



The Limits to Limits: Is a cap on immigration a viable policy for the UK?

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Summary

As we approach a general election, all three main parties are keen to emphasise that they would be tough on immigration. The Liberal Democrats talk about a 'firm but fair system', and making sure that borders are not 'a soft touch',¹ Labour emphasises its 'tough but flexible' Australian-style Points-Based System, and highlights that this will reduce the number of economic migrants.² But the Conservatives have gone a step further and have made a cap on immigration a headline policy. Although they have not set out the level at which such a cap might be set, they have talked about reducing annual net immigration below 100,000, and have also intimated their support for calls for annual net immigration to be reduced to around 40,000.

A cap of 100,000 could be delivered if British net emigration continues at a significant rate and net immigration from the European Union settles down at something close to current levels. However, delivering net immigration of 100,000 (which would surely not satisfy those who want to see a drastic reduction in immigration) would also require current policy trajectories to be followed, such as the implementation of plans to further restrict student immigration. Instigating these policies would be challenging, and a cap at this level would still be very difficult to achieve if improvements in the economy lead to increases in work-related migration to pre-recession levels.

A cap of 40,000 could only be met with drastic changes to policy. Given that EU migration is outside the control of government, and asylum/refugee migration is governed by international conventions, very significant reductions in migration to the UK for work and study, and restrictions on family formation/reunion, would be required.

Limiting these immigration flows is not straightforward – they are either not the groups that those who support a cap seem to be worried about (for example highly-skilled migrant workers), are flows that are economically important to the UK (for example students and skilled migrant workers), or are flows that are difficult to limit (for example family formation or reunion). A cap of 40,000 looks impossible to achieve from the position that the UK is currently in

¹ See www.libdems.org.uk/immigration_and_asylum.aspx

² See www.labour.org.uk/asylum_immigration_policy

without threatening both economic performance and the rights of British nationals and settled migrants to be with their families.

An alternative to limiting immigration flows would be to limit the ability of migrants to settle in the UK for the long term. However, this would raise at least two significant concerns. First, it might deter some of the migrants that the UK wants to attract – particularly the highly-skilled. Second, migration without settlement restricts the possibility of migrants integrating into British communities.

We would question the logic of making a reduction in immigration an objective of policy – maximising the benefits of migration while minimising the costs is a much better goal. Any policy that makes a certain level of net immigration an objective on the grounds of concerns about population growth would only make sense as part of a wider UK population policy. This policy would also include consideration of fertility rates, regional population distribution and long-term demographic change, and would be based on real evidence of impact.

For those who are inclined to make the reduction of net immigration to the UK an objective of policy (ippr is not), it would make more sense to think about a target than a cap. This would be a very different approach. Rather than limiting immigration numbers by fiat in certain categories, a target-based approach would allow a government to ‘raise or lower the bar’ in order to achieve a certain (desirable or promised) level of net immigration. Current information and data systems do not allow ‘real time’ monitoring of net migration into the UK, so it is likely that a government would find itself converging on a target over time – that is, changing policy in a given year on the basis of immigration levels in the previous year. Given that migration happens in series throughout the year, it is also hard to see how fixed caps on particular migration flows would work in practice. If, for example, certain visas were limited annually, what would happen if the limits were met in October or June?

A fixed cap on net immigration to the UK seems to us to be an unworkable policy. It may also fail to provide the political ‘quick win’ that its supporters assume it will deliver. In fact, promising to cap immigration at a much lower level than current flows might be a political own goal for any party. The public want government to be in control of migration and to be honest with them about the numbers. But control does not mean a drastic limit on net immigration – it is perfectly possible for government to be in control of a migration system that is flexible and responsive to the needs of the country. In fact, what often gives the public the impression that migration is out of control is politicians making promises – that they then cannot deliver – to ‘clamp down’ on immigration.

Introduction

This ippr briefing is an attempt to work through the implications of a cap on immigration to the UK. We should state from the outset that we think that a cap would be a bad idea, both in political and policy terms. We believe that immigration policy should be based on an assessment of the costs and benefits of migration, and on more effective communication with the public, rather than on a (more or less) arbitrary number. However, a cap is much discussed in the current political debate, and it is important to understand the implications of imposing one.

What could be capped, and why might it be? Different measures of migration; different objectives

A variety of reasons are given by different groups for capping immigration to the UK, who might therefore be expected to support different kinds of caps.

Box 1. Different measures of migration

Immigration: total number of people moving to the UK (British and non-British), usually defined as those staying for more than one year

Emigration: total number of people leaving the UK (British and non-British), usually defined as those going for more than one year

Net migration: the difference between immigration and emigration. If immigration is more than emigration, net migration is positive (*net immigration*); if emigration is more than immigration, net migration is negative (*net emigration*). Small levels of net migration can occur even with high rates of immigration. It is zero if immigration and emigration are the same, however high those rates might be.

Net non-British migration: the difference between immigration and emigration of non-British nationals.

Example: in 2008 85,000 British citizens migrated (back) to the UK and 172,000 left, while 505,000 non-British citizens migrated to the UK and 255,000 left. This meant that **immigration** was 590,000 (85,000+505,000), **emigration** was 427,000 (172,000+255,000), **net (im)migration** was 163,000 (590,000 minus 427,000) and **net non-British (im)migration** was 250,000 (505,000 minus 255,000). (Source: Office for National Statistics 2009b)

Note that most migration statistics include only those who move to, or leave, the UK for more than 12 months. Note also that British citizens include previous migrants who have subsequently taken British nationality.

The first reason people might support a cap on immigration is out of a concern about population growth. This has been emphasised in the recent interventions of the Cross-Party Group on Balanced Migration, which have focused on the objective of stopping the UK population reaching 70 million. If population growth is the main concern, net immigration would be the right thing to cap. Both British and non-British migrants would have to enter into the equation.

Second, many of those who propose a cap on migration cite concerns about social cohesion/change in the UK as a result of immigration.³ Presumably, immigration by

³As suggested recently by Lord Carey in *The Times*. See: www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6978389.ece

British people is not a concern in this context, so the relevant measure to cap would be immigration by non-British people. Arguably, this kind of concern might lead one to support a cap on gross immigration by non-British migrants (if there is a particular concern about the integration of recently arrived migrants, or about rapid turnover in the migrant population) or on net immigration by non-British migrants (if the concern is about the total proportion of non-British migrants in the population). It might also lead to concerns about migration from particular regions or backgrounds.

Third, a frequently cited concern, which has been emphasised by the Conservative Party as well as by some local authorities, is about the strain that migration is thought to put on public services and infrastructure, including housing. It is not straightforward to relate this concern to a specific measure of migration to cap. Rapid population growth due to migration can certainly impose a strain on public services and infrastructure – as fiscal allocations to different services or local areas take time to adjust and the supply of infrastructure is usually fixed in the short to medium term. If this is the main concern then the focus should be on total net immigration (including of British citizens). However, if the worry is about turnover in the migrant population (for example, if recently-arrived migrants require more support from some public services, or if population turnover causes other problems for services), the focus should be on gross immigration.

Fourth, the current economic downturn has led to increased concerns from some quarters about the impacts that migration might have on employment and wages in the UK. As with concerns about public services, it is not straightforward to relate this concern to a specific measure of migration that might be capped. Evidence suggests that, in general, migration has had very limited impacts on employment or wages in the UK. If the concern is that the labour market takes time to adjust to changes in population, then the focus should be on total net immigration (including of British citizens). Those who want to see 'British jobs for British workers' would presumably be more concerned about net non-British immigration.

Crucially, all these concerns about public services and the labour market are contingent on where migrants go when they arrive in the UK. A national cap on either net or gross immigration based on concerns about public services or jobs might be irrelevant if migrants were going to areas where public services and infrastructure had capacity to respond (for example, Scotland is actively seeking to promote migration due to population decline) or where jobs vacancies were high. A cap would be ineffective from this point of view if it did not significantly affect migration flows to the most popular/over-stretched areas. It is also important to note that, in many respects, movements between different parts of the UK by existing residents have the same potential to impact on public services and labour markets in particular areas as international migration does.

Finally, many of those who support a cap are concerned that the Government has 'lost control' of the immigration system, and see a cap as a way of asserting or regaining control. In this case, it seems likely that it would matter less what measure of migration was capped, and more that the cap was enforced and delivered. We discuss this further below.

So, those who support a cap on migration give a range of reasons for doing so. Taking those concerns as read, they might be expected to suggest a cap on net immigration, net non-British immigration, or gross non-British immigration. However,

most proponents of a cap seem to focus on net immigration (see below),⁴ so for the purposes of this briefing, we will too.

It is also worth noting that net immigration is the lowest figure of the three measures. Net immigration is by definition lower than gross immigration (assuming emigration is more than zero), and given that the UK has seen net emigration by British nationals for at least a couple of decades, net non-British immigration is significantly higher than total net immigration (see Box 1 above).

Who is calling for a cap on net immigration? What limit would they set?

In January 2010, the Cross-Party Group on Balanced Migration called for net immigration to the UK to be reduced to less than 40,000 per year:

We call on the major parties to make clear commitments in their General Election manifestos to reduce net immigration to the levels of the early 1990s – that is less than 40,000 a year compared to 163,000 in 2008 – in such a way as to ensure that the population of the UK will not reach 70 million.
(Balanced Migration Group 2010)

Whether or not this means that they have abandoned their longer-term aim of reducing net migration to zero (the Group's website, www.balancedmigration.com, is straplined 'we believe that immigration should be brought down to the level of emigration') is not clear, but it is their call for a return to the net immigration levels of the early 1990s that has struck a wider chord.

More significant than the calls of the Balanced Migration Group is a pledge from David Cameron that a Conservative government would want to see:

...net immigration in the tens of thousands rather than...hundreds of thousands. (Cameron 2010⁵)

While the Conservatives have made a cap on immigration a key plank of their policy (Conservative Party 2010), and it seems clear that they are committed to bringing net immigration down to under 100,000, the level at which they would set the cap is somewhat less clear. They have intimated that a cap might only apply to certain parts of the Points-Based System, which would suggest quite modest ambitions (since the PBS accounts for a relatively small proportion of current immigration flows), and there is some suggestion of a cap to be reviewed annually, which implies some flexibility. However, the party also seems content to be reported as supporting the calls of those who want to see net immigration drop to around 40,000 or 50,000 a year.⁶

Migration Watch UK (an organisation which, it should be noted, has very close links to the Cross-Party Group on Balanced Migration) seems supportive of these calls, with its Chairman, Sir Andrew Green, writing in *The Times* that:

Mr Cameron is on to something. The only means open to the Government to limit population is to limit immigration. If the Tory leader is serious he will put it into his party's election manifesto – and it will be hugely popular. ('If the

⁴ Although they sometimes also suggest that they have concerns about gross immigration, or about net or gross foreign-born immigration. See www.leftfootforward.org/2009/09/migration-and-population-getting-beyond-rhetoric/ for some discussion of this

⁵ www.timesonline.co.uk/tol/news/politics/article6982825.ece

⁶ See for example 'David Cameron calls for immigration curbs to keep population below 70 million', *The Times*, 11 January 2010, www.timesonline.co.uk/tol/news/politics/article6982825.ece

Tories are serious about immigration it will be in the manifesto', *The Times*, 11 January 2010⁷)

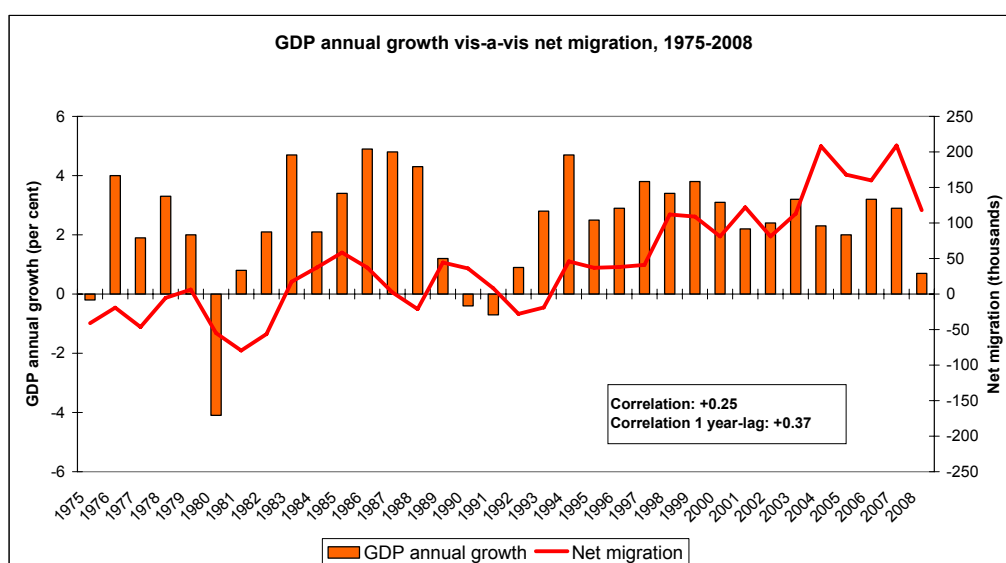
So, among those calling for a cap on net immigration there seems to be something of a consensus that the level might be set at around 40,000 per year, with some flexibility for the Conservatives in that anything under 100,000 would technically meet their commitment to delivering net immigration of 'tens of thousands rather than hundreds of thousands'.

Taking this as our starting point, we now go on to look at the feasibility and implications of hypothetical caps on net immigration set at 40,000 and 100,000.

How much would migration flows need to change with a net immigration cap?

Net immigration to the UK has been higher than 40,000 since 1994, and has exceeded 100,000 every year since 1998. Net immigration peaked at 244,000 in 2004.⁸ Historically, migration has also been closely linked with rates of economic growth (see Figure 1 below). This might suggest that it will be very difficult, and require significant policy change and political will, to reduce migration to the levels of the two hypothetical caps.

Figure 1: Net migration and economic growth



However, net immigration to the UK has been falling significantly since 2007. This is for two main reasons:

i) Recession

Net migration has historically been correlated with economic growth, and previous recessions have in fact seen the UK experience net emigration (see Figure 1 above). Pre-recession levels of net immigration were substantially higher than those seen before previous recessions, so it seems unlikely that net migration will fall to the same extent as a result of the current economic downturn. However, it is certainly the case that changing economic conditions have led to a decline in immigration to the UK for work, and have led more migrants to return home. This is both because there is less work available

⁷ www.timesonline.co.uk/tol/news/politics/article6983088.ece

⁸ All statistics from Office for National Statistics *Long-Term International Migration* series unless otherwise noted. www.statistics.gov.uk/statbase/Product.asp?vlnk=15053

now in the UK and because the weakened pound has made the UK less attractive to those migrants who want to work here and send money home. On the other side of the balance, more British people are also returning to the UK as the recession bites elsewhere in the world, and the weakened pound has made the UK an attractive destination for foreign students.

ii) Rapid declines in net immigration from new EU member states

With the expansion of the EU in 2004 only the UK, Sweden and Ireland fully opened their labour markets to workers from the new accession countries. The result for the UK was a rapid, substantial, and largely unpredicted wave of migration from countries such as Poland. However, this proved to be a short-lived phenomenon, for two main reasons. Firstly, there was an initial surge because opportunities to migrate had not been available previously and there was a 'backlog' of people seeking to move. Now that most of those (largely young adults) who wanted to come to the UK have done so, migration is settling down at a steadier rate. Secondly, most of those who came only planned to stay for a few months or years, so many of the initial wave are now returning home. This is a trend made more extreme by the recession and the weakening of the pound against the Polish zloty. This combination of falling immigration and rising emigration by people from EU accession states means that net immigration from these countries has fallen rapidly, and we might even see net emigration in the coming years.

Net immigration in 2008 was about a third less than in 2007, and a continued decline at this rate would see a 100,000 cap achieved without any policy change in just two years. So, if a cap of this order were promised in a 2010 election it might prove a way for government to take credit for falls that are driven by factors beyond UK immigration policy.

However, it seems likely that the rate at which net immigration is falling will slow down: provisional figures for 2009 show net immigration of 147,000 in the year to June 2009, compared with 168,000 in the year to June 2008, a fall of only 14 per cent (ONS 2010). Even if the number did 'naturally' drop below 100,000, a cap set at this level would be very difficult to maintain without a change in policy as the economy recovers. It would also be difficult if there were further EU expansion or other external policy 'shocks'. It seems unlikely that a cap of 40,000 will be met any time soon via the natural cyclical patterns of migration.

We therefore need to break down migration flows to and from the UK, and explore the trends affecting different parts of the total, in order to analyse the policy changes that might be necessary for the hypothetical caps to be met.

From a policy perspective, we need to focus on net non-British immigration, rather than total net immigration. We assume that those who support a net immigration cap do not intend it to limit the ability of British people to emigrate from the UK or to come back.

The UK has seen significant net emigration by British nationals for many years. In the last five years, this net emigration has averaged around 90,000 per year, but there is some evidence that this rate is declining. Provisional figures for 2009 show net emigration of British citizens of 59,000 in the year to June 2009, compared with 89,000 in the year to June 2008 (ONS 2010). Thus we might reasonably assume net emigration of 70,000 in the coming years.

This means that the hypothetical caps on total net immigration of 40,000 or 100,000 could be met with net non-British immigration of 110,000 (40,000 + 70,000) or 170,000 (100,000 + 70,000) respectively.

In effect, net emigration by British nationals creates 'room' under a cap for more net immigration by non-British nationals.

Although these numbers are much larger than the headline cap figures, they would still represent a significant decline from 2008's net non-British immigration of 250,000 (or from the provisional estimate of 206,000 for the year to June 2009 [ibid]).

How might a reduction of some 140,000 or 80,000 in net non-British immigration be achieved?

Non-British immigration to the UK occurs through four main routes:

- Free movement within the EU (which it is useful to break down into migration from the 'old' EU15 and the 'new' EU10)

- Asylum applications and resettlement under refugee conventions

- Migration through the Points-Based System for work or study

- Migration for family formation or reunion

In addition, irregular immigration (clandestine entry and visa-overstaying) occurs outside the legal migration system. It is unclear how much irregular migration is reflected in the data on total migration flows discussed above (for example, clandestine entrance is almost certainly not reflected, but visa-overstaying might be, at least in part), and therefore how much of an impact it might have on the achievement of a net immigration cap. It is outside the scope of this paper to examine this in detail (although the discussion of asylum below takes some account of over-staying from this route).

We now consider each of the four main legal routes in turn.

Net immigration from the EU 15 ('old EU' countries)

This has been fairly steady at around 30,000 per year for the last five years. Although economic conditions might be expected to reduce this number somewhat in the short term (provisional estimates for the year to June 2009 are 22,000, compared with 28,000 in the year to June 2008 [ONS 2009a]), it seems likely that EU 15 migration will remain at around this level in the coming years (although demographic change in the EU suggests that it might fall in the medium to long term).

Net immigration from new EU member states

This rose very rapidly to a peak of well over 80,000 in 2007, but is now declining rapidly, and was only 20,000 in 2008 (and only 10,000 in the year to June 2009, according to provisional estimates [ONS 2010]). It is possible that, as emigration among this group rises very sharply, net migration will continue to fall and even become negative in the next year or so, but it seems likely that this migration flow will, as EU15 migration has, settle down at a modest level of net immigration once the migration 'surge' of 2004-2007 has worked its way through the system.

So, net immigration from the EU seems likely to remain positive but steady, and definitely in the territory of David Cameron's 'tens, rather than hundreds of thousands'. EU migration is of course also largely outside UK government control.

If we assume net immigration of 30,000 from the old EU, and net immigration of 20,000 from the new EU, the hypothetical caps of 40,000 or 100,000 leaves 'room' for net immigration from outside the EU of 60,000 (110,000 minus 50,000) or 120,000 (170,000 minus 50,000) respectively.

Asylum flows

In the 1990s and early 2000s, asylum flows accounted for a significant proportion of the increase in immigration to the UK. Asylum applications (excluding dependents) rose from around 20,000 per year in the early 1990s to a peak of over 80,000 in 2000.⁹ However, improvements in the asylum system (including better EU cooperation), as well as the end of key conflicts (such as in the Balkans) have led to dramatic falls in asylum applications, which have been steady at about 25,000 (excluding dependents) since 2005. Including dependents, the number of applications for asylum in 2009 was just under 30,000 (Home Office 2009).

It is difficult to translate these statistics on applications into net flows. Asylum applications take some time to process, particularly with appeals, and it is unclear how many of those who have their asylum claims refused leave the country voluntarily or are deported, and how many remain here. For example, in 2009 only just over 10,000 failed asylum applicants and their dependents left the country under voluntary or forced removal schemes (although others may have left of their own accord) (Home Office 2009). This suggests that asylum might account for a net immigration flow of around 20,000 per year (30,000 applications including dependents, minus 10,000 removals).

Significant improvements to the asylum system have already been made, and it seems unlikely that the Government could now substantially reduce the level of applications without challenging the international conventions that govern asylum and refugees. There is more scope to increase removals, but this is likely to remain very difficult – we might suggest that removals could be increased by 5,000 a year.

If we assume a net asylum flow of 15,000 a year going forward, the hypothetical caps of 40,000 or 100,000 leave ‘room’ for net immigration of 45,000 (60,000 minus 15,000) and 105,000 (120,000 minus 15,000) respectively.

Migration for family formation/reunion

This kind of migration has increased as total migration has. In 2009 almost 50,000 visas were issued for people coming to the UK as spouses/fiancé(e)s/partners or dependents of UK nationals or settled migrants (Home Office 2009). Since migration through these routes tends to ‘lag’ behind other migration flows (because previous migrants who then settle may bring their families to join them some years after they arrive), we might expect recent falls in immigration (for example through asylum routes) to translate into decreases in those coming through family reunion/formation routes in the years ahead.

Some proportion of this migration can be assumed to be temporary, but data does not allow us to easily estimate net migration from these routes, since data on emigration is not broken down by visa category. Survey data suggest that net immigration from outside the European Economic Area to accompany or join family members peaked at just over 60,000 in 2005 and was down to around 40,000 in 2007 (Migration Advisory Committee 2009). Given that immigration through these routes might be expected to decline given recent falls in total immigration, we might assume that family-related net immigration will be in the range of 30,000 in the coming years.

Future net immigration flows of 30,000 from family reunion/formation routes would mean that the hypothetical caps of 40,000 and 100,000

⁹ All asylum statistics taken from Home Office 2008 unless otherwise noted.

would leave 'room' for net immigration of 15,000 (45,000 minus 30,000) and 75,000 (105,000 minus 30,000) respectively.

Those who support a cap on net immigration (even a cap set at around 100,000) might need to reduce immigration through family formation/reunion routes. The ability of government to do this is limited by the need to respect the rights of settled migrants (and British citizens) to a family life, but it is possible to restrict the rights of temporary migrants to bring their families to the UK (as is currently proposed for students on short courses). We discuss the implications of this further below.

Migration to the UK from outside the EU for work and study

This kind of migration, now managed through the Points-Based System, has increased significantly in recent years. In 2009 almost 100,000 visas were issued for migrants and their dependents through PBS Tiers 1 and 2 or other work permits/visas with the potential to lead to settlement. Almost 400,000 were issued for migrants and dependents through student visas and other temporary work/study routes including, for example, 'working holidaymakers' from countries such as Australia (students and their dependents accounted for just under 300,000 of the total) (Home Office 2009). 116,000 work permit holders, Tier 1 and 2 migrants, and their dependents arrived in the UK in 2008, along with some 245,000 students and their dependents, and 140,000 student visitors (Home Office 2008). The number of work permit holders and dependents admitted has declined from a peak of 145,000 in 2006, while the number of students (including student visitors) and dependents was at a record high in 2007–2008.

These are substantial immigration flows, but much of this migration will be temporary, so there are also significant levels of emigration from this group. However, the data does not allow us to easily translate these inflows into net migration flows, since data on emigration is not broken down by visa category. Survey data suggests that net immigration from outside the EEA for reasons of work or study was 72,000 in 2007 (compared to 26,000 in 1997) (Migration Advisory Committee 2009). Although work-related migration from outside the EU is now somewhat lower than it was in 2007, sustained high levels of student migration since that time might reasonably be assumed to have kept net immigration flows at about this level, or even to have increased them.

Migration flows for work or study are much more in the control of the UK government than flows from the EU, or through asylum routes. The Government has already implemented major reforms in the form of the new Points-Based System, and has recently tightened the rules further in response to economic conditions, although the impacts of this have not yet been seen in the data. The Government has also announced plans to significantly tighten up the regime for student migration, which could have substantial impacts on flows.

Changes to the PBS which have not yet worked through into the data, along with planned reforms to the student visa system, might significantly reduce future flows, but the return to economic growth could see demand for work permits increase significantly. So we might reasonably assume that net immigration flows from work or study visa routes might run at 60,000–80,000 a year within current or planned policy frameworks.

Future work/study flows of 60,000 would mean that the hypothetical cap of 100,000 would leave 'room' for net immigration of 15,000 (75,000 minus 60,000), but would 'bust' a cap of 40,000 by 45,000 (15,000 minus 60,000). Future flows of 80,000 would mean that even the hypothetical cap of 100,000 would be busted by 5,000 (75,000 minus 80,000) and the

cap of 40,000 would be busted by a massive 65,000 (15,000 minus 80,000).

Those who support a net immigration cap of 40,000 would have to dramatically reduce net flows from work or study routes, and those who support a cap of 100,000 might also need to restrict flows through these routes. This could mean reducing immigration flows, or increasing emigration flows, for example by further restricting the settlement rights of migrants who have come to work or study (see below). On the immigration side, restricting inflows to any significant extent means either reducing the supply of skilled workers (through Tiers 1 and 2 of the PBS) or reducing the number of foreign students (through Tier 4 of the PBS). The implications of these possible policy changes are considered further below.

We have considered the four main immigration routes to the UK above, but it is important to note that there are others, including irregular migration, which might account for thousands or even tens of thousands of additional migrants each year. Irregular migration is outside the purview of this paper, and probably also of a cap policy (though note that some irregular migration does show up in migration data), but we should probably assume that up to 10,000 people come to the UK each year through legal long-term migration routes outside those we have considered (such as on UK ancestry visas).

How do the figures add up?

Where does this analysis leave the hypothetical caps? A cap of 100,000 could be delivered in the coming years if British net emigration continues at a significant rate and EU net immigration settles down at something close to current levels. However, delivering net immigration of 100,000 would also require current policy trajectories to be followed (for example, more effective returns and removals at the end of the asylum process, implementation of plans to restrict student immigration), which is a challenging enough task. A cap at this level would also be very difficult to achieve if improvements in the economy lead to an increase in work-related migration back to pre-recession levels. However, the fact that a net immigration cap of 100,000 seems more or less achievable within current or planned policy frameworks does rather beg the question of what a cap set at this level would achieve from the point of view of those who might support it. It would, perhaps, send a political signal, and it might provide a framework for action if migration levels rose again in the future (see discussion on targeting below), but it would not require dramatic changes in immigration policy.

A cap of 40,000, on the other hand, could only be met with really drastic changes to policy. Net immigration levels of this order were achievable in the early 1990s but the world has changed substantially since then. The expansion of the EU and increased mobility within it has had particular implications for the UK, but these changes are part of a wider global trend towards much more mobility and migration (both temporary and permanent). Given that EU migration is outside the control of government, and asylum/refugee migration is governed by international conventions, very significant reductions in migration to the UK for work and study and restrictions on family formation/reunion would be required to meet a net immigration cap of 40,000. These policy changes could have significant negative consequences for the UK.

Table 1: Summary analysis of migration caps at 40,000 and 100,000

	Current net migration flows (approximate and estimated)	Projected/assumed			
		40,000 cap		100,000 cap	
	~145,000* (total net immigration)				
British net emigration	~-60,000	-70,000		-70,000	
<i>Remaining 'room' under cap</i>		110,000		170,000	
Old EU net immigration	~30,000	30,000		30,000	
New EU net immigration	~20,000	20,000		20,000	
<i>Remaining 'room' under cap</i>		60,000		120,000	
Asylum net immigration	~20,000	15,000		15,000	
<i>Remaining 'room' under cap</i>		45,000		105,000	
Family net immigration	~40,000	30,000		30,000	
<i>Remaining 'room' under cap</i>		15,000		75,000	
Work/study net immigration	~75,000	60,000	80,000	60,000	80,000
<i>Remaining 'room' under cap</i>		-45,000	-65,000	15,000	-5,000
Net immigration from other long-term routes	~10,000	10,000	10,000	10,000	10,000
<i>Remaining 'room' under cap</i>		-55,000	-75,000	5,000	-15,000
* N.B.: numbers in this column do not total 145,000 because data is imperfect and categories of net immigration are hard to estimate, and because the categories given are not exhaustive. In particular, some irregular migration may show up in aggregate data on net immigration, and increases in the population of temporary migrants may also have an impact.					

What would be the impacts of the policy changes required by a 40,000 cap?

The three inflows that a government committed to a net immigration cap of 40,000 could (and might want to) tackle are:

1. Students (Tier 4 of the PBS)
2. Skilled workers (Tiers 1 and 2 of the PBS)
3. Family reunion/formation

The student visa regime is already very much in the sights of policymakers, and in the public debate. But policymakers must work in the knowledge that parts of the UK education sector are heavily dependent on foreign students' fees, and that foreign students make a significant economic contribution to the UK. Education has become, in effect, a highly successful export sector for the UK. There is undoubtedly scope to reduce abuse of this system, and particularly to reduce the numbers of those who enter the UK on student visas but whose real objective is to work, but there are some difficult grey areas. Is a migrant 'abusing' the system if their primary motivation is to work, but they come to the UK on a genuine student visa, study at a bone fide institution, and work 20 hours a week (as allowed by their visa)?

One response to cases like these might be to further reduce the ability of foreign students to work. However, this would also deter students who need to work to fund their studies, and would likely lead to more students working illegally. It is also

important to remember that a great deal of student migration is temporary – policy interventions here might not have significant impacts on long-term net immigration.

The Government has already started to tighten up the student visa regime substantially, and our projections in this paper already assume that these measures have some impacts on net migration levels (particularly for the scenario of 60,000 net immigration per year from work and study routes). These changes should be followed through, but further restrictions on foreign students seem likely to come at a significant cost to the economy.

Skilled immigration for work is already strictly controlled through the PBS. Migrants coming under Tier 1 are the kind of highly-skilled individuals who are judged to make an exceptional economic contribution, and skilled migrant workers coming under Tier 2 are coming to work in sectors that suffer from systematic shortages of skills/labour, or to fill jobs that employers have been unable to fill from within the UK. Further restricting flows under either of these tiers seems very likely to have a negative impact on the UK economy, and in particular on some sectors and firms that rely heavily on recruiting skilled migrants (including parts of the public sector, not least the NHS). Employers have rejected the idea of an immigration cap during previous election campaigns.¹⁰

Immigration for the purposes of family formation/reunion is difficult for governments to restrict within a human rights framework that grants people a right to family life. While it is possible to change the parameters of the system that allows British citizens or settled migrants to bring their families to the UK (the recent introduction of a minimum age of 21 for marriage visas in an example of this) it is not possible for government to fundamentally change this part of the system without opening itself up to legal challenge. Furthermore, most British nationals would be outraged at the idea that they would not, for example, be free to marry someone from outside the EU and bring them to the UK. It is possible to restrict the rights of short-term migrants such as students to bring dependents with them, but this will have limited impacts on population since the migration involved is only temporary. It is also important to note that, with international competition for talent and skills, restricting migrants' abilities to bring dependents with them could lead to the UK losing out to other OECD countries.

So, limiting the immigration flows that would be most amenable/attractive for government intervention in delivering a net immigration cap of 40,000 is not straightforward. They are either not the groups that those who support a cap seem to be worried about (for example highly-skilled migrant workers), are flows that are economically important to the UK (for example students and skilled migrant workers), or are flows that are difficult to limit (for example family formation or reunion flows).

An alternative to limiting immigration flows would be to limit the ability of migrants to settle in the UK for the long term (that is, to reduce net immigration by increasing emigration, rather than by reducing immigration). If the primary concern is population then temporary migration is much less of a concern than permanent migration (although this is not true if the primary concern is the impact on public services or community cohesion). However, temporary migration can still create population growth. For example, the UK's population would increase if the number of foreign students in the UK at any one time increased, even if all of those students went home at the end of their studies. Thus a focus on settlement does not deliver what some might expect it to in terms of population, but it might give supporters of a cap a different way to approach the issue.

¹⁰ See for example http://news.bbc.co.uk/1/hi/uk_politics/vote_2005/frontpage/4474997.stm

It is certainly the case that grants of settlement have increased in recent years. Almost 200,000 people from outside the EEA were granted settlement in 2009, up from just under 100,000 in 1999 (Home Office 2009). This is largely a delayed result of historical increases in immigration – settlement follows immigration with a lag. Similarly, the pattern of those granted settlement follows historical migration patterns (for example, asylum-related grants of settlement peaked in 2005, after the peak in asylum applications in 2000).

However, the link between migration and settlement is highly amenable to policy change. Apart from in some specific categories (such as refugees), the UK can make its own decisions about which migrants are allowed to settle for the long term, and on what basis. The Government has recently started to question the automatic link between immigration and settlement which applies, in effect, to categories including skilled migrant workers who have been in the UK more than five years. A new model of earned citizenship is now being taken forward to introduce more control over who is able to settle, and when.

More radical steps in this direction would certainly be possible. It would be relatively straightforward in legal and policy terms to restrict the rights of migrants to settle. However, this would raise at least two significant concerns. Firstly, it might deter some of the (particularly highly-skilled) migrants that the UK wants to attract. Limited settlement options (or uncertain settlement policies) could lead those who have other options – who are likely to be most valuable to the UK – to go elsewhere.¹¹ Secondly, migration without settlement (or the prospect of settlement) limits the possibility of integration – the concerns about population and the concerns about social cohesion that are raised by proponents of a cap are in direct tension here. It is also important to note that there is little public support for temporary (or ‘guest worker’) migration in the UK.¹²

How would a cap work in practice?

Aside from the substantive question of which migration flows government could reasonably change in order to limit net immigration to a cap of 40,000, there are also some serious policy questions about how a cap (at any level) would be implemented in practice.

Current information and data systems do not allow ‘real time’ monitoring of net migration into the UK. The new system of e-borders will improve this situation, but realistically total net migration for a particular period will only ever be known after the fact. Government can, of course, set absolute limits for the categories of immigration where it has direct control over numbers (for example by limiting the number of visas available in any given time period), but delivering a cap in total net immigration would still rely on accurate predictions of the significant migration flows, such as EU migration, that are outside government control. These flows can, and do, vary substantially from year to year, but a government committed to delivering a fixed limit on total net immigration (or an annually-set limit) would need to predict these flows for the coming year in order to put limits on those migration flows that can be controlled by policy (such as work-related migration through the PBS). If the predictions were wrong, total net migration would under- or overshoot the limit, even if the ‘capped’ parts of the system remained within the government-set limits.

Given that migration happens in series throughout the year, it is also hard to see how fixed caps on particular migration flows would work in practice. If, for example, PBS

¹¹ ippr’s own research has shown that existing policy is already having this effect. See Finch et al 2009

¹² See for example Transatlantic Trends survey data: www.gmfus.org/trends/immigration/

visas were limited annually, what would happen if the limits were met in October, or June? Would the Government be happy to tell KPMG that it could not bring over an analyst from its New York office? Or to tell Arsenal that it could not sign a promising young player from Côte d'Ivoire? Some visa categories in the United States do have fixed numerical limits, and they result in fairly arbitrary lines being drawn as visa categories 'sell out'.

For those who are inclined to make the reduction of net immigration to the UK an objective of policy (and it bears repeating that ippr is not), it would make more sense to think about a target than a cap. This would be a very different approach. Rather than limiting immigration numbers by fiat in certain categories, a target-based approach would allow a government to 'raise or lower the bar' in order to achieve a certain (desirable or promised) level of net immigration. For example, if net immigration were felt to be too high, the points requirements of the PBS could be increased. This would allow the Government to make objective decisions about which migrants or migration flows were most beneficial or important. However, this would never be an exact science, and it is likely that a government would find itself converging on a target over time, rather than delivering it in year one – that is, changing policy in a given year on the basis of immigration levels in the previous year.¹³

A government could also think about different 'thresholds' of immigration based on a policy on desirable levels of net immigration and a 'hierarchy' of migration flows. For example, a government might say 'if net immigration levels reach 100,000 a year, we will restrict Tier 2 of the PBS; if net immigration levels reach 200,000 a year, we will also restrict Tier 1; if net immigration drops below 50,000 we will open Tier 3'.

While these more nuanced approaches make more sense from a policy perspective, they move quite a long way from the simple idea of a fixed cap on immigration, and they might not deliver on the political expectations set by that idea.

What would the politics of an immigration cap be – is it an easy political win?

An opinion poll conducted for Migration Watch in marginal seats has, according to the Times, shown that 'David Cameron could clinch a general election victory by placing a cap of 50,000 on net immigration'.¹⁴

Politicians from any party may find a cap on net immigration a tempting suggestion – a quick way to demonstrate that they are responding to public concerns. The public concerns are real enough – polling consistently shows that people in the UK are worried about immigration.¹⁵ In response, it is tempting for politicians to talk tough and announce yet another tightening of the immigration system. But a promise to cap immigration will not necessarily prove to be an easy political win.

In fact, promising to cap immigration at a much lower level than current flows might be a political own goal, for any party. It would be based on a fundamental misunderstanding of what the public wants. Our research has looked in detail at the views of those who are worried about immigration. This research found that, when they are given the space to discuss the issues in detail, self-declared sceptics often have nuanced and moderate views on the issue. They are concerned about the scale of recent immigration, but they can also see the benefits of immigration for the UK –

¹³ The way in which the Bank of England targets inflation within certain limits might be a useful parallel.

¹⁴ See www.migrationwatchuk.com/excel/YouGov%20MW%20Survey%20160110.xls and www.timesonline.co.uk/tol/news/politics/article6991051.ece

¹⁵ See www.ipsos-mori.com/researchpublications/researcharchive/poll.aspx?oltemId=53&view=wide

they respect the hard work of migrants, and the contribution they make (for example to the NHS).

Crucially, people want the Government to be in control of immigration and to be honest with them about the numbers. But control does not mean a drastic limit on net immigration. It is perfectly possible for the Government to be in control of an immigration system that is flexible and responsive to the needs of the country. In fact, what often gives the public the impression that immigration is out of control is politicians making promises to ‘clamp down’ on immigration that they then cannot deliver. It might be tempting to promise a cap on immigration, but it isn’t necessarily what the public wants, and risks becoming a hostage to fortune.

There is also a real risk that a cap (or a target), once set, will only ever be revised downwards (whatever the changing circumstances of the country) given the political challenges that would face a Home Secretary who sought to increase the limit. There might also be a tendency for politicians to redefine who counts as a migrant for the purposes of meeting the cap/target, which would further alienate a public already suspicious of migration statistics.

We would suggest that a much better political approach would be a predictive rather than a restrictive policy – predicting and managing migration flows to maximise benefits, minimise costs, and reassure the public, rather than struggling (probably unsuccessfully) to meet arbitrarily imposed limits.

Conclusions

ippr believes that a fixed cap on net immigration to the UK is an unworkable policy. We would question the logic of making a reduction in immigration an objective of policy – maximising the benefits of migration while minimising the costs is a much better goal. Any policy that makes a certain level of net immigration an objective on the grounds of concerns about population growth would only make sense as part of a wider UK population policy that also included consideration of fertility rates, regional population distribution and long-term demographic change, and that was based on real evidence of impact. Even if, as part of such a population policy, a government did decide that policy interventions were needed to bring net immigration down to a particular level, a ‘targeting’ approach whereby the ‘bar’ for entry in different categories is moved up or down according to migration levels but also according to the needs of the UK would be much more sensible than any kind of fixed cap.

The levels for a cap that are currently discussed are also problematic, and would be so even in the more sensible framework of population policy and migration targeting described above. Even a cap of 100,000 (which would surely not satisfy those who want to see a drastic reduction in immigration) would be challenging to achieve, particularly when the economy recovers. A cap of 40,000 looks impossible to achieve from the position that the UK is currently in without threatening both economic performance and the rights of British nationals and settled migrants to be with their families.

Finally, ippr does not believe that a cap on net immigration will be an effective political strategy in the UK – it would be based on a misreading of what the public want.

Further information

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