

# Devolved immigration policy: will it work in Scotland?

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## 1. Introduction

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. 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, technical skills, and work experience. If some threshold level of points is achieved (which can be varied), then the individual is entered into a pool of individuals who will eventually be allowed to immigrate to the UK (usually conditional on satisfactory security and medical checks). With such a system the policy shifts away from matching “jobs to people” to matching “people to jobs”. Such a shift is desirable since immigration can be used to strategically fill job vacancies and help plug skills gaps caused by population ageing and labour force decline. Although the UK Government has tended to portray this system as new and novel, it is not—it is a minor variant of the system introduced in Canada in 1967 and copied by Australia in 1973. What does this new system mean for Scotland, a country with a government committed to maintaining historical high levels of net-migration?

## 2. UK Points-based immigration system

The UK PBS will eventually replace the system that includes over 80 ways to immigrate to the UK. The old system is clearly idiosyncratic, if not ad hoc, and is both inefficient and expensive to administer. The new system consists of five “Tiers”, with each tier focussing on a different type or class of immigrants. The basic structure is summarised in Table 1. The “Tier 1 General immigrant” category is aimed at allowing high-skill individuals to come to the United Kingdom to look for work or self-employment. Such an individual does not need an employment offer. Likewise, an individual intending to be self-employed does not need to present a detailed business plan. Such individuals when they apply to immigrate are given points for educational qualifications, previous earnings, United Kingdom experience and age. It is worth noting that “Tier 3”

of the UK PBS is currently suspended. This Tier is aimed at the management of lower- and low-skill immigration. However, no date has been given for when this part of system will be re-introduced. In fact there is very little discussion of this and the focus is on rolling out the remaining tiers to plan. Although few politicians will admit it, their expectation is that immigrants from those mainly central and eastern countries that joined the European Union in 2004 (the so-called “A8 countries”) will continue to be the main source of low-skill immigration, with Poland being the biggest single source.

At the moment, an individual wishing to immigrate to the UK must score at least 75 points to “jump” the first hurdle. In addition, the individual needs to fulfill an “English language requirement”. In order to “jump” this second hurdle, a relatively high standard of written and spoken English is required i.e. a “Band 6” score on the International English Language Testing System (IELTS) or a degree from an English-language institution of higher education. A Band 6 IELTS score is similar to what most higher education institutions in Scotland require from students whose first language is not English. It is hard to judge whether 75 points is a high or low threshold. The system has not been up and running for very long and to date little data has been made available to (non-government) researchers. However, our analysis of both the Canadian and Australian systems suggests that this threshold is indeed high, especially when it is coupled with a far from trivial English language requirement.

Will the introduction of this points system lead to lower levels of immigration to the UK? The answer to this question is a clear “maybe”. It all depends on whether the 75 points hurdle is increased or decreased in the future. If it is increased, then immigration will decrease. If it is decreased, then immigration will increase. In this sense, the hurdle is like a price with the government acting like a monopoly setting price to generate a certain quantity. Therefore people who have concluded that the introduction of a PBS in the UK will lower immigration levels are wrong. To illustrate this point, we can consider what happened in Canada. In September 2003, the Canadian government lowered the minimum points needed from 75 to 67, in order to meet higher immigration targets. Given the nature of the system, most commentators concluded that this change was a sizeable reduction, with the result (somewhat unsurprisingly) being that immigration levels were higher in subsequent years.

Our view is that the minimum number of points in order to be eligible to immigrate to the UK will be increased in the future. This will make the UK an even more difficult country to immigrate to for people outside the EU. In the last national election, all three major political parties committed themselves to reducing immigration levels “if elected”. It seems likely that in next spring’s national election, immigration policy will be even more central. It is not difficult to understand why the main political parties are

**Table 1: Summary of structure of the UK points-based immigration system (PBS)**

<b>Tier</b>	<b>Statement of intent</b>	<b>Applications open</b>
Tier 1: General	7 December 2007	30 June 2008
Tier 1: General (India)	7 December 2007	30 June 2008
Tier 1: General (Worldwide)	7 December 2007	30 June 2008
Tier 1: Investors	7 December 2007	30 June 2008
Tier 1: Entrepreneurs	7 December 2007	30 June 2008
Tier 1: Post-study		
Tier 2: Skilled workers with a job offer	March 2008	27 November 2008
Tier 3: Limited numbers of low skilled workers needed to fill temporary labour shortages	This tier is currently suspended	
Tier 4: Students	Due March 2008	March 2009
Tier 5: Youth mobility and temporary workers	Due March 2008	27 November 2008

**Source:** Home Office Border and Immigration Agency

**Table 2: Maximum points – Canada and Quebec immigration systems**

<b>Characteristic</b>	<b>Canada</b>	<b>Quebec</b>
Education	25	11
Employment experience	21	10
Arranged employment	10	15
Age	10	10
Language	24	24
	English	6
	French	18
Adaptability	10	10
	<b>Total</b>	<b>80</b>

**Table 3: Inter-provincial migration rates – foreign-born versus native-born Canadians**

<b>Census</b>	<b>Native-born</b>	<b>5-year rate</b>		<b>p-value</b>
		<b>Foreign-born</b>		
2001	3.5%	2.8%		<0.01
1991	4/1%	4.1%		<0.01
1981	5.3%	5.3%		<0.01
<b>Census</b>	<b>Native-born</b>	<b>1-year rate</b>		<b>p-value</b>
		<b>Foreign-born</b>		
2001	1.0%	0.8%		<0.01
1991	1.3%	1.0%		<0.01

**Note:** It is not possible to calculate the 1-year rate for 1981 since the necessary question was not asked on this census.

**Source:** Authors' calculations

**Table 4: Inter-provincial migration rates – immigrant cohort and matched samples – 2001 Canadian census**

Rate	Census	Cohort	Immigrant cohort sample	Matched sample	p-value
5-year rate	2001	1996	6.2%	4.1%	<0.01
1-year rate*	2001	2000	2.4%	1.4%	0.05

**Notes:** 1996 (2000) cohort includes immigrants who first obtained landed immigrant status between January 1, 1996 (2000) and May 15, 1996 (2000)  
Number of immigrants = 1,989 (5-year); 2,365 (1-year)  
Number of matches = 350,387 (5-year); 530,940 (1-year)  
Number of draws = 500  
(\*) does not include Atlantic Canada or the Territories

**Source:** Authors' calculations

concerned with immigration. Immigration to the UK has increased sharply over the past decade and is now at a historically high level. Furthermore, the bulk of immigrants still settle in London and the South-east of England. This is also the part of the country where anti-immigration sentiment is growing. It also happens to be the area of the country where General Elections tend to be won or lost given about 25 per cent of the UK population is concentrated there.

What does all this mean for Scotland? The question then becomes how does one increase immigration to Scotland (as the Scottish Government appears to want) and at the same time reduce immigration to the United Kingdom (as UK Government appears to want)? At first these policy objectives may appear to be totally incompatible. Immigration policy is set for the UK "as a whole" by the UK Government and any policy that reduces immigration to the UK "as a whole" will also reduce immigration to Scotland. This will certainly be true unless immigrants to the UK are required to reside and work in a particular region for a minimum period of time. However, there is nothing in the points-based system that takes into consideration the different demographic conditions that exist across the UK.

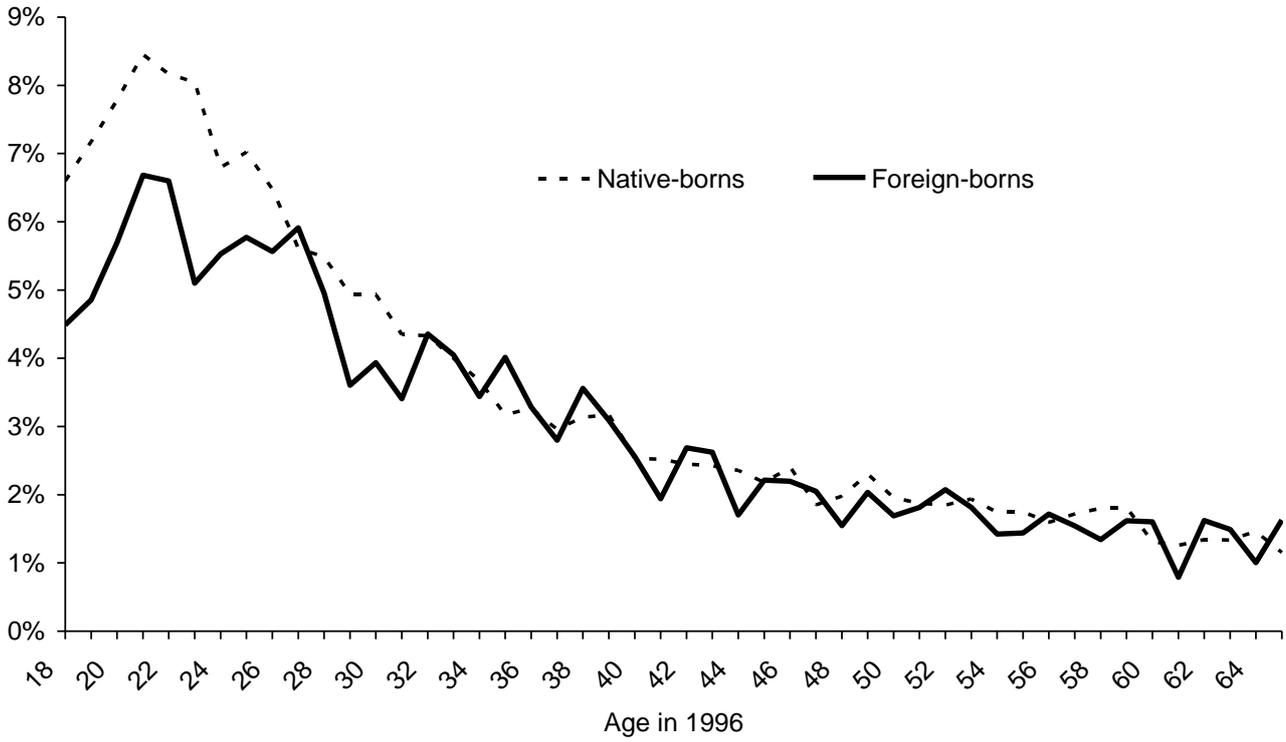
### 3. Adding regionality to immigration policy

Regional differences are a key feature of Canadian immigration policy. These differences are reflected in the immigration system. All the ten provinces of Canada (and one of its three territories) have agreements with the federal (Ottawa) government relating to immigration which takes into consideration specific provincial (territorial) requirements. Beginning in the late 1990s, "Provincial Nominee Programmes" (PNPs) have been established. PNPs are negotiated agreements that essentially mean that responsibility for immigration is shared between the provincial and federal governments. Similar agreements exist between the territorial and federal governments in Australia, although regionality is less central in Australian immigration policy.

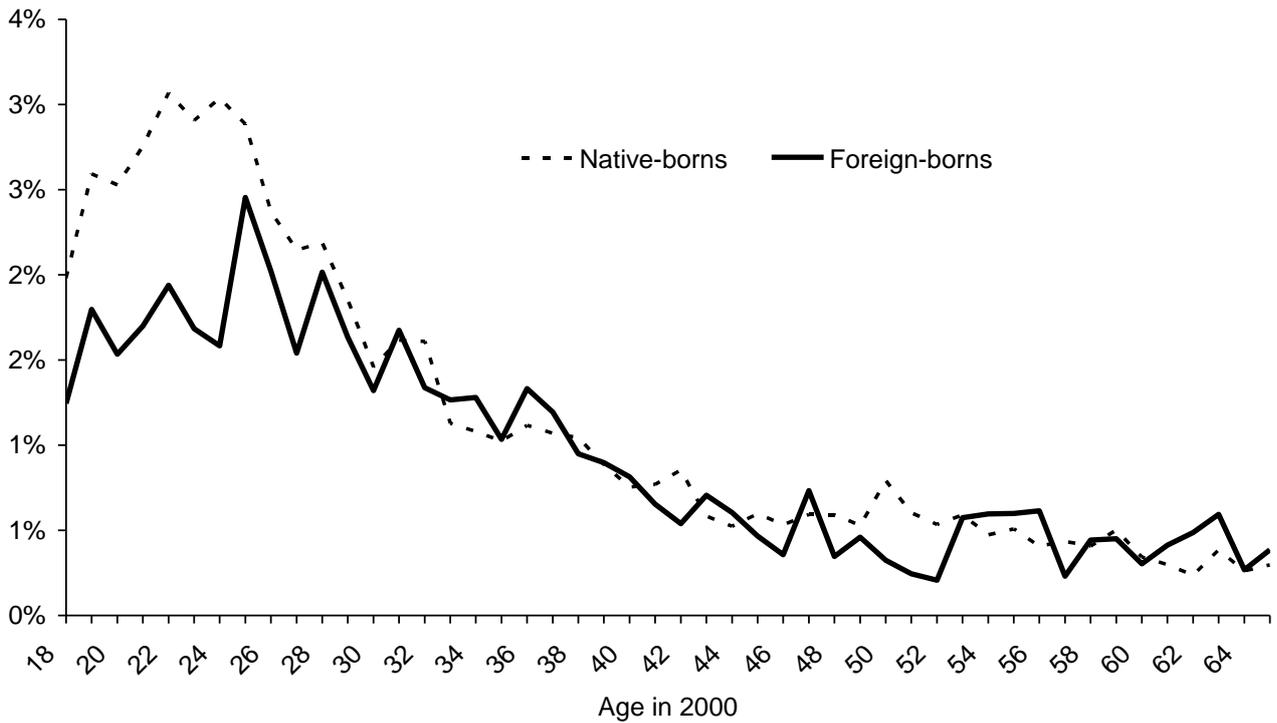
In practise these programmes mean that applicants with certain skills face a lower immigration threshold if they agree to live, work and stay in a particular province/territory for a minimum period of time. This minimum period of time is often 1,095 days of residence, which is also what is needed to be eligible for Canadian citizenship. Once citizenship is obtained (or the minimum period expires), the individual can reside anywhere in Canada. One of the main reasons PNPs were introduced was to counter the historical tendency of immigrants to concentrate in the three main cities of Toronto, Montreal and Vancouver. They are based on the empirical regularity that once an immigrant arrives in one province, after two years of residence, the probability of moving to another province drops off considerably. In other words, if you get people to a particular region in the first place, there is a high probability that they will stay permanently. The Canada-Quebec Accord (CQA) goes one step further and essentially devolves responsibility for immigration to the province of Quebec. In this arrangement, potential immigrants apply directly to the Province of Quebec and not the Dominion of Canada. The CQA is also a points-based system. However, the weighting is different, as is shown in Table 2. Essentially the CQA system awards fewer points for education/qualifications/employability and more points for knowledge of the French language. Quebec "picks" the immigrants and the federal government issues the visas and work permits, and administers the medical and criminal background checks.

The UK PBS could easily and quickly be modified along these lines to meet Scotland's needs by allotting more points to applicants who agree to live, work and stay in Scotland. Immigrants who choose this option could be issued with a visa that states that they are only allowed to work in Scotland. The period of this permit should be the same amount of time needed to applying for citizenship, which can be varied. This simple modification will only work if the government is serious about enforcing the terms of the residence requirement. Those who fail to do so

**Figure 1: Five-year inter-provincial migration rate - 2001 Canadian Census**



**Figure 2: One-year inter-provincial migration rate (%) - 2001 Canadian Census**



would have their work permit revoked and would no longer have the right to work. Since a “deal is a deal”, the government must be prepared, as a last resort, to deport those who fail to live up to the agreement. Given the UK Government has promised to be “tougher” on refugees and asylum seekers in terms of enforcing deportation orders (and numbers are falling), this does not seem to be a massive leap forward in “policy”.

#### **4. Do provincial nominee programmes work?**

It is often argued that one reason for not devolving responsibly for immigration to Scotland is that Provincial Nominee Programmes “don’t work” in the sense that people do not stay in the province or territory they agreed to immigrate to. At face value, this seems unlikely since the sanctions are considerable for breaking the immigration contract. However, if it was true, then we would expect to see high rates of interprovincial migration in the years immediately after arrival. This of course is a legitimate question that could be answered empirically. However, in our search through the literature, we found no studies that specifically addressed this issue. We did however find a number of studies that demonstrate that the inter-provincial migration behaviour of native-born and foreign-born Canadians is surprisingly similar (e.g. Edmonston, 2002; Finnie, 2000; Lin, 1998; Newfold, 1996; Nogle, 1994; Robinson and Tomes, 1982).

In order to address this issue more directly we have analysed micro-data collected in the 1981, 1991 and 2001 Canadian censuses. Questions were asked about where respondents lived one and five years earlier so it is possible to calculate inter-provincial migration rates for native-born and foreign-born individuals. In 2001, there were few Provincial Nominee Programmes up and running although the separate system for Quebec had been in place for a decade. In this sense we are effectively considering what can be termed the “before period” when PNPs were not a central feature of Canadian immigration policy. In our future work, we will compare this to the “after period” with data from the 2006 Census (once it becomes available).

These calculations are summarised in Table 3. Three points are worth noting. In all comparisons, the rate of inter-provincial migration is higher for native-born Canadians and this difference is highly statistically significant. The second is that the rate for both of them has declined over time. The third is that 2001 5-year rates of 2.8% and 3.5% and 1-year rates of 0.8% and 1.0% do not seem especially large. In addition, as is shown in Figures 1 and 2, the inter-provincial migration rate is much higher for native-born Canadians in the younger age groups.

It is also possible with census data to calculate inter-provincial migration rates for specific cohorts of immigrants since the year of immigration is also collected. With the 2001 census, we have calculated the 5-year migration rate for the cohort who immigrated in 1996 and the 1-year rate for the cohort who immigrated in 2000. These rates provide a more detailed picture in the period immediately after arrival. However, there is no natural comparison group since there is no cohort of “non-immigrants”. On their own such rates do not have much meaning. In attempt to provide a comparator, matching methods are used (see Heckman, Ichimura, and Todd, 1997, 1998a, 1998b). Space does not allow for a detailed discussion of these methods but the basic idea is simple. You select a set of characteristics that are thought to be correlated with migrating. Our list included: age, sex, marital status, education, presence of children and province/territory of residence. For every immigrant in the same sample you select a native-born individual with the same characteristics. You then calculate the difference in the migration rates between the two groups. The approach is quasi-experimental in the sense that the immigrants make up the “treatment group” while the matched sample of hypothetical individuals make up the “control group”.

The results based on the 2001 census are shown in Table 4. For the 1996 immigrant cohort, the percentage that had moved province five years later was 6.2%. This rate is higher than the rate for the matched sample rate of 4.1%. This difference is statistically significant at the 1 per cent level. For the 2000 immigrant cohort, the percentage who had moved province one year later was 2.4%. This rate is again higher than the rate for the matched sample rate of 1.4%. However this difference is only statistically significant at the 5 per cent level. Taken at face value, these rates do not seem “high” remembering that there will be few PNP immigrants in these cohorts.

#### **5. Concluding comments**

As it stands at the moment, there is absolutely nothing in the UK points-based system that will make it easier for the Scottish Government to deliver on its promise of reversing Scotland’s population decline. There is nothing in it that will attract people to Scotland. The Government’s electoral promise to reduce immigration to the UK will also reduce immigration to Scotland. It is somewhat surprising that the UK Government praises the Canadian and Australian immigration systems yet at the same times ignores the fact that regionality is a cornerstone of both. Scottish specificity could easily be built in through bonus points or lower thresholds for those who agree to live, work and stay in Scotland for a minimum period of time. Or the responsibility for immigration could be transferred to the Scottish Government along the lines of the Canada-Quebec Accord. In fact, points-based systems with regionality operate better than

country-wide systems. Systems of the later type simply attract immigrants to areas with high immigrant concentrations, since chain migration is a feature of unrestricted or unmanaged migration flows. In this sense, modifying the UK PBS is not a situation of applying principles that are in any sense “new and unproven”—it is only a matter of political will.

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<sup>1</sup> Inflation Report Press Conference, Wednesday 11 November 2009, Opening Remarks by the Governor.

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