

What the Queen dare not say: Government idea machine running on empty?

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5/8/2013

John Van Reenen laments the government's legislative plan detailed today as a missed opportunity. The focus on immigration is absurd given what the evidence shows and the speech should have been used to address our major problems, such as the failure to make long-run investments in skills, infrastructure and innovation.



Today, our German multi-millionaire monarch read a speech written on goat's skin that focused on clamping down on immigration. According to the Prime Minister "Put simply, our immigration bill will back aspiration and end the legacy of the last government, where people could come here and expect something for nothing."

What are the facts on immigration? First, migrants are less likely to claim [benefits](#) than native Britons – they represent 13% of all workers, but only 7% of out-of-work claimants. Second, migrants are less likely to be in social housing and no more likely to use the [NHS](#). Third, there is no evidence that the big increase in [immigration](#) reduced jobs or wages of us Brits. In fact, immigration seems to generate more [growth](#) and higher productivity.

All this is deeply unsurprising as migrants mainly come to the UK to work; on average they are younger, healthier, already less entitled to benefits and more entrepreneurial. The wave of [Eastern European](#) migration after 2004 made a positive contribution to the public finances. A recent analysis commissioned by the Home Office concluded that the likely impact of [Bulgarian](#) and Romanian immigration on public services would be "modest".

So what on earth is all the fuss about?

The economic reason for the hullabaloo is that we suffer through the slowest recovery for over a century. Real wages fell by about 8% in the four years after the crisis started in 2008 and unemployment remains over 2.5 million. When times are tough people look around for someone to blame and foreigners make easy targets.

One of the reasons why the UK economy is 3% smaller than it was in 2008 is the government's [austerity](#) policies, in particular the rapid cuts to public investment. This is acknowledged even by the IMF as a major mistake. Our dire economic straits help explain the rise of UKIP who pose a strong threat to the right flank of the Tories, hence the further tilt rightwards on immigration.

The speech should have been used to address our major problems such as the failure to make long-run investments in skills, infrastructure and innovation as detailed by the [LSE Growth Commission](#). Instead, the Speech's [infrastructure](#) plans focused on HS2 which doesn't pass a decent cost-benefit test and an energy bill which has been prevaricated over for far too many years.

There were some things to applaud. The principle of the Dilnot Review on Social Care has been accepted in the Care Bill, the Single Patent Court will be implemented (thanks to the reviled EU) in the IP Bill and the retirement age is brought forward in the Pensions Bill.

But the truth is that this Queen's Speech is a missed opportunity. We are still two years before the election, but the government is already playing to the electoral gallery rather than fixing the nation.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

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