Will the migration cap fit?

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The government's proposed cap on skilled labour immigration of non-EU workers has drawn both praise and criticism from commentators across the board. <u>Martin Ruhs</u> takes an indepth look at migration to the UK and finds that reducing Britain's reliance on migrant workers will require a wide range of public policy changes, not just changes in labour immigration policy.

Capping skilled labour immigration of non-EU workers is one of the Coalition Government's most controversial <u>policy commitments</u>. The Government's rationale for the cap is to help reduce overall net-migration to the "tens of thousands", a task made considerably more difficult by the recent <u>rise in net-migration</u> to 196,000 in 2009.

Regardless of its level, it is clear that a cap on work permits for non-EU nationals cannot, on its own, achieve the Government's target of reducing net-migration to less than 100,000. About 160,000 work-related visas for non-EU workers coming to the UK were issued in the year up to June 2010, down by 14 per cent on the previous year. These numbers are simply too small compared to other channels to make much difference, especially students (360,000 student visas, up by a third on the previous year).

In response to the latest migration figures published in August 2010, the <u>government said</u> that it was considering a range of other policies including restrictions on non-EU students. Yet, the cap on non-EU workers remains a central part of the government's policies. Over the summer, the government and the independent Migration Advisory Committee (<u>MAC</u>) conducted two separate public consultations about the permanent cap, which will become effective in April 2011.

The cap is meeting fierce resistance. The <u>Confederation of British Industry</u> last week suggested that reducing access to non-EU workers could lead to skill shortages and hamper Britain's economic recovery. The cap also threatens the country's reputation for scientific excellence, according to a <u>letter</u> by eight Nobel-prize winning scientists. They argue that it would be a big mistake for the UK to isolate itself from the globalised world of research as 'British science depends on it'.

But the problem is not confined to top-level jobs such as these. The demand for migrant labour is deeply embedded in the British economy. The UK has long prided itself on its labour market flexibility and its relatively low levels of labour regulation. Together with a range of policies from training to housing, this stance has contributed to creating a growing demand for migrant workers.

For example, in the construction sector the difficulty of finding suitably skilled British workers is critically related to low levels of labour market regulation and the absence of a comprehensive vocational education and training system. The industry is highly fragmented. It relies on temporary, projectbased labour, informal recruitment and casualised employment. These practices may have proved profitable in the short term, but they have eroded employers' incentive to invest in long-term training. As a consequence, vocational education provisions are inadequate for the sector. By contrast, many European states have well-developed training and apprenticeship programmes, producing workers with a wide range of transferable skills. It is often these workers who are doing jobs in Britain such as groundwork, or foundationbuilding, which is low-paid and which has no formal training requirement, despite years of lobbying by contractors.



Social care is another sector where public policies create demand for migrant workers. Two thirds of care assistants in London are migrants The shortages of social-care workers and care assistants are largely due

to the low wages and poor working conditions. Most social care in the UK is publically funded, but actually provided by the private sector and voluntary organisations. Constraints in local authority budgets have contributed to chronic underinvestment. Together with the structure of the care sector itself, this approach has resulted in a growing demand for low-waged, flexible workers. Simply cutting benefits, or reducing legal access to migrant workers without addressing the causes of British workers' reluctance to apply for jobs in the sector, is only going to put more pressure on an already creaking system.

Immigration is often viewed as a discrete area of policy, and the relation between immigration, labour demand, and other policy areas typically remains unexplored in public debates. But Britain's reliance on migrant workers is not – as is sometimes argued – simply a consequence of lax immigration controls. Neither can it be reduced to 'exploitative employers', 'lazy Britons won't do the work', or 'migrants are needed for economic recovery'.

Demand for migrant workers arises from a broad range of institutions, public policies and social relations. Reducing this reliance will require fundamental changes to the policies and institutions that create the demand. These must go beyond changes to the benefit system and include, for example, greater labour market regulation in some sectors and more investment in training. It also requires a move away from the reliance of some public services on low-cost labour. Whether the UK is ready – or can – make these kinds of changes in exchange for fewer migrants is another question.

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