

# The UK “Immigration Cap”: Implications for Scotland

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## Abstract

The main purpose of this paper is to consider how the Conservative Liberal-Democrats Coalition’s so-called “immigration cap” will impact on Scotland. The immigration cap is a set of not yet specified policies (working mainly through the points-based immigration system) aimed at lowering net-migration to the UK primarily by lowering immigration. While the UK Government wants to reduce net-migration to the UK, the Scottish Government wants to maintain a historically high level of net-migration in Scotland in part to achieve its population growth target and to ensure labour force growth. The two levels of government are pursuing policies that clearly conflict, since lowering net-migration to the UK will also likely lower net-migration to Scotland.

## The UK “Immigration Cap”: implications for Scotland

### 1. Introduction

The Conservative Liberal-Democrats Coalition, led by David Cameron, is committed to reducing net-migration in the UK from “the hundreds of thousands to the tens of thousands” by the end of their first parliament. Net-migration is the difference between the number of immigrants (those coming to the UK) and the number of emigrants (those leaving the UK). Consequently, lower immigration and/or higher emigration will decrease net-migration. Since it is unlikely that the current administration wants more people (at least British citizens) to leave the UK, the focus on delivering on this promise lies with putting policies in place that lead to a much lower level of immigration in coming years. As a group, these policies, which are still at the “consultation” stage have become known in the media and political circles as the so-called “immigration cap”.

The main purpose of this paper is to consider how the immigration cap will impact on Scotland. While the UK Government wants to reduce net-migration to the UK, the Scottish Government wants to maintain a historically high

level of net-migration in part to achieve its population growth target and ensure labour force growth. For obvious reasons, one might expect net-migration at a UK-level to be positively correlated with net-migration at Scotland-level. If this is the case, then the two levels of government are pursuing policies that clearly conflict, since lowering net-migration to the UK will also lower net-migration to Scotland. Immigration is a “reserved power” with the devolved administrations, such as the Scottish Government, only having a minor role in shaping immigration policy.

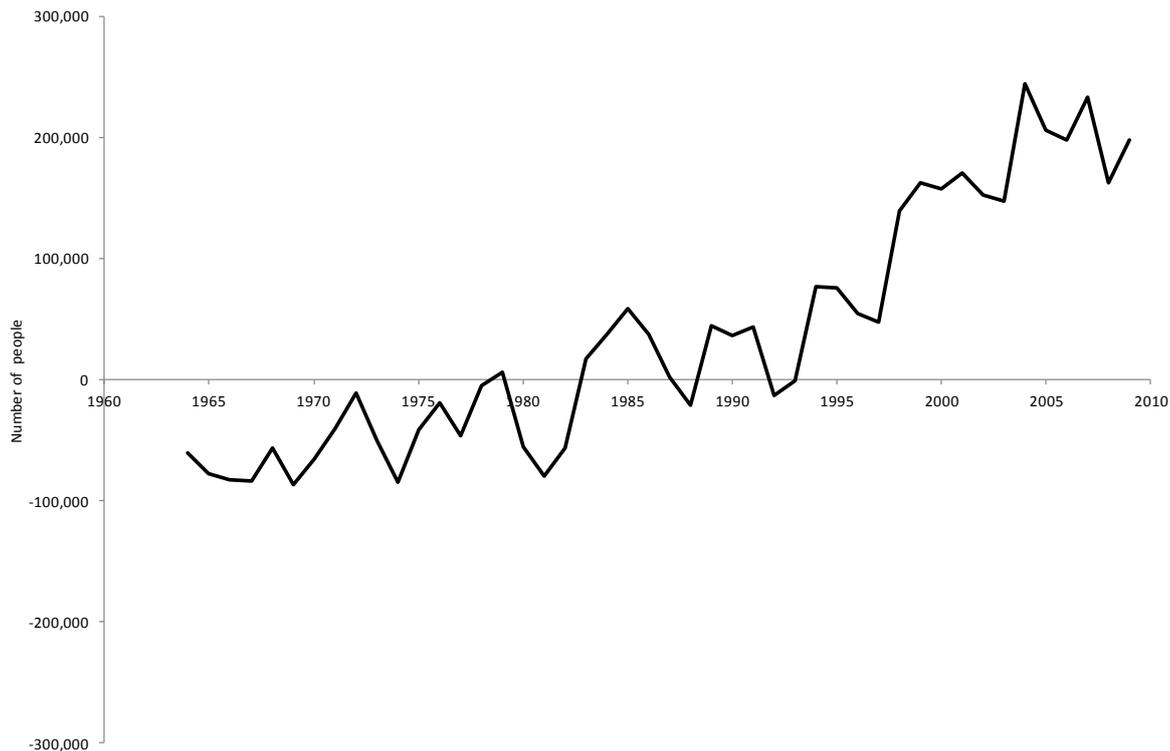
In February 2005, the then Home Secretary Charles Clarke outlined a “five year plan” aimed at changing fundamentally the way immigration to the United Kingdom is managed (see Mosca and Wright, 2009). Central to this plan is the adoption of a “points-based system” (PBS), where applicants are allotted points or “scored” for possessing human capital characteristics that make them more employable, such as education, age and previous earnings. If some threshold level of points is achieved (which can be varied), then the individual is allowed to immigrate to the UK (conditional on satisfactory security checks). When fully operational, the PBS will eventually replace the system that includes over 80 ways to immigrate to the UK. It is acknowledged that manipulating the details of the PBS will be the main vehicle by which the UK government will attempt to reduce immigration levels.

The effectiveness of the government’s approach to reducing immigration will depend on what fraction of the potential pool of immigrants the PBS applies to. As is documented below, a sizeable share of immigrants to the UK (and Scotland) come from member states of the European Union. There are no restrictions on movement from the other member states—citizens of these countries are free to live in the UK. In addition, with the exception of Bulgarian and Romanian citizens, they are free to work here too. Likewise, a non-trivial share of immigrants are in fact British citizens. These immigrants may be individuals who emigrated from the UK earlier in their lives but have decided to return. They may also be foreign-born individuals who have obtained citizenship via their parents and/or grandparents. The PBS also does not apply to refugees and family class immigrants (e.g. immigration tied to marriage). Given these exclusions, it is unclear what the scope of the PBS is to seriously lower immigration levels to the UK.

### 2. Net-migration, immigration and emigration

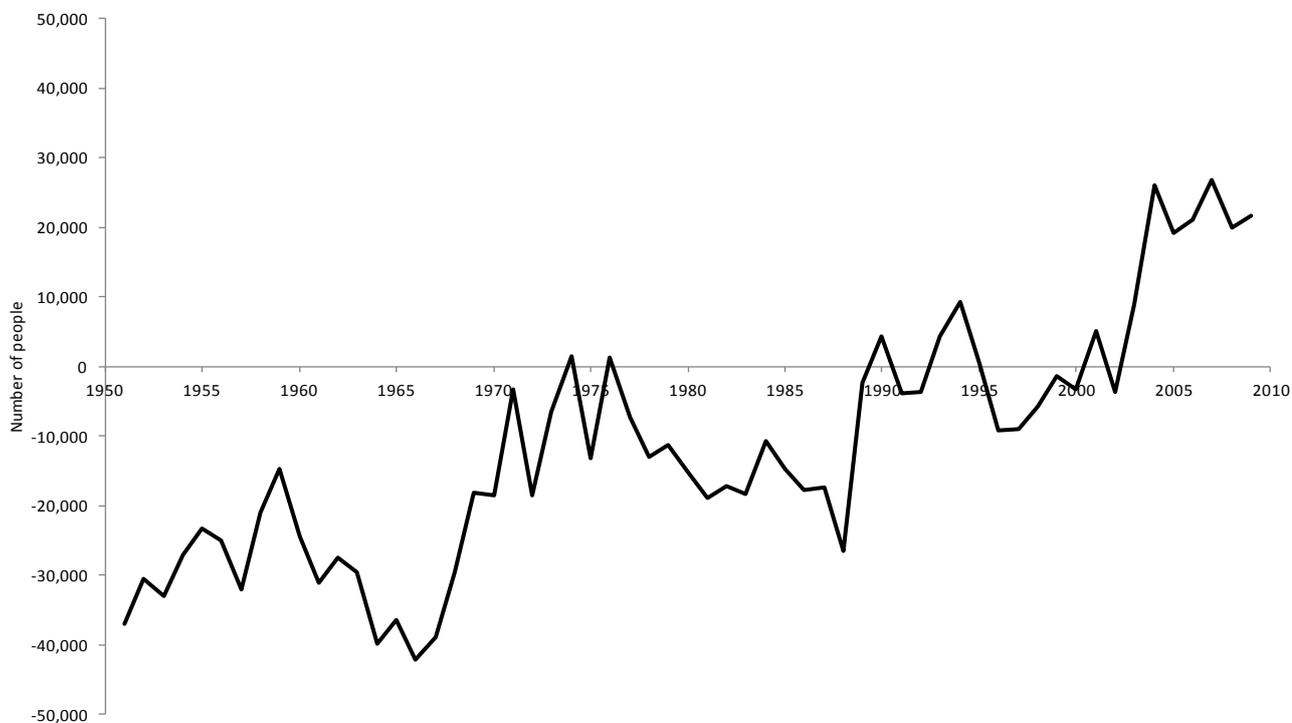
As a starting point, it is not unreasonable to argue that over time net-migration in the UK is correlated with net-migration in Scotland. Figure 1 shows the trend in UK net-migration from 1964 to 2010. Note that migration statistics for the UK before 1964 are of notoriously low quality so are not included in our discussion (see Hatton, 2005). Figure 2 shows net-migration to Scotland from 1951 to 2010. Note that for Scotland net-migration also includes migration flows to and from the other countries of the UK. It is clear that these two series are highly correlated in a statistical sense.

**Figure 1: Net-migration - United Kingdom, 1964-2010**



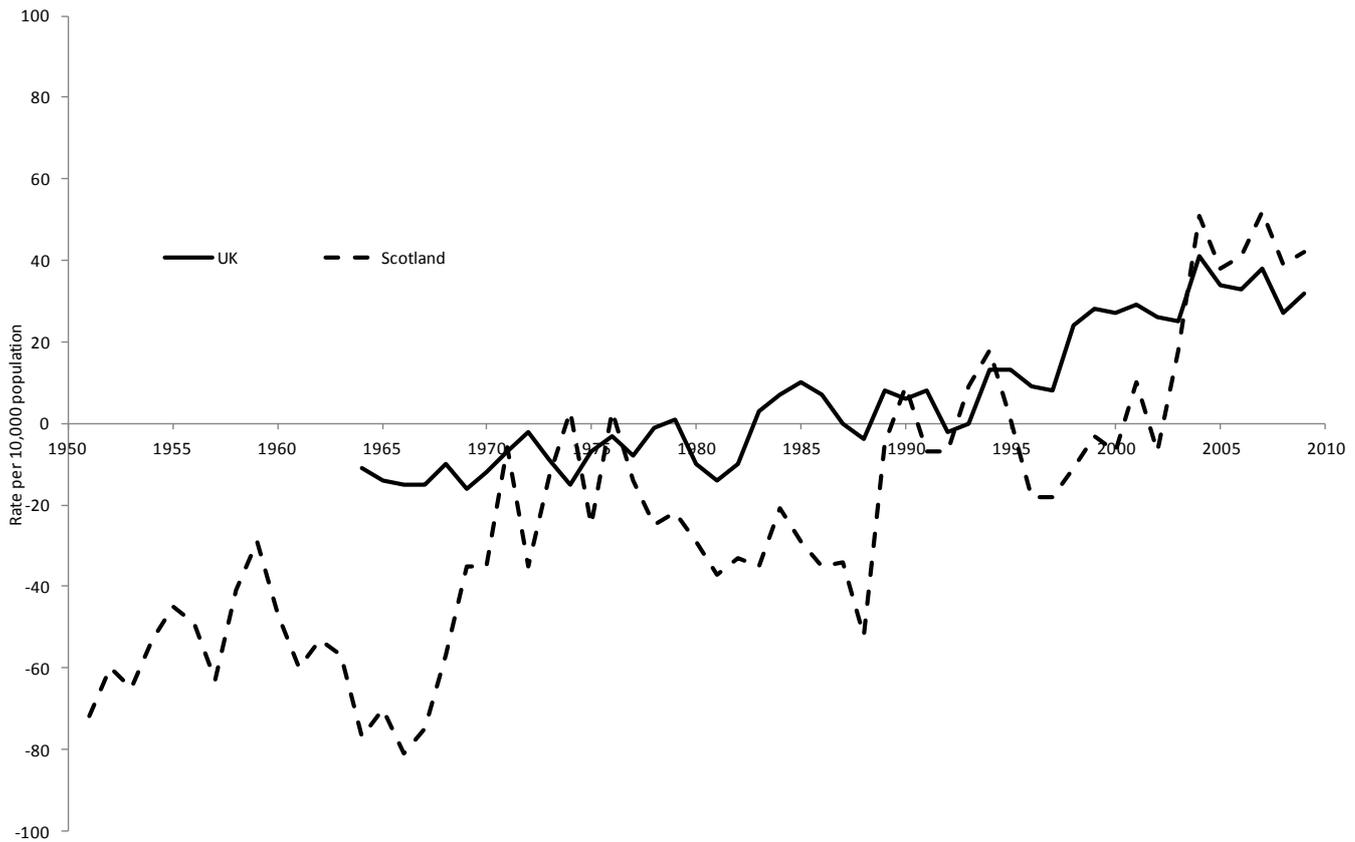
Source: Office of National Statistics (ONS)

**Figure 2: Net-migration - Scotland, 1950-2010**



Source: General Register Office for Scotland (GROS)

**Figure 3: Net-migration rate (per 10,000 population) - Scotland and United Kingdom, 1951 (1964)-2010**



Source: GROS and ONS

In fact, in the 1964-2010, period the zero-order correlation is +0.85.

Figure 3 shows the “net-migration rate” for the UK and Scotland. This rate is the number of net-migrants per 10,000. It is a useful measure since it controls for the scale effect generated by the fact that the UK population (c. 62 million) is around twelve times larger than the Scottish population (c. 5.3 million). The figure suggests that in a

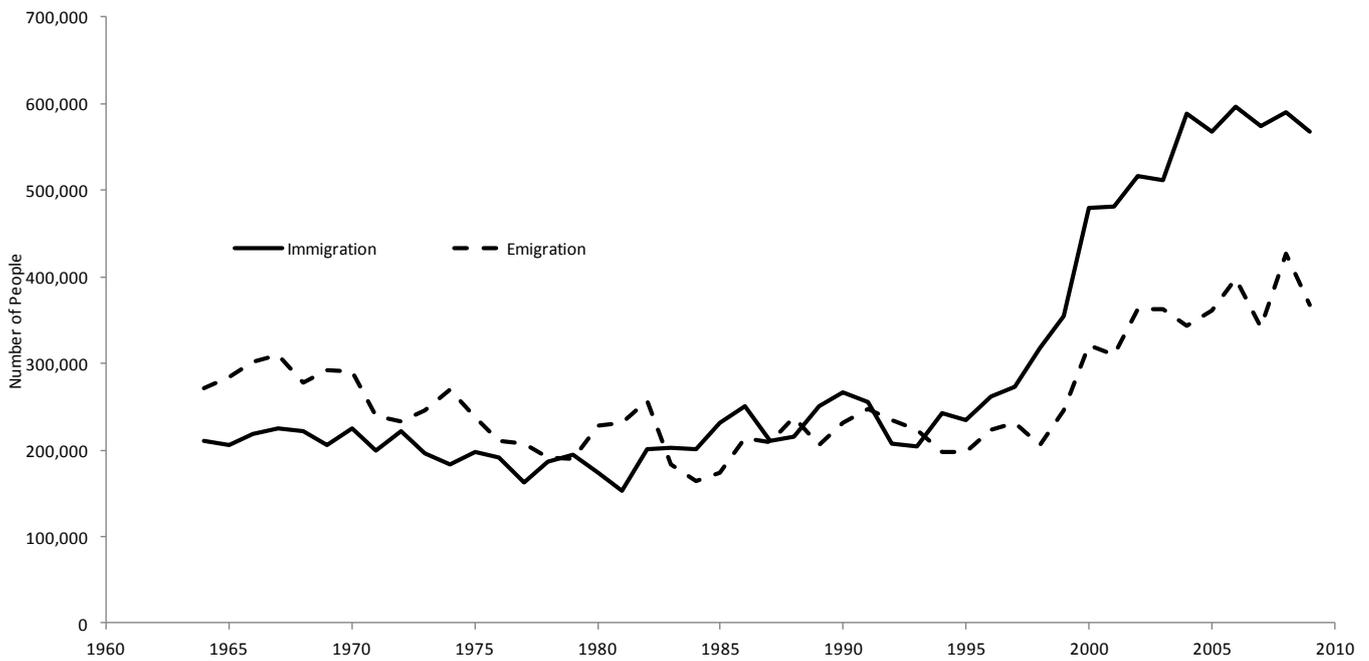
relative sense, emigration exceeded immigration by a much greater extent in Scotland compared to the UK in most of this period. However, since around 2004, when ten Central and Eastern European countries joined the EU, the net-migration rate in Scotland has been higher than for the UK as a whole. However, these two series are still highly correlated with the zero-order correlation being +0.79 in the 1964-2010 period.

**Table 1: Immigration, emigration and net-migration - United Kingdom, thousands, 2004-2010**

Period	(1) Immigration	(2) Emigration	(1)-(2) Net-migration
2004/2005	596	336	260
2005/2006	565	388	177
2006/2007	596	387	208
2007/2008	571	375	196
2008/2009	563	397	166
2009/2010	572	346	226
2004-2010	3463	2229	1,233
Average	577	372	206

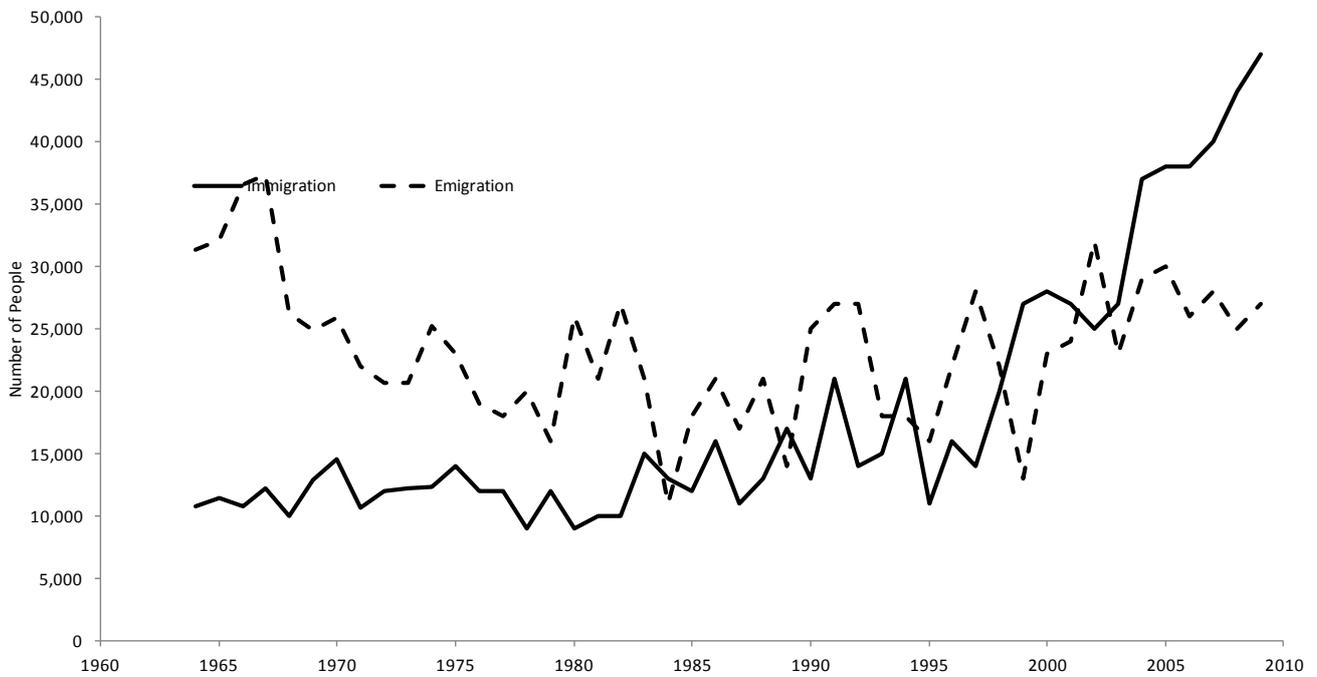
Source: Office of National Statistics

**Figure 4: Immigration and emigration - United Kingdom, 1964-2010**



Source: Office of National Statistics (ONS)

**Figure 5: Immigration and emigration - Scotland, 1964-2010**



Source: GROS

Figure 4 shows immigration and emigration totals to the UK in the 1964-2010 period. Figure 5 gives the same estimates for Scotland. Immigration to the UK and immigration to Scotland are highly correlated, with the zero-order correlation being +0.94. The statistical relationship between emigration from the UK and emigration from Scotland is not as strong. The relationship is clearly positive with a zero-order correlation of +0.68.

This descriptive analysis indicates that net-migration, immigration and emigration at the UK-level and the Scotland-level are highly correlated in a statistical sense. In research not reported here, we have constructed a statistical model that explains current levels of net-migration in Scotland in terms of the past levels of immigration and emigration in Scotland and the UK. This model is quite accurate in terms of predicting past trends. More generally, it provides more rigorous evidence suggesting that UK and Scotland net-migration are related in a casual sense.

Table 1 gives the net-migration, immigration and emigration totals for the UK for the period 2004-2010. An examination

of this table confirms that it is incorrect to conclude (as is routinely done in the media) that net-migration is increasing because immigration is increasing. Net-migration increased between 2004/2005 and 2005/2006 because emigration decreased — immigration actually decreased during this period. The same is the case for the period 2008/09 to 2010/11.

Table 2 gives the net-migration, immigration and emigration totals in Scotland for the more recent period 2004-2010. As mentioned above, the situation is more complicated in Scotland compared to the UK since in addition to “overseas” immigrants and emigrants there are immigrants from and emigrants to the rest-of-the-UK. In addition, the way migration statistics are compiled, the migration of armed forces personal, prisoners and asylum seekers are considered as a separate adjustment. In the period 2004-2010, about 44% of immigrants to Scotland came from overseas. In the same period, 38% of emigrants from Scotland moved overseas. In other words, based on the past, less than half of the immigrants to Scotland would fall under the PBS according to the current rules.

**Table 2: Immigration, emigration and net-migration - Scotland, 2004-2010**

Period	Immigration			Emigration			Net-Migration		
	UK	Overseas	Total	UK	Overseas	Total	Total	Adjustment(*)	Total Adjusted
2004/2005	57,342	35,400	92,742	44,835	28,100	72,935	19,807	-511	19,296
2005/2006	53,335	42,200	95,535	44,413	29,500	73,913	21,622	-455	21,167
2006/2007	51,546	37,800	89,346	42,697	21,000	63,697	25,649	1,162	26,811
2007/2008	53,327	38,500	91,827	41,818	30,800	72,618	19,209	744	19,953
2008/2009	45,407	42,700	88,107	41,285	25,200	66,485	21,622	49	21,671
2009/2010	46,968	46,100	93,068	43,535	24,600	68,135	24,933	35	24,968
2004-2010	307,925	242,700	550,625	258,583	159,200	417,783	132,842	1,024	133,866
Average	51,321	40,450	91,771	43,097	26,533	69,631	22,140	171	22,311

\*This total includes movements to and from the armed forces, asylum seekers and prisoners.

Source: General Register Office for Scotland

### 3. Citizenship mix of immigrants

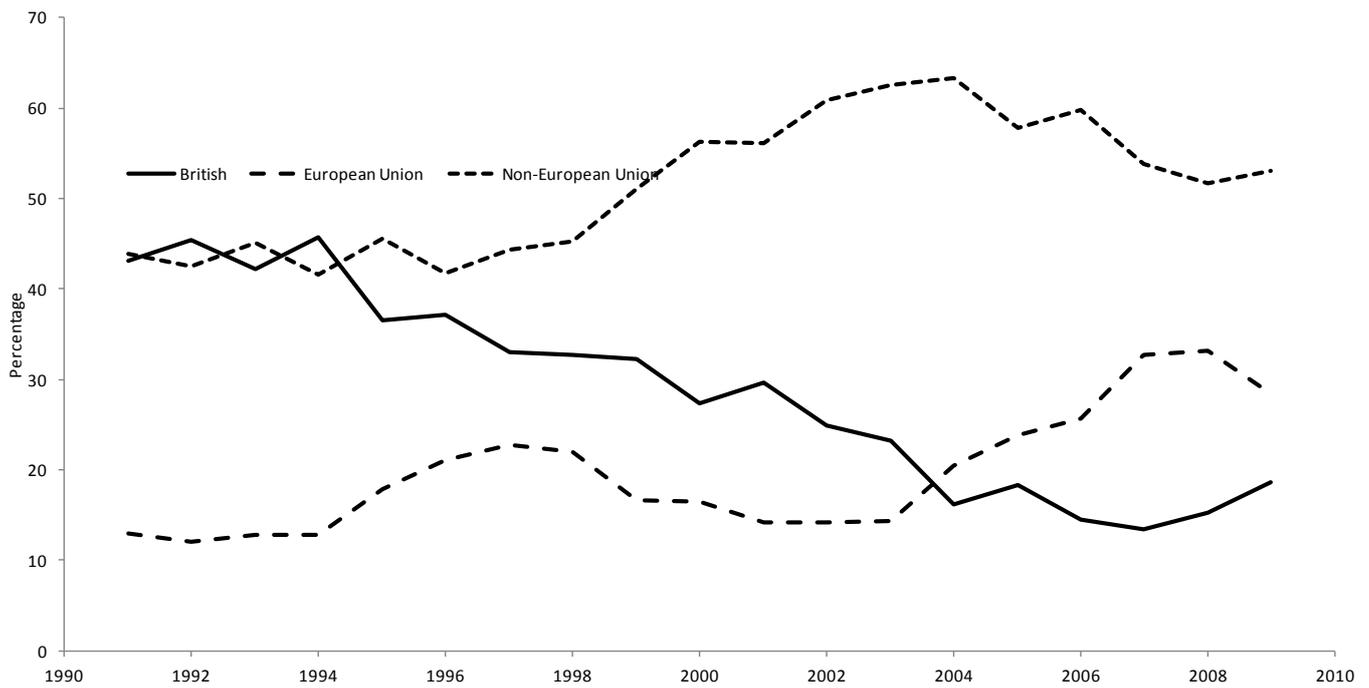
Figure 6 shows the “citizenship mix” of immigration to the UK in the period 1991-2009. In 2009 (the most recently available estimate), 18.6% of immigrants were British citizens; 28.4% were EU citizens; and 53% were non-EU citizens. As the figure shows the share of immigrants who are British citizens steadily declined while the share of immigrants who are EU-citizens increased sharply after the major enlargement of the EU in 2004. From 2004 onwards, there has been a slight decline in the share of immigrants who are non-EU citizens. However, non-EU citizens are the biggest group of immigrants to the UK.

The PBS does not apply to immigrants who are British citizens or EU citizens. Therefore, at most, it currently applies to about half of immigrants. As a thought exercise,

assume that the PBS was in place since 2004. Assume further that it was effective at reducing non-EU citizenship immigration to zero. Table 1 shows that in the period 2004-2010 net-migration in the UK averaged +206,000 per year. Arithmetic suggests that a 50% reduction in immigration corresponds to a net-migration of around -80,000 per year. Likewise, a 25% reduction in immigration gives a net-migration of around +60,000 per year. It is clear that the PBS has the potential to reduce net-migration to “tens of thousands” by severely curtailing the immigration of individuals with non-EU citizenship.

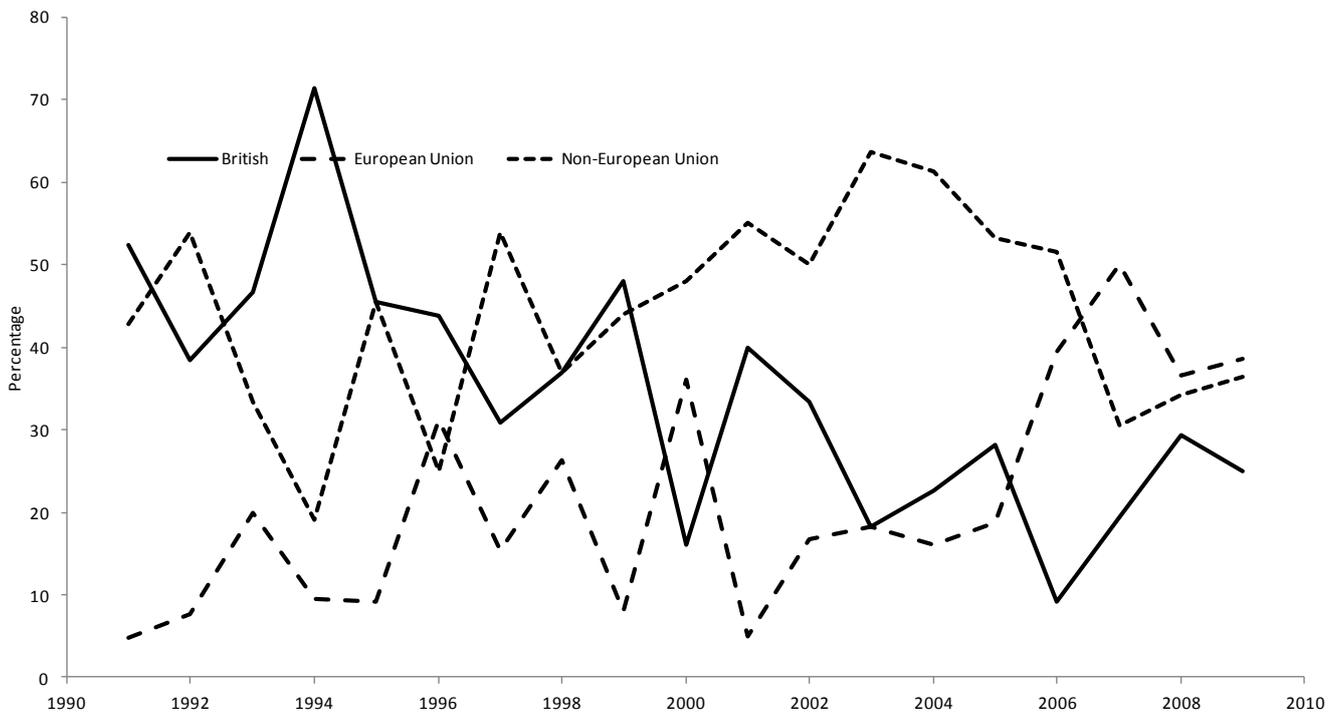
Figure 7 shows the “citizenship mix” of overseas immigration to Scotland in the period 1991-2009. In 2009, the citizenship mix of overseas immigrants to Scotland was different to that of the UK as a whole. More specifically 25%

**Figure 6: Citizenship of Immigrants (% of total) - United Kingdom, 1991-2009**



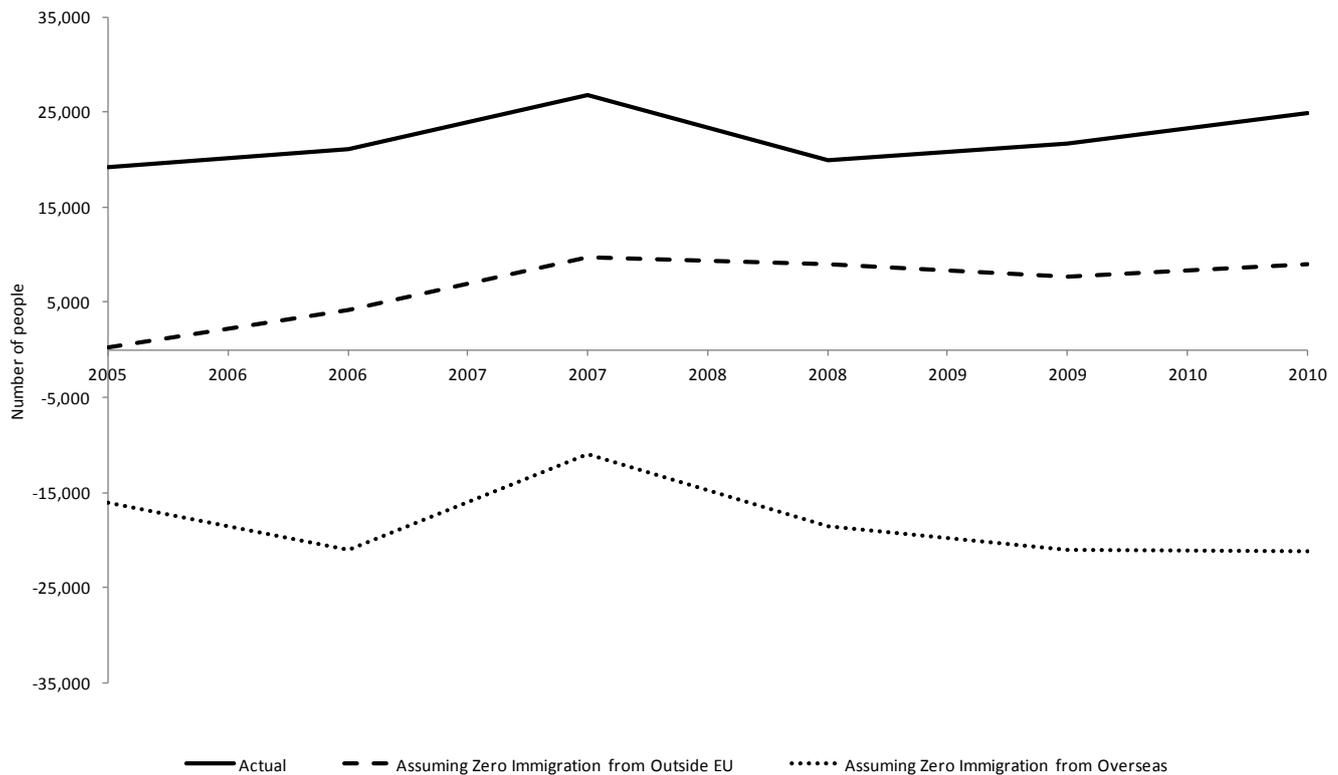
Source: ONS

**Figure 7: Citizenship of Overseas Immigrants (% of total) - Scotland, 1991-2009**



Source: GROS

**Figure 8: Adjusted net-migration - Scotland, 2005-2010**



**Source:** GROS and authors' calculations (see text)

of immigrants were British citizens; 39% were EU citizens; and 36% were non-EU citizens. The key difference is that 36% of non-EU citizens is considerably lower than 53% for the UK. As Figure 7, shows there is considerable year-to-year volatility in the citizenship mix of immigration. However, when the period 2004-2009 is considered as a whole the difference persists. More specifically, 56.5% of immigrants to the UK were non-EU citizens compared to 43.3% of overseas immigrants to Scotland.

Figure 8 shows the actual level of net-migration in Scotland for the period 2005-2010 taken from Table 2. As a further thought exercise, the figure also shows what the level of net-migration would be under two scenarios. In the first scenario, the government is successful at reducing immigration to the UK from "outside the EU" to zero. In the second scenario, they are successful at reducing immigration to the UK from "overseas" to zero. In these calculations, it is assumed that migration flows to and from the rest-of-the-UK remain the same. It is clear from the discussion above that it would not be possible to achieve such reductions for several reasons. However, the scenarios do provide some indication of the range of

variation in net-migration that could be brought about through the PBS.

Reducing immigration from countries outside the EU would result in a considerable reduction in net-migration in each of these periods. Between 2005 and 2010 the net-migration averaged +22,311 per year. Driving immigration from countries outside the EU to zero (not surprising) results in a net-migration of +6,644 per year. Likewise, driving immigration to zero from overseas countries, results in a net-migration of -18,139 per year. By any standards, both represent sizeable reductions in net-migration.

#### 4. Concluding comments

It is well established that Scottish population momentum is moving in the direction of rapid aging and decline (see Lisenkova and Wright, 2009). Population decline goes hand in hand with labour force decline. For most of the past decade, deaths have exceeded births, and it has been only through positive net-migration that both the labour force and general population have grown (see Wright, 2008). Research carried out by the Fraser of Allander Institute suggests that an annual net-migration of around 20,000 is needed to counteract some of the negative macroeconomic consequences (such as lower economic growth) generated by a "shrinking" labour force decline, (Lisenkova et al,

2010). This suggested level of net-migration is not too different to what has occurred in recent years (see Table 2). It is clear from the simple analysis carried out in this paper, that the UK Government's desire to significantly lower net-migration to the UK, through lower levels of immigration, has the potential to reduce net-migration in Scotland to levels well below +20,000.

This conclusion however is based on the assumption that the other flows of migrants would not change if the immigration of non-EU citizens was reduced. This seems unlikely. Even if the UK Government was successful at reducing the immigration of non-EU citizens, the immigration of EU-citizens and British citizens could increase to make up the difference. This substitution is more likely if immigration is predominately a response to employment and economic opportunities. In the case of Scotland, this difference could also be made up by an increase in immigration from the rest-of-the-UK. Put simply, if the decrease in immigrants of one type (i.e. non-EU citizens) results in an increase in immigrants of another type (i.e. EU-citizens and British citizens), then all that will be achieved is a change in the citizenship mix of immigration with no decrease in net-migration levels. If this is the case then trying to reduce immigration solely through the making it "tougher" (impossible?) to immigrate to the UK via the PBS will not be successful.

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## References

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