Potential global pool of recruits under new Points-Based System

Immigration Policy: MW 478

Issue

1. A key factor determining the practical impact of the new Points-Based System is the size of the pool of eligible workers abroad. Our estimate, using cautious assumptions and based on a range of data sources, is that the pool might contain well over **600 million people**. Even the possibility that it is of this magnitude means that for policy the matter should not be shrugged off as a '*known unknown'.*

Summary

2. The new PBS weakens UK work visa rules for citizens of 80% of countries around the world. An April 2020 Home Office impact assessment states on p.27: "*The potential supply (or pool) of eligible non-EEA labour (under the new PBS) [is] unknown*." However, a range of data sources exist from which the potential size of the non-EEA pool can be estimated, and any estimate of likely movement resulting can be further informed by the precedents of previous UK labour market *'door openings'*. ***The size of the global pool of young adults outside the EU educated to at least secondary level in the top 15 Tier 2 source countries is near 600 million. And near 80 million EU citizens too*** (Annex A below).

Detail

3. To estimate the potential size of the pool of labour available from non-EU countries, we have taken only the 15 countries whose nationals formed the bulk (80%) of Tier 2 (General) work permits issued over the past decade. The total population of these countries (which include China and India) is 4.5 billion. We refine this on the basis of those who have at least a secondary education and then demographically, including to restrict the age range to those between 18 and 39. This brings us to a pool of around 590 million. It is worth noting that this estimate does not include a number of large potential source countries for non-EU labour - including Bangladesh, Taiwan, South Korea and Indonesia and perhaps even Vietnam so the pool is likely even larger.

4. For the EU we took all 27 EU member states and refined this on the basis of age and those who have at least a secondary education. Previous free movement means that there is no pent-up demand from these countries but there will be many skilled workers in the EU who now have friends and relatives among the 2.5 million already working in the UK. However, the scale of any further flow to the UK would largely

depend on the state of the economies in individual EU countries, whether as sources or recipients of migration. Nevertheless, the EU is likely to remain as a major source of available labour in addition to the rest of the world.

Previous UK experience

5. Past experience with EU migration to the UK shows that employers will be disposed to employ substantial numbers of workers if they are less expensive than domestically-sourced labour. It is not, by and large, that foreign workers are better qualified but that they can be obtained and/or retained more cheaply for a given job than people in the domestic workforce.

6. To come to an order of magnitude for the potential size of movement under a new uncapped system, one can look at what occurred during the two periods following the opening of doors to uncapped work migration from Eastern European countries in 2004 and in 2014.

7. Just under two million National Insurance Numbers (NINos) were issued to young/prime-age adults from the Eastern European countries in the first five years of unrestricted entry. The first wave comprised over a million from the EU8 countries to which the UK opened its labour market in 2004, and the second saw 900,000 from Romania and Bulgaria to which the UK opened its doors in 2014. This amounted to over 5% of the relevant populations in these countries coming to the UK and taking the time and trouble to obtain a NINo which is a necessary pre-condition for working (see Annex B below).

8. NINo registrations do include shorter-term workers (including seasonal workers) and so not all of those registering will have stayed on long-term to add to the UK population. They also include workers going into lower-paid roles, a number of whom would be excluded even by the proposed weaker Tier 2 (General) requirements (accounted for in par. 10 below).

9. Furthermore, the visa application processes and fees under the planned PBS might be a deterrent for some potential migrants. The latter will be newly imposed on those from just over 30 EEA countries but substantially weakened for those from 160 non-EU countries.

Risk of PBS proposals

10. To come to a range of the order of magnitude of people who might in practice seek to come to the UK, and to take account of the fact that the 5% figure also includes those who went into lower-qualified work and shorter-term migrants, one might expect a rather smaller proportion, but ***even if movement occurred at only a tenth the rate of previous EEA arrivals (i.e. 0.5% overall of the underlying pool), it would point to potential supply of 700,000 workers per year under the core PBS proposal.***

11. The outcome will turn, of course, not only on the available pool of foreign workers but also on the actions of employers. But experience of EU migration shows that many employers are all too ready to import workers rather than invest in training British people. Employers may again claim that they need cheaper labour to compete successfully in world markets.

12. An Immigration Skills Charge (ISC) will remain in place yet it is not a large amount given the costs of training and the government have made clear that they wish to reduce all the financial and administrative costs of bringing in people from abroad. Accordingly, the level of the future ISC, if it is retained, may be significantly lower than now.

13. The Home Office estimated in their April 2020 impact assessment that the PBS would result in an estimated annual increase in non-EEA workers of a mere **10,000-30,000** during the first five years of the system while the annual number of dependants would rise by **5,000-20,000** during the first five years of the system[1]. We believe that this estimate risks grossly understating the potential impact because it takes no account at all of the enormous size of the pool of suitable people abroad.

14. We cannot help but be reminded of the previous suggestion by one expert (commissioned by the Home Office) who said in 2003 that even if other countries imposed transitional restrictions '*migration to the UK as a result of Eastern enlargement of the EU is* ***not likely to be overly large'***.[2] 700,000 EU8 migrants then came in the space of six years. And more recently, some parts of officialdom have been surprised that applications for the EU Settlement Scheme are exceeding the numbers officially thought to be in the UK.

15. Migration Watch UK has a strong track record in getting its estimates right (for more, see Annex C on p.6 below).

16. The government response will also be very important. Will they act to constrain work migration in the face of pleas from industry to allow as much movement as possible from all around the world? It seems not, taking into account that the PBS will remove the present cap on numbers from outside the EEA, remove the present requirement for employers to seek workers in the UK first before taking on people from outside the EEA, and most of all, sharply reduce the Tier 2 skills threshold, alongside a lower salary floor.

17. Such a system ***would be carte blanche for employers to bring in as many workers as they wished with no limit on numbers***. While it is claimed that matters will be monitored, it is notable that the government's consultative groups on the PBS comprise large employers and their representatives and 'big business' consultancies.

18. These all combine to make likely the prospect of very high employer-driven immigration when an enormous global pool numbering in the hundreds of millions of young adults educated to the required level becomes available to them without any limit on numbers. The lack of a cap is quite inconsistent with any narrative about '*the brightest and best',* and worse, risks control being seen to have been wrested from Brussels only to be given to Big Business.

19. The impact might well not reach full force until the Covid crisis has passed and the outcome would depend on economic and other conditions pertaining at the time. But the size of the pool says that the risk of a sharp increase in immigration, very likely at a time of very high unemployment in the UK, should not be underestimated.

20. This estimate provides an order of magnitude with regard to the size of the potential global pool on which employers will be able to draw for recruits based upon the main Tier 2 (General) criterion of the skill level of the job involved. The question of how many people actually come would be shaped by employer demand and a number of other factors.

21. However, the potential pool is so large that there would be no effective constraint on supply resulting from other criteria that are likely to be in the detailed rules, including the condition that applicants speak an adequate level of English. English is by far the world's most studied language and spoken by well over a billion people worldwide. The impact of this criterion on constraining the supply of labour from abroad is likely to be vanishingly small.

22. It is remarkable that the Home Office have made no attempt to calculate the size of the global pool of recruits that might be eligible under the PBS; this question is of fundamental importance as the UK embarks on a reform that will reorder the immigration system for perhaps decades to come. Our paper aims to prompt more exploration by those in government (and beyond) of this crucial issue.

Conclusion

23. The economic situation in many source countries is likely to be serious. These work permits will be a route to settlement and many potential applicants will already have relatives in the UK. We can therefore expect the potential pool of labour on which employers would be able to draw to be enormous. It can plausibly be assessed to comprise *hundreds of millions* even if restricted to young, educated people in the present most popular 'source' countries for employers. Even if the proportion actually coming to the UK was only a tenth of that coming from Eastern Europe when the doors were opened to those countries, there would be a massive increase in work immigration. All this points to the need for a **cap on numbers** from *the start to give assurance that control has been taken,* to generate competition to drive up the quality of recruits such that they are genuinely the brightest and best, and consequently, to ensure that they more than pay their way in the UK.

30 July 2020

Annex A

Pool of sufficiently-educated 18-39 year olds in 'Top 15' existing Tier 2 (General) source countries.

Underlying data sourced from UNESCO, World Bank, OECD, Gallup.

Country	Population aged 18-39 (millions)	RQF3 education share	RQF3 education (millions)	Share who would like to migrate (Gallup: based on world region)	Estimated number who would like to migrate (millions)
India	482 005	29%	141 228	14%	19 772
United States	94 370	91%	85 877	11%	9 446
Australia	7 321	85%	6 230	10%	623
Philippines	37 341	59%	21 845	14%	3 058
China	425 546	28%	117 025	14%	16 384
Canada	10 618	95%	10 098	10%	1 010
Russia	40 779	96%	38 985	14%	5 458
Pakistan	75 671	27%	20 658	14%	2 892
Japan	27 475	80%	22 062	14%	3 089
South Africa	21 157	76%	16 079	43%	6 914
Nigeria	63 044	45%	28 307	43%	12 172
Turkey	27 260	39%	10 631	14%	1 488
Egypt	33 459	67%	22 485	24%	5 396
Brazil	71 330	55%	38 875	25%	9 719
Malaysia	11 887	58%	6 930	14%	970
Total of these countries	1 429 263		587 314		98 391

Annex B

Population (18-44) of Eastern European countries

Country	Year	18-24	25-34	35-44	Total
Czechia	2005	958 263	1 754 849	1 360 899	4 074 011
Estonia	2005	140 247	192 599	186 291	519 137
Hungary	2005	924 243	1 616 852	1 288 406	3 829 501
Latvia	2005	159 430	283 037	267 671	710 138
Lithuania	2005	342 502	448 152	504 983	1 295 637
Poland	2005	4 490 113	5 828 412	4 934 052	15 252 577
Slovakia	2005	480 065	850 236	868 441	2 198 742
Slovenia	2005	192 066	305 127	305 127	795 800
Bulgaria	2015	517 917	1 078 231	1 078 231	2 563 884
Romania	2015	1 577 010	3 108 491	3 108 491	7 383 805

Adult NINO issuance to citizens of Eastern European countries by age group

Adult NINO issuance	18-24	25-34	35-44	Totals
Czechia 2004-2008	20896	22674	4784	48354
Estonia 2004-2008	4544	2699	994	8237
Hungary 2004-2008	13977	25584	5453	45014
Latvia 2004-2008	19943	13382	6807	40132
Lithuania 2004-2008	45056	31754	14421	91231
Poland 2004-2008	321930	306853	79279	708062
Slovakia 2004-2008	51694	44959	12152	108805
Slovenia 2004-2008	829	1459	401	2689
EU8 sub-total	*478869*	*449364*	*124291*	*1052524*
Bulgaria 2014-2018	57280	65343	41811	164434
Romania 2014-2018	241977	305779	149003	696759
EU2 sub-total	*299257*	*371122*	*190814*	*861193*
EU8 and EU2 sub-total	**778126**	**820486**	**315105**	**1913717**

Share of total population of specified age group issued with NINOs

Age group	18-24	25-34	35-44	Average
Overall	8.0%	5.5%	2.3%	**5.20%**

Annex C

Projections of future migration are, as the Migration Advisory Committee has pointed out (p.219) 'as much an art as a science' and inherently uncertain. There are a number of different forms in which such variability may manifest:

a. **Statistical sources** - gaps or shortcomings in information often mean margins of error can be large;
b. **Assumptions** - projection based on modelling requires the use of best-judgement, based upon an assessment of the facts as they stand alongside empirical experience;
c. **Real-world reactions and adaptation** - projecting upcoming events and the way in which humans will react to them is subject to significant variability.

For the above reasons, the figures contained in this paper should be seen as orders of magnitude based on analysis of evidence available at the time rather than as exact predictions of what will occur.

For a summary of our record in producing such estimates since 2001, please see below:

a) In 2002, we estimated that non-EU net migration would run at two million over the next decade, including a small allowance for illegal immigration. At the time our projections were met with howls of derision, indeed sometimes abuse. The Guardian described the figure as flawed. The ONS later estimated that legal non-EU net migration in the period 2002-2011 was **2.1 million**.

b) In 2003, the Home Office commissioned research which found there would be between 5,000 and 13,000 arrivals annually until 2010 from the EU8 countries of Eastern Europe following the 2004 EU enlargement. The author of this report said: *"The forecasts indicate that net immigration from the AC-10 to the UK after the current enlargement of the EU will be **relatively small**."* We described these estimates as 'almost worthless', suggesting numbers would be much higher and were denounced for suggesting this. However, in the decade after Accession, EU8 net migration averaged over five times the estimate - **72,000** per year (including an undercount identified by the 2011 Census).

c) In 2011, when we launched our petition 'No to 70 million', we were of course told that such a population rise would not happen. Now, at around current levels of net migration, the UK population has been projected by repeated ONS projections to be firmly on course to rise to **70 million** by the late 2020s / early 2030s.

d) In 2013, we estimated that inflows from Romania and Bulgaria would add 50,000 a year to the population. A Channel 4 News Fact Check said: "Predictions of a mass influx of immigrants from Bulgaria and Romania have failed to come true." In fact, our estimate was proven to be correct as net migration from those two countries in the period 2014-17 averaged just over **50,000** per year.

e) The conclusion of our 2019 paper,[3] which argued that the new immigration system as envisaged at the time (with a salary threshold of £30,000 per year) would not lead to a significant reduction in net migration (denounced by our regular critics at the time) has subsequently been backed up by other studies. This includes the general conclusion of the Home Office's own impact assessment (Spring 2020), which suggested that an initial fall in EU immigration would counter-balanced by a similar rise in non-EU numbers. In addition, there was also a 2019 paper by the Wales Centre for Public Policy which included national analysis estimating that a fall in EU migrants would be counterbalanced by a 20% increase in non-EU migrants earning a salary above the eventual salary threshold over ten years.[4] It is generally accepted that there will be a rise in non-EU immigration under these proposals (as reported by The Sunday Times, in February 2020).

Notes

1. Home Office, impact assessment, Spring 2020, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885682/2020-05-18_IA_ImmSSC_Billl_v21_with_Signature.pdf
2. Home Office, 'The impact of EU enlargement on migration flows', 2003, by Professor Christan Dustmann, UCL, URL: https://www.ucl.ac.uk/~uctpb21/reports/HomeOffice25_03.pdf
3. Migration Watch UK, 'Estimate of post-Brexit migration levels under the White Paper proposals', April 2019, URL: https://www.migrationwatchuk.org/briefing-paper/461/estimate-of-post-brexit-migration-levels-under-the-white-paper-proposals
4. Jonathan Portes and Guiseppe Forte, 'Migration in Wales', Wales Centre for Public Policy, February 2019, URL: https://www.wcpp.org.uk/wp-content/uploads/2019/03/FINAL-WCPP-report_Immigration-in-Wales-post-Brexit.pdf