other recommendations, they urged ministers to set an "explicit and reasoned target range for net immigration." This particular recommendation was the most widely reported, most probably because it is also a policy pledge of the Conservative opposition and led to newspaper headlines such as, "Limit immigration, warns House of Lords"<sup>ii</sup> and "Immigration is not a benefit to the economy and should be cut, say peers"<sup>iii</sup> ... and so on throughout both the broadsheet and tabloid press. Most papers also published the Lord's damning critique of the lack of migration data available to the government, but failed to ask why the Lords could suggest policy and the government couldn't based on the same bad data. However in his 'non economic assessment of the report' the economist Philippe Legrain summed up as follows:

1. *We don't have enough evidence on the economic impact of immigration on the UK.*
2. *We didn't commission any new data or research.*
3. *We didn't put our hands up and admit: "Sorry gov, we don't know". We are Lords: we know.*
4. *We ignored the main arguments for why immigration may be beneficial.*
5. *We focused on the arguments for why immigration may have little or no impact, or be harmful.*
6. *We declared, with all the certainty of our ignorance, that our prior belief - sorry, our careful research - conclusively demonstrates that we don't need or want more immigrants in Britain.*
7. *Case closed."*<sup>iv</sup>

To give credit to the Lords, they did at least point to the insufficient evidence

available on immigration to the UK, something which the government fails to do when trumpeting the contribution of migrants to the economy; currently put at £6 billion, based on the increased Gross Domestic Product (GDP) of the UK's economy<sup>v</sup>. Sensibly, the Lords also question the relevance of this figure: "*GDP – which measures the total output created by immigrants and pre-existing residents of the UK – is an irrelevant and misleading measure for the economic impacts of immigration on the resident population. The total size of an economy is not an indicator of prosperity or of residents' living standards. GDP per capita is a better measure than GDP because it takes into account the fact that immigration increases not only GDP but also population.*"<sup>vi</sup> They admit that this is an imperfect measure because the per capita income of migrants is also included, something which might lower or raise GDP per capita through a compositional effect – if for instance a new immigrant worker with a higher than average wage arrives in the UK they might increase GDP per capita but not necessarily effect the average income of the populace. However, it seems that it is a better indicator than simply pointing to the increased size of the economy brought about by increased numbers of workers, as the government has done.

The £6 billion figure has been questioned by those on both the right<sup>vii</sup> and left<sup>viii</sup>, but never before by such a 'heavyweight' committee as this. If the report manages to have any impact at all on government decision making it might be in terms of leading to increased research and a more honest use of available data. The question then arises, why the British government has been so enthusiastic to increase the numbers of immigrants working in the UK, especially when it is politically unpopular. Migration is certainly perceived as economically beneficial by the migrants themselves but the New Labour government is surely not driven by a desire to help unemployed IT workers in India. The reason behind policy decisions, as ever with Gordon Brown, lies in the city and the thinking that what is good for business is good for Britain. The Head of Employment at the Confederation of British Industry, Neil Carberry, publicly responded to the report with the following statement: "*In the global economy, businesses need a flexible immigration system that allows them to source the skills they need when appropriate UK-born staff cannot be found. Businesses are filling jobs on a daily basis which, without migration, would be left empty.*" However the government according to Liam Byrne MP is "not actually running British immigration policy in the exclusive interests of the British business community." If this is the case, and people might hope so, then the report makes an interesting point: "*Although clearly benefiting employers, immigration that is in the best interest of individual employers is not always in the best interests of the economy as a whole.*"<sup>ix</sup>

### **Are We All Talking About Nothing?**

What is surprising about the debate for the need to 'limit immigration' following the report's recommendation, is that (as surely the Lords must have known) most

migration to the UK cannot be stopped. Most new immigrants to the UK arrive from EU member states, which cannot of course be stopped without cancelling membership. Then another 60,000 people come to the UK every year on family reunion grounds mostly from the Indian subcontinent, this could not be stopped without igniting a major race row. Then there are the highly skilled workers and students; apart from the far right everyone wants them as the UK needs Indian doctors to fill its hospitals and rich Chinese business students to prop-up the under-funded higher education system.

Unskilled workers from outside the EEA are already banned from working and so a limit could only apply to semi-skilled workers, fewer than 20 percent of all new migrants. In essence the government will already limit semi-skilled workers with its new points-based system which is gradually coming into force this year. These so called 'tier-two' workers will need to have a job offer from an approved business, prove their English proficiency and have certain qualifications before being allowed to work in the country. That most migrants cannot sensibly be limited however seems to have passed the opposition party, the press and so the general public by as the 'need to limit' is juxtaposed with the current predictions for future migration numbers: 190,000 a year.

Moreover, the Lords have contributed to this discussion in the dissemination of their 'findings.' Speaking at a press conference after the report's official release Lord Wakeham said: *"The time is now right for the Government to review the implications of its projection that future net immigration will be 190,000 people a year. Such a high level of immigration, and consequent rise in population, has major impacts in a range of areas from demand for housing to the use of public services. These impacts should be recognised and examined."* The report details the strains on schools, hospitals and the housing market caused by such large numbers in the 'Uncosted Externalities' section. However, apart from the above discussed problems about not being able to limit 80 per cent of the current numbers of immigrants, the 190,000 figure is also debatable. With other large western economies opening up their labour markets to A-8 countries in the coming years (most noticeably Germany and France) and signs that many eastern Europeans are returning home<sup>x</sup> and the flow is drying up, there is reason to believe that such high migration flows from EEA countries will not continue.

### **Do We Know What We are Even Talking About?**

The passion with which the report has been seized by those who use immigration to score cheap political points or sell newspapers has only been matched by the general confusion (or is it stupidity?) of UK citizens. A smorgasbord of radio chat shows, internet forums, comment functions on newspaper websites and letter pages allowed ample opportunity for this widely publicised report to be discussed. And what we

witnessed was the inability of people to distinguish between asylum and labour migration<sup>xi</sup> or grasp concepts relating to how movement of people within the EU is inextricably linked to membership. To suggest there is a ‘public debate’ on migration is an overly loose use of the term ‘debate’ – there is a shouting match which is (deliberately?) confused and muddled by everyone, including those in Government as well as those esteemed Lords commissioned to write reports.

If any more proof were needed that Britain is an unsuitable climate for a mature debate on migration, then two weeks after the Lords report a second report was released by the Association of Chief Police Officers (ACPO) looking into the possible link between migration and crime. Interestingly, it claimed that Britain was not in the middle of a migration fuelled crime wave, but rather that crime was going down and that immigrants were no less likely to be criminals than the average UK citizen. The disappointment amongst the xenophobic press was a sad but enjoyable spectacle with some choosing to dismiss the report’s findings because of their own anecdotal evidence and others using it to further attack immigrants, “Should we not expect crime rates among immigrant workers to be lower than that of the domestic population, indeed close to non-existent? If people come to this country to work and better themselves, it is hardly a positive message to discover that they commit crime in the same proportion to people who live here already, is it?”<sup>xii</sup>

More confusion reigned at the ever reliable Daily Express which claimed to have a leaked copy of the report a day early. Using its sources inside the police it revealed to its readers that “IMMIGRATION from Eastern Europe has led to a huge surge in crime, police chiefs will tell the Home Secretary today... The findings provide yet another devastating sign of the pressure Labour’s immigration policies have had on our towns and communities...” Whether they had a copy of the report and lied, or simply wrongly guessed what would be in it is unclear, but what seems obvious is that in such a political climate, where everyone from the Government to Lords to newspaper editors seem determined to misuse data, reports and findings for their own political aims a reasoned debate about immigrant contribution to the UK’s economy appears impossible.

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*The article is a part of the project "Czech Made?" realized by the Multicultural Centre Prague and supported by the European Commission.*

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- <sup>i</sup> The Economic Impact of Immigration, Volume I: Report, House of Lords Select Committee on Economic Affairs, April 2008, Page 6, Abstract
- <sup>ii</sup> The Daily Express, April 1<sup>st</sup> 2008
- <sup>iii</sup> The Times, April 1<sup>st</sup> 2008
- <sup>iv</sup> <http://www.philippelegrain.com/legrain/2008/04/a-non-economic.html>
- <sup>v</sup> The Economic and Fiscal Impact of Immigration, A Cross-Departmental Submission to the House of Lords Select Committee on Economic Affairs, October 2007
- <sup>vi</sup> The Economic Impact of Immigration, Volume I: Report, House of Lords Select Committee on Economic Affairs, April 2008, Page 23, Paragraphs 49 and 50
- <sup>vii</sup> [www.migrationwatch.org](http://www.migrationwatch.org)
- <sup>viii</sup> [http://commentisfree.guardian.co.uk/philippe\\_legrain/2007/10/britains\\_immigration\\_muddle.html](http://commentisfree.guardian.co.uk/philippe_legrain/2007/10/britains_immigration_muddle.html)
- <sup>ix</sup> The Economic Impact of Immigration, Volume I: Report, House of Lords Select Committee on Economic Affairs, April 2008, Page 59, Paragraph 223
- <sup>x</sup> <http://www.timesonline.co.uk/tol/news/uk/scotland/article3647531.ece>
- <sup>xi</sup> <http://www.timesonline.co.uk/tol/news/politics/article3656171.ece>
- <sup>xii</sup> <http://blogs.telegraph.co.uk/politics/threeline whip/default.htm/Eastern%20Europe>