



UK Border

A Points-Based Immigration System for the UK?

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ABSTRACT

As the UK is scheduled to leave the EU in 2019, an issue of increasing contentiousness in the Brexit negotiations is the fate of European migrants and provisions for free movement across EU borders.

This paper draws on a variety of academic and media sources to set out the economic migration policy goals of the UK, Canada, and Australia and compares them to determine the best policy choice for a post-Brexit UK. The current 'hybrid' points-based system suffers from important draw-backs. This paper argues that a more feasible solution would be to reform the current 'hybrid' system by drawing on the advantages of a work-permit system and of the points-based systems. Modifications to the system to incorporate points for job offers and a 'cap-and-queue' waiting list system ensure that the supply of skills matches demand without over reliance on business interests, while the 'cap-and-queue' allows for control of numbers. Moreover, the transparency of such systems make them easy to understand with low policy adaptation costs.

INTRODUCTION

On the 23rd of June 2016, the UK voted to terminate its membership of the European Union. The end of the relationship signals an important turning point for all areas of policy in the UK as it disentangles its laws and regulations from those of the EU. One of the more contentious and key policy areas in the Brexit campaign has been the issue of regaining control over the UK's borders and getting immigration numbers 'under control'. The 'Leave' campaign leaders had, in this context, put forth the idea of implementing a points-based immigration system post-Brexit, specifically aimed at newly regulated EU citizens (Cockburn, 2016). More specifically they promised an "Australian-style immigration points system" to regulate the flow of economic migrants entering the UK. This proposal was subsequently rejected by Prime Minister (PM) May (Mason, 2016).

This situation poses the basic question of this policy paper: whether such a points-based system would be an adequate solution for the immigration policy objectives of the United Kingdom. Given the consequences of Brexit, it is important to understand the strengths and weaknesses of points-based immigration systems and whether they correspond to the stated objectives of UK immigration policy. This is particularly true given that there are 3.3 million EU citizens living and working in the UK who will no longer be protected under the freedom of movement rules (ONS, 2015). The shape and severity of any new policy is also likely to affect the status of the 1.2 million British citizens living in the EU (UNDP, 2015).

As such, this paper turns towards the experience of the two countries with the longest history of points-based immigration systems, Australia and Canada, to try and inform the debate about the best policy choice for the post-Brexit UK. The paper will compare the policy objectives of Australia and Canada, as well as the results of such policies on the migration 'scene' of the two coun-

tries, in order to determine whether this policy would be suitable in a UK context.

This paper argues that while points-based immigration systems have had moderate success in increasing the skills of workers entering the Canadian and Australian labour markets, it is not the most appropriate policy given the UK's objectives. The characteristics of European immigration to the UK, and the UK's strict goal of managing migration through a reduction in numbers, make a pure points-based system an inadequate mechanism to achieve these objectives. Furthermore, such a system incurs costs. Evidence shows that although points-based systems may have worked initially, the success rate of migrants in Canada and Australia's labour markets has been decreasing, calling the relationship between allocated immigration points and actual economic success into question (Baker & Benjamin, 1994; Bauer et al., 2000). This paper suggests that a better model for the UK would be a revised 'hybrid' model combining aspects of a work-permit system and a points-based system.

Migration, in the context of this paper, refers specifically to economic migrants, those that move to seek job opportunities or because they have secured jobs abroad. It intentionally excludes other types of migrants such as refugees, 'illegal' migrants, or people that move under family reunification programs. Moreover, policy recommendations will be geared towards regulating the new EU migration flows.

Points-based systems are immigration policies that allow migrants to enter a country on the basis of their 'match-up' with a set of predefined criteria such as age, education level, and/or language ability to which are attached numerical scores. If the potential migrant meets a minimum score threshold they are eligible to migrate. Other conditions such as quotas, preferential treatment for migrants with job offers, or allocation based on geographical need, may be added to the basic points system to create a 'hybrid' system.

The paper begins with a quick overview of the existing UK migration system and explores the debate about the type of policy to be implemented. This includes a discussion about whether the existing system is already partially points-based or not. The fourth section focuses on the main features of Australia and Canada's immigration policies. Section five then analyses the success of points-based immigration policies, looking specifically at whether the system increases migrant skills and their labour market success rate. Section six combines the first five sections to evaluate whether a points-based system would be compatible with the migration policy objectives of the UK. It also proposes a new variant of the UK's 'hybrid' policy as a policy solution for migration control post-Brexit.

METHODOLOGY

This paper is written as an analysis of existing academic literature on the success of points-based systems in Canada and Australia, with a view to informing the policy choices of the UK. Attention is also given to other common migration management systems. It draws substantially from government publications to explain the characteristics of British, Australian, and Canadian migration. Discussion about the current debate in policy design in the UK draws primarily from news reports and government publications.

The report is limited in scope in the sense that it focuses narrowly on one specific area of immigration: legal migration for work reasons. While this is the most significant proportion of EU migration to the UK, a more complete picture also needs to look at refugee policy and family-reunification policy.

THE BRITISH MIGRATION SYSTEM

Key to evaluating the potential of a points-based immigration system for a post-Brexit UK is understanding the current objectives of immigration policy. It is important to recognise at this point that the UK cannot currently restrict EU migration and as such its policy is geared exclusively towards third countries (Salt & Millar, 2006). The policy set out in the 2008 white paper recognises that “significant gross immigration of highly skilled non-EU nationals may be desirable,” while admitting that “the economic benefits of positive net immigration are small or insignificant”. As such, policy has to be judged “on other criteria, including diversity and social cohesion and the advantages or disadvantages of a growing population” (Economic Affairs Committee, 2008; Salt & Millar, 2006). The primary “economic consideration of UK immigration policy must be to benefit the resident population in the UK,” despite limitations imposed by EU and human rights law, for example (Economic Affairs Committee, 2008). The policy, “rather than serving only the exclusive interests of employers, should reflect a balancing of the interests of resident workers, employers and other groups among UK residents” (Economic Affairs Committee, 2008).

This led the government to introduce a ‘hybrid’ system of immigration to the UK in 2008, with characteristics of both points-based and non-points-based systems. The new system is composed of five tiers (Economic Affairs Committee, 2008; Salt & Millar, 2006):

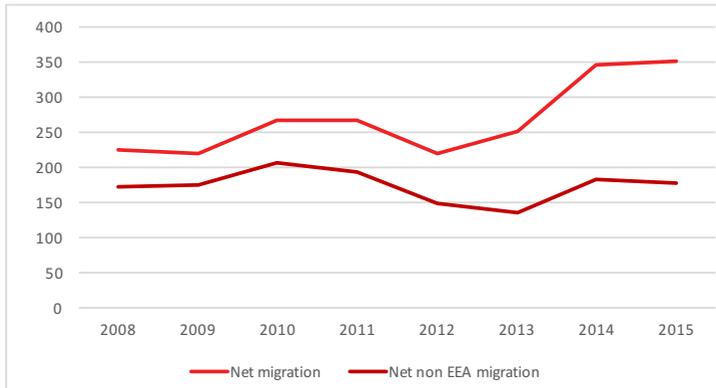
- ▶ Tier 1: Highly Skilled Migrants
- ▶ Tier 2: Skilled Migrant Workers
- ▶ Tier 3: Low Skilled Workers
- ▶ Tier 4: Students
- ▶ Tier 5: Youth Mobility and Temporary Workers

Tier 1 and Tier 2 migrants are the focus of this policy paper. Under the existing system, non-EEA migrants must achieve a minimum number of points under criteria such as qualifications, previous earnings, and age (see Appendix 1 (online) for a complete description of Tier 1 and 2 visa regulations) (Economic Affairs Committee, 2008). In addition, migrants do not, in contrast to Australia and Canada, obtain permanent residency automatically, and Tier 2 migrants also require proof of a licensed sponsor (Economic Affairs Committee, 2008). Given the UK's membership of the EU and adherence to freedom of movement, Tier 3 has been effectively scrapped as demand for low skilled workers is met with inflows from Eastern Europe (Somerville et al., 2009). This will need to be addressed after Brexit, as programs such as the 'Seasonal Agricultural Worker Program' and access to low-skilled workers vital to the hospitality and social care sectors will need to be guaranteed under the new migratory system (Somerville et al., 2009).

In addition to the objectives of the policy introduced in 2008, in 2010 the Conservative party promised to reduce net migration to the "tens of thousands" (Select Committee on Home Affairs, 2014). This would be a reduction of migration back to 1980s or 1990s levels (Select Committee on Home Affairs, 2014). However, these objectives were far from met by 2014, with migration levels at 298,000 in September 2014 (see figure 1) (The Migration Observatory, 2015).

Admittedly, one reason for this failure is the inability of the government to control EU migration (The Migration Observatory, 2015). However, even policy aimed towards non-EU migration was of limited impact, with reductions mostly in student numbers, who cannot obtain permanent residency (The Migration Observatory, 2015). Nevertheless, the then PM David Cameron reiterated the promise of getting UK migration under 100,000 when seeking re-election in 2015 (Little, 2015).

Given the existing policy, it appears that the UK is already operating under a partially points-based system. As such, the move

FIGURE 1 NET LONG-TERM IMMIGRATION ('000)

Source: ONS

towards an ‘Australian-style’ immigration system as advocated by Vote Leave could be considered as an integration of EEA migration into the existing migration system for non-EEA citizens with minor changes. However, Theresa May has ruled out the expansion of the points-based system, while promising more effective means to limit migration to the UK (Mason, 2016). To justify this claim, she pointed to abuses of the points-based student quotas by immigrants seeking permanent residency in the UK, highlighting specifically the automatic nature of the system (Mason, 2016). Rather, May wants to control access for “every sector and every skill level” by reworking the existing system (McTague, 2017). She has also re-stated the numerical commitment made by David Cameron (McTague, 2017). This provides an interesting contradiction: the rejection of a pure points-based system, but the extension/formulation of the existing ‘hybrid’ points-based system combined with work-permits for EU migrants. This may prove to be unsustainable as bottlenecks already exist in the Tier 2 system through which most EU migrants would apply if the

current system were to be upheld (Allan & Smith, 2017). There has also been speculation that the UK could turn towards maintaining some level of free movement (essentially a ‘Norway-style’ arrangement), but this appears highly unlikely given PM May’s commitments (Allan & Smith, 2017; Sumption, 2017). In order to evaluate potential future migratory policy for the UK, it is important to evaluate whether points-based systems would in fact succumb to PM May’s concerns, or whether they offer a viable alternative given the failure of the cap and the current bottlenecks in the ‘hybrid’ system.

POINTS-BASED SYSTEMS IN AUSTRALIA AND CANADA

The two countries with the longest experience with points-based migration systems, and consequently those from which the most valuable lessons can be learned, are Canada and Australia. Canada was the first country to introduce a points-based system in the late 1960s and Australia followed in 1989 (Murray, 2011). These changes occurred in the context of unprecedented global economic activity and advances in communication and transport that drastically increased the scope, intensity, and consequences of migration on receiving countries (Walsh, 2008). In order to compare the two systems and their outcomes, and to draw out lessons for the UK, it is necessary to first summarise the main characteristics of both systems (a full explanation of the points system of Canada can be found in appendix 2 and of Australia in appendix 3 (online)).

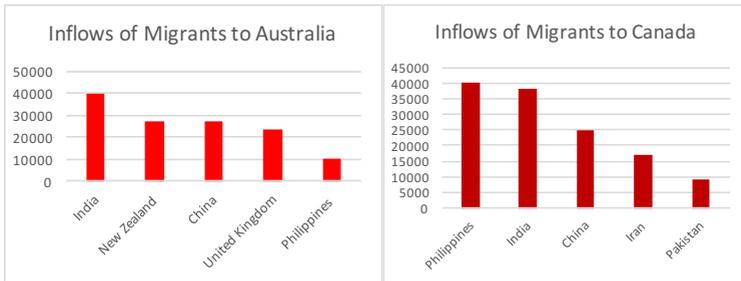
In Canada and in Australia, contrarily to the UK, the points-based migration system has been used to deliver permanent residency to successful migrants (Papademetriou & Sumption, 2011). Migrants to the two countries are considered successful if they have a sufficient number of qualifications and experiences from

a list that includes language skills, work experience, education levels, and age (Papademetriou & Sumption, 2011). This system contrasts with employer-led systems, as in the United States, where an employment offer is a pre-requisite for immigration (Papademetriou & Sumption, 2011). While in both cases the fundamental aim of the policy is to serve the interests of the domestic economy, points-based systems are more heavily focused on the migrant's 'inputs' (Jasso & Rosenzweig, 2008). The Canadian and Australian systems also serve an additional purpose of population management (Walsh, 2008). They developed their points-based systems such that, with the onset of globalisation, migration controls were to be more tightly linked with state-craft and nation-building; they sought to attract high-skilled knowledge workers, entrepreneurs and investors in a shift from their traditional migratory base of industrial workers of European descent (Walsh, 2008). Through this distinct model of immigration policy, Canada and Australia have attempted to manage the composition of their populations and resolve new (and future) fiscal and structural problems (Walsh, 2008; Ongley & Pearson, 1995).

Thus, in both Canada and Australia there are strong economic and societal rationales behind their choice of immigration policy. They aim to improve economic prospects by encouraging the flow of human capital, and to increase the proportion of skilled migrants (Richardson & Lester, 2004). However, there are several differences to be highlighted in their institutional make-up. In Canada, competence for the points-based system is shared between the federal and regional governments while in Australia the system is centralised (Richardson & Lester, 2004). This leads to important divisions in the Canadian system where the recognition of educational qualifications differs between provinces and territories whereas it is common across Australia (Richardson & Lester, 2004). Immigrants to Australia additionally must wait two years for social services that are immediately accessible to migrants to Canada (Richardson & Lester, 2004). Australia also has an upper

age limit on applicants which is not present in Canadian legislation (Richardson & Lester, 2004). Moreover, immigrants to Canada and Australia display different ‘mixes’ of birthplace (see figure 2) (Richardson & Lester, 2004).

FIGURE 2 - INFLOW OF MIGRANTS BY COUNTRY OF ORIGIN 2015



Source: OECD

The objectives behind the points-based system of Canada and Australia do appear to be remarkably similar to those of the UK. The one key difference is that Canada and Australia, contrarily to the UK, also use immigration to increase their populations and diversity. All three countries seek to harness the migration of high-skilled individuals who are expected to contribute positively to their economies. All three countries have thus designed and implemented an evaluation system that emphasises the labour market skills of immigrants, in an attempt to gauge their potential success. However, the system is relatively new in the UK, only in place since 2008, and targets only a small portion of immigration due to free EU movement. Thus, to evaluate whether an expansion or continuation of the points-based system in the UK would meet its policy objectives it is necessary to look at the experience of Canada and Australia.

POINTS-BASED SYSTEMS: POLICY OBJECTIVES VS. OUTCOMES

In order to assess the viability of a potential points-based system for UK immigration policy post-Brexit, it is necessary to assess the relative successes and failures of the Australian and Canadian systems relative to their policy objectives, but also relative to the UK's policy objectives.

Does it increase migrant skills?

This section begins by looking at the success of such policies in increasing the average skill level of migrants, given that this is a common objective of all three countries (Murray, 2011; Green & Green, 1999; Walsh, 2008). In all three countries, this emphasis on high-skilled immigrants can be seen through the large number of points awarded for high levels of qualification, past business experience and previous earnings. However, the relationship between these points-based systems and the skills of immigrants applying has been called into question.

There is a tension between the labour market conditions of Canada and Australia and the level of skill of the immigrants they attract. Strong labour unions, high minimum wages, national health insurance systems, generous unemployment insurance and welfare systems are expected to attract less-skilled workers to places like Canada and Australia, compared to more 'liberal' labour markets such as the United States, in spite of their skills selection criteria (Antecol et al., 2003). There is a possibility that highly-skilled migrants will prefer more volatile labour markets because they offer a higher 'return-on-investment' (Antecol et al., 2003). However, census data tends to indicate that Australian and Canadian immigrants do, on average, have higher levels of English fluency, education, and income than immigrants to the US (Antecol et al., 2003). Yet, it is important to recognise that census data

fails to control for external factors such as the higher proportion of migration to the US originating from Latin America (Antecol et al., 2003).

The UK, sharing many labour market characteristics with Canada and Australia (Soede et al., 2004), would also suffer from this paradox in its points-based system. There is a case to be made that while points-based systems measure observable characteristics such as education, they fail to pick up on unobservable traits such as ambition which may lead highly-skilled migrants to self-select into migrating to countries with a higher 'rate of return' to immigration such as the United States (Antecol et al., 2003; Kawano, 2006). Nevertheless, research suggests that migrants to countries such as Canada and Australia do in fact have higher levels of education, on average, than the native-born population (Reitz, 2001; Miller, 1999; Jasso & Rosenzweig, 2008). This contradictory finding highlights that other factors are at play beyond the policy design of a points-based immigrant selection system.

Therefore, it is possible that the skills of migrants to Australia and Canada are independent of their points-based selection schemes. Some of the literature argues that immigration policies based on skills are successful because they alter the national mix of migrants such that they come from countries with, on average, higher education levels, rather than because of the skills-selection process itself (Bauer et al., 2000; Borjas, 1993). Nevertheless, such a narrow understanding of migration, independent of external factors, is limited. Rather, the ability to attract the 'right migrants' is less about the selection system and more a function of the interplay of larger economic trends, education systems, research funding, recognition of professional qualifications, and other social factors (Doormernik et al., 2009). A further factor that affects immigration 'mixes' independently of the skills based system is geographical location, where, for example, high levels of low-skill (often illegal) immigration to the United States is a result of the border between the US and Mexico (Antecol et al., 2003). Canada and Australia

are relatively isolated countries that share few terrestrial borders. Thus, factors independent of policy affect which immigrants can and choose to migrate to these countries. The UK's proximity to continental Europe, as well as its past relationship with the EU, will affect the skills of those who migrate to the UK independent of policy, thus reducing the utility of a points-based system in migrant selection.

Are migrants successful in their host country?

Closely linked to whether points-based systems increase the average skill-level of applicants is whether these skills are then used effectively in their host countries. This has important implications for how immigration is perceived within countries and is particularly important for the UK where only 35% of the population feels that migrants have a positive impact on the economy (Ipsos, 2016). Admittedly, the figures in Canada and Australia are not much different at 36% and 33% respectively (Ipsos, 2016). However, contrarily to Australia (44%) and Canada (41%), 49% of Britons feel that there is already too much migration to their country (Ipsos, 2016). Therefore, while support for immigration to Canada and Australia has remained high (Ferrer et al., 2014), a full 75% of Britons feel that immigration to their country should be reduced (Park et al., 2012). Having a policy that favours migrants finding jobs quickly may mitigate these figures and is an important consideration in policy design. Data from the OECD suggests that migrants tend to fare better economically (higher employment rate) in countries where they are perceived to have a better impact; however, the causality is difficult to ascertain (OECD/ European Union, 2015, pp. 85, 222). However, it is also worth noting that attitudes towards immigrants became more negative during and immediately after the financial crisis, suggesting that immigration acceptance might be linked to the overall economic situation of the host country

rather than migrant employment levels (OECD/ European Union, 2015, p. 222).

The expectation with points-based systems is that the selection of migrants based on labour market characteristics will increase the likelihood that they assimilate into domestic labour markets (Bauer et al., 2000). However, the general situation appears to be that there is a mismatch between the skills of migrants and their success once they start competing on the labour market of their host countries (see appendix 1 (online)) (Papademetriou & Sumption, 2011). The disjuncture between the high skill level of immigrants and their labour market success has also been widening over time (Reitz, 2001; Reitz, 2007a). Although this appears to be less immediately relevant for the UK, given that Tier 2 visas require a job offer before a candidate can migrate (Papademetriou & Sumption, 2011), it must not be discounted yet. Given that 59% of British people feel that immigrants put an important strain on public services, making sure that migrants get jobs and are perceived to do so will be an important component of future immigration policy (Ipsos, 2016).

Canada and Australia both show substantial un- and under-employment of immigrants (Papademetriou & Sumption, 2011). If the skills of the migrants entering the labour force are much higher than the requirements for the jobs they eventually find, these skills are being wasted (Reitz, 2001). The mismatch between the skills of immigrants and their success rates in labour markets is often linked to the fact that traditional points-based migration systems have had very little employer input (Papademetriou & Sumption, 2011). This leads to a lower likelihood of agreement between the relevance of the skills identified by the governments running the schemes, and the actual needs of employers as markets and the economy evolve (Baker & Benjamin, 1994). Moreover, the shift to a 'knowledge-based' economy that we are witnessing today has increased the importance of human capital credentials that skills-based systems have a harder time identifying (Reitz, 2001; Reitz,

2007a). The design of policy in the UK will have to ensure that it is responsive to economic shifts and will have to carefully consider the fact that many UK industries are dependent on middle-skill EU migration (Allan & Smith, 2017).

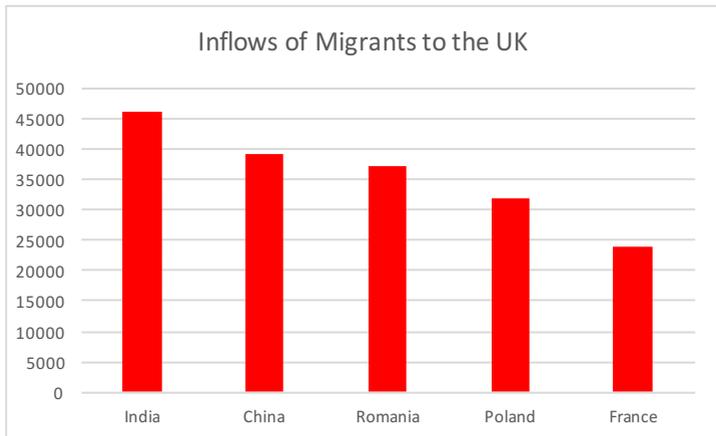
The inability to match the skills of migrants to adequate jobs, however, varies between Australia and Canada (Richardson & Lester, 2004). Immigrants to Australia have tended to out-perform their counterparts moving to Canada (Reitz, 2007a). As such, there must also be variations between the two points-based systems to explain the different labour market outcome of migrants. Part of this difference is explained by small variations in the policy designs of Canada and Australia, specifically in their different systems for assessing educational credentials. In earlier iterations of its immigration policy, Canada had made the education assessment optional, which may have led less-skilled migrants to enter the market (Richardson & Lester, 2004). However, despite a change in policy, this trend has continued and can still be explained by looking at the effectiveness of education qualification evaluation. In Australia, the evaluation system is highly centralised, while in Canada the task is divided between the federal and federated governments with no uniform recognition system (Richardson & Lester, 2004). This is linked to further issues of recognition of foreign credentials by employers once immigrants are in the country (Reitz, 2001). Employers and universities can only crudely evaluate foreign credentials and are thus reluctant to offer positions that match the actual skill-level of immigrants (Reitz, 2001). The more stringent conditions in Australia compared to Canada mean that better credential recognition leads to better labour market assimilation (Richardson & Lester, 2004). This has implications for policy design in the UK and will pose important questions about the potential devolution of migration policy and credential recognition to the Scottish, Welsh and Northern Irish governments.

Relatedly, there is often an additional mismatch between where immigrants choose to settle and where their skills are actually needed. In Canada in particular, there has been a significant shift in policy with the intention of a better response to short-term regional labour market shortages and shifting immigration away from the three largest cities (Ferrer et al., 2014). Despite the fact that 60% of migrants to Canada are still processed through the points-based system, competing policy objectives have signalled an increased importance in non-points-based components (Ferrer et al., 2014). There has been a move towards local programs that are developed in partnership with, or exclusively by, the provinces and an increased use of temporary foreign workers with arranged jobs through programs such as the 'Provincial Nominee Program' or the 'Temporary Foreign Worker Program' (Ferrer et al., 2014). There was a necessary re-balancing between the short-term needs of the Canadian economy and the long-term nature of a points-based policy (Ferrer et al., 2014). This fact is of particular significance to the UK, given that the potential economic decline following Brexit may reduce migration numbers even as the service sector of the economy continues to be reliant on foreign workers (Vargas-Silva, 2016; Allan & Smith, 2017). However, it is also important to recognise that, as evidenced by the crisis in 2008, economic downturn does not necessarily have a significant effect on flows of migration to the UK (Somerville et al., 2009). Econometric analysis shows that policy design has a much more substantial impact (Somerville et al., 2009).

A third factor is that the different countries attract different national-mixes of migrants. Migrants to Australia have tended to have better language skills than their Canadian counterparts simply due to the country from which they migrated (see figure 2) (Richardson & Lester, 2004). Australia has tended to attract higher levels of English speakers than Canada (Richardson & Lester, 2004). This will be a particularly important consideration in policy

design given that the UK attracts many migrants with relatively low English language skills (see figure 3). The assimilation of these migrants might prove an additional challenge to the UK that neither Australia or Canada have had to face.

FIGURE 3 - INFLOW OF MIGRANTS BY COUNTRY OF ORIGIN, 2015



Source: OECD

Lastly, the success of migrants within points-based systems is linked to social attitudes towards migration in host countries. The inflow mix of migrants is made all the more important given that they may reflect whether immigrants are a ‘visible’ minority or not (Baker & Benjamin, 1994). The ethnic, racial, or national origins of immigrants increase or decrease the probability of discrimination and ability to assimilate into the labour market (Reitz, 2007). Therefore, shifts in the countries of origin of immigrants to new regions have important implications not only for the skill of immigrants, but for discrimination independently of these skills (Reitz, 2007). Given that the UK will essentially have to regulate an entire class of migrants that was previously allowed free movement, there may be an important shift in the national mix of migrants

post-Brexit that will impact immigration perception and migrant success, regardless of policy choice.

POLICY RECOMMENDATIONS

The analysis in this paper suggests that while points-based systems have had moderate success in increasing the average skill-level of migrants, this is not only a result independent of policy design, but the policy also does not guarantee labour market success (see amongst others cited in this paper, Green & Green, 1995). This result suggests that a pure points-based immigration system would not meet many of the objectives of UK immigration policy. There is no guarantee it will attract high-skilled migrants and that they will thrive within the British economy. Moreover, given that Canada and Australia have significant incoming flows of family-reunifications from migrants that initially came in through the points-based system (Kawano, 2006), there is little evidence to show it would be a good mechanism for reducing migrant numbers (Ongley & Pearson, 1995; Richardson & Lester, 2004). Lastly, the decision made by Canada and Australia was also affected by factors that do not apply in the British context, such as a desire to increase population size, either to control variations in the labour market for Canada, or to allay concerns over military security in the case of Australia (Ongley & Pearson, 1995; Walsh, 2008). Both countries, moreover, have lower population growth rates than the UK, making immigration an important societal factor that would be counter-productive in Britain (Kawano, 2006). Given the inadequacy of the current system as explained in the first section, and the unsuitability of a pure-points-based system, there are two options open to the UK post-Brexit: a capped work-permit system or an alteration of the current hybrid system.

Work Permits with Strict Caps

The most likely policy solution to be endorsed by PM May is to reform the migration system towards a strict, capped, work-permit system that is dominantly employer-led (Parker & Warrell, 2017). Such a system has been advocated by Conservative leaders such as Lord Hague because of its simplicity – offering work permits to all EU migrants with a job offer in the UK while restricting access to welfare and other social benefits (Parker, 2017). Other proposals take into account the uneven economic output and labour market demand of the UK, with most jobs and migrants concentrated in London (Nomis, 2011; PwC, 2016). This type of solution holds the key advantage that it allows employers to directly select the migrants they need, addressing the issue of success in the labour market before it even arises (Papademetriou & Sumption, 2011). This type of capped system with a regional element ensures that employers get access to the skills they need (Sumption, 2017). Research shows that immigrants who are selected by employers tend to fare better, and even the Canadian and Australian systems grant points for existing job offers to reflect this (Papademetriou & Sumption, 2011). Furthermore, setting a cap is a clear government commitment to reduce migration, which addresses a political issue determinant to the outcome of the Brexit referendum (Sumption, 2017). The current capped system does also have the added advantage that it has reduced numbers of migrants from non-EEA countries, albeit only a small amount (Salt & Dobson, 2013).

However, this sort of capped system also suffers from many drawbacks. Firstly, policy does not evolve in a vacuum and setting strict caps to limit migration, while it may limit the number of workers seeking to enter the UK, fails to address other issues such as the dependence of certain sectors of the economy on low skill EU migrants (Bauer et al., 2000). Secondly, a strict cap system that is reliant on employer selection fails to address the issue of the uti-

lisation and integration of migrants entering the country, which is one of the UK's objectives. There are concerns that such a scheme could be manipulated by employers to access cheaper, rather than more qualified, workers (Papademetriou & Sumption, 2011). Furthermore, this reliance on employer-selection implies potential manipulation and reduced flexibility in responding to changing economic conditions (Papademetriou & Sumption, 2011). Access to cheap labour can also be damaging for the domestic workforce, as there is little incentive to train local workers if cheaper labour is available, directly contradicting another aim of UK policy (Papademetriou & Sumption, 2011). Thirdly, giving so much power to employers can be potentially dangerous, as policy becomes the result of organised interests pushing for special exemptions rather than a systematic consideration of evidence and government policy priorities (Sumption, 2017). Evidence from systems that give employers a stronger voice has, moreover, been linked to increases in illegal immigration due to poor working conditions for migrants unable to legally change jobs (Basok, 2000). It is highly revealing that as early as 2008 the UK wanted to limit employer input into migration policy design (Economic Affairs Committee, 2008). Lastly, the cap system is also politically difficult to justify and manage. Tough decisions about who to include and exclude are politically unsavoury, especially when they concern large groups such as students (Allan & Smith, 2017). There is a real danger of politicisation and short-term interventionism in such a quota system (Allan & Smith, 2017). Overall, a hard cap is also almost impossible to calculate accurately, and adaptation is slow and limited in scope, which would be very damaging to the UK economy (Murray, 2011). Therefore, this leaves one ideal policy solution for legal migration to the UK post-Brexit.

Modification of the 'Hybrid' System

The best solution for UK immigration policy after Brexit is to modify the current 'hybrid' system by addressing its failures, and to incorporate the advantages of an employer-led system as outlined above. Firstly, the points-based system is a more powerful signalling tool for government control than a cap system. Points-based systems do a good job at conveying the impression to the public that the government is in control (Papademetriou & Sumption, 2011). At the same time, they ensure a greater degree of flexibility to changing economic conditions than a simple quota system (Papademetriou & Sumption, 2011). Flexibility is even increased compared to pure points-based systems, as the inclusion of employer-selection criteria (such as points for a job offer) ensures better responses to the needs of the market and better utilisation of migrants (Papademetriou & Sumption, 2011; Murray, 2011). The system thus maintains a lot of flexibility, allowing migrants to move between employers whilst prioritising benefits to the UK economy (Papademetriou & Sumption, 2011). Given the salience of the migration issue in the Brexit debate, it is also important to acknowledge that natives in countries with points-based systems are more likely to see immigrants as a benefit to the economy (Bauer et al., 2000). Given that the popularity of the UK government will depend on its ability to restrict and control migration as well as to ensure economic success, factors such as this are non-negligible.

Secondly, points-based systems benefit from clear rules that are easily enforceable and above government manipulation (Papademetriou & Sumption, 2011; Murray, 2011). Moreover, contrarily to PM May's assertions, they can be efficiently combined with a 'cap-and-queue' system as trialled in Australia (Government of Australia, 2017), where successful applicants beyond the cap are placed on waiting lists for acceptance once the scheme re-opens a year later, ensuring both control and fairness (Papademetriou &

Sumption, 2011). This does, however, entail an important review of the current Tier 2 system that is already suffering from blockages. At the same time, only 18% of the EU migrants working in the UK meet the requirements for Tier 2 Visas, with a very high threshold set at £35,000 annual salary in order to be allowed to remain (Vargas-Silva, 2016). Given the dependence of certain sectors on European staff, the criterion should either be lowered in order to facilitate entry of migrants, which may prove unpopular because of the increase in numbers, or alternatively to alter the existing Shortage Occupation List. Rather than abolish the list, as advocated by Murray (2011), an adaptive list such as that of the Australian government could grant extra points to applicants with in-demand skills. Canada's Resident Labour Market Impact Assessment would also be effective. This would prioritise both certain sectors but also certain regions of the UK while reducing the current UK dependence on middle-skilled EU migration (Sumption, 2017). Again, a system where points are awarded for migrants moving to areas of labour shortage is a useful combination of the benefits of the points-based system and of a simple quota system (Allan & Smith, 2017). This accords well with the current system, where, unlike in Australia and Canada, the fact that Tier 1 and Tier 2 visas are temporary may make the waiting list system more viable in the UK. This is due to a natural turn-over of migrants over time, as some chose to leave the UK when their visas expire and there is a high threshold for 'leave to remain'.

Admittedly, there is trade-off between the ability to tailor to nuanced policy goals and a simple, transparent system with more uniform rules that can be more easily managed (Sumption, 2017). However, even in this case the benefits outweigh the costs. Changing the entire system to a work permit or regional visa system would imply huge administrative costs to firms and government, without guaranteeing a reduction in numbers (Migration Watch UK, 2017). Therefore, even though regulation may be more bur-

densome, the familiarity of employers with the current administrative system outweighs those costs. Moreover, a 'hybrid' policy system can respond better to the needs of integration and is easier to evaluate based on evidence (Papademetriou & Sumption, 2011). A 'hybrid' points-based system is not perfect, but given the UK's policy objectives and the lessons learned from Canada and Australia, it is the most efficient migration system to respond to those objectives post-Brexit. Of course, a more complete picture that factors in family reunification, asylum policy, and other non-economic migration will also be needed, but given that most EU migration to the UK is for work, the policy proposed above addresses the most pressing issue.

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APPENDICES

APPENDIX 1. BRITISH ECONOMIC MIGRATION POLICY

The information in Tier 1 and Tier 2 visas is reproduced by the author from data available at: <https://www.gov.uk/government/collections/working-in-the-uk-modernised-guidance>

More information of the Common European Framework for Language Learning: http://www.coe.int/t/dg4/linguistic/cadre1_en.asp

APPENDIX 2. CANADIAN ECONOMIC MIGRATION POLICY

The information about the Canadian points-based system is reproduced by the author below from the information available at: <http://www.cic.gc.ca/english/immigrate/skilled/apply-factors.asp>

English or French Skills – Max 28 Points-based on the Canadian Language Benchmarks (<http://www.cic.gc.ca/english/pdf/pub/language-benchmarks.pdf>)

APPENDIX 3. AUSTRALIAN ECONOMIC MIGRATION POLICY

The information about the Australian points-based system is reproduced by the author below from the information available at: <https://www.border.gov.au/Trav/Visa-1/189-#>

In addition to the points requirements, immigrants to Australia must also be applying for a job that is on Skilled Occupations List available at: <https://www.border.gov.au/Trav/Work/Work/Skills-assessment-and-assessing-authorities/skilled-occupations-lists/SOL>

