

## An Australian points system for immigration would be entirely inappropriate for the UK's economy

*Immigration is one of the key issues in the context of the UK's EU membership referendum, with several politicians advocating a shift away from free movement within the EU toward an Australian points-based system for managing immigration. But would such a system help or hinder the UK economy? **Randall Hansen** writes that while the system has a mixed record of success in Australia and Canada, it would be unlikely to meet the UK's economic needs.*



UKIP, and British Eurosceptics in general, have argued in favour of Australia's points system as the anchor of a post-EU immigration policy. The appeal is obvious. By associating themselves with Australia's relatively open immigration policies, they can make the unconvincing claim that they are not opposed to immigration whilst turning their guns on the types of immigrants they really don't like: East Europeans. Once Britain painlessly leaves the EU it will slam the door on East European immigration and open up to skilled migrants. The strategy may or may not be good politics, but it's definitely bad policy.

### The Canadian, then Australian, points system

The points system was first adopted in 1967 not by the Australians but, rather, by the Canadians. The Australians copied it several years later, but managed to secure all the credit (as Canadians excel at flying under the radar, this was perhaps not surprising).

Points systems attempt to attract large numbers of migrants of a particular category by rewarding them for possessing desired attributes. These attributes can be anything: age, past work experience, language competency, education, a job offer, and so on. The different attributes are weighted depending on what the country wants to do, some minimum threshold is chosen, and if an applicant passes the threshold, he or she is admitted. Australia's ideal migrant is 18-25, English speaking, with a doctorate and several years of work experience. This much is reasonably understood.

### What's the point of the points system?

The system is *not* designed to match highly educated people with jobs. Skills-based work permits systems do that. It rather has two goals. The first and most important is to bring in massive numbers of young, educated, and English-speaking (or, in the case of Canada, French-speaking) migrants with the aim of increasing population. Canada targets 250,000 migrants per year, and there is general disappointment when that figure is not reached.

The second objective is to increase the overall level of human capital (essentially, higher overall educational levels) on the assumption that higher levels of human capital lead to higher productivity and thus faster economic growth. In evaluating the appropriateness of the system for Britain, we need to ask two questions: first, does it work for Australia and Canada; and second, would the programme, as it is designed and intended, serve British interests?

The answer to the first is a highly qualified yes; the answer to the second is no. Australia and Canada have increased their population through migration, but the economic record of migrants has been mixed. Studies by my colleague, [Jeffrey Reitz](#), have shown declining earnings and employment levels among recent cohorts of migrants to Canada, and new migrants frequently report a difficulty finding positions in sectors for which they were trained.

At the same time, the education yardstick is a crude one: a Russian national with a PhD in Russian literature would secure the highest number of points on an education scale, but their chances of securing a job on the back of the

degree would be no higher than those of a Canadian with such a degree – which is not high at all.

By contrast, the great advantage of the UK's current system – which mixes work permits for non-EU nationals with a job offer, intra-company transfers, and the free movement for EU workers – is that migrants who come to Britain come for a job. Indeed, Canada and Australia have moved in the British direction: Australia has abandoned the points system and Canada, while formally retaining it, has moved over to matching immigration to employer demand.

### Human capital

The record on human capital is even more concerning. After almost 50 years of highly skilled migration, the fundamental problem with the Canadian economy is low productivity, which is the same problem that plagues the UK economy (indeed, the two countries compete for the bottom of the productivity growth league tables). Immigration has almost certainly not worsened productivity growth, but it hasn't improved it much either.

The design, aims, and outcomes of the points system do not serve British interests or meet the challenges of the British economy. The UK does not need immigration to increase its population, as its demographic trajectory is, along with France and Ireland, among the best in Europe.

There is little evidence that a human-capital model would increase UK productivity as it has done little in the case of Canada. And the UK already has an efficient model for dealing with cyclical unemployment: work-permits are not renewed, and EU migrants, whether from Limerick or Lublin, return home.

### UK points system

It is often forgotten that the UK had a points system, the [Highly Skilled Migrant Programme](#), from 2003 to 2008. It was a complete flop. Almost no one applied, and the vast majority of non-EU migrants were pulled into London through work permits and intra-company transfers.

The UK's economy is based on a London-centric service (above all financial) industry, a small and not conspicuously productive manufacturing sector, and a low-wage service economy for everyone else. It needs an immigration policy that brings in high-skilled workers from within and outside the EU to work in London, in the universities, and in other sections of the service sector; a certain number of trained workers for industry; and flexible, low or semi-skilled labour for its large, low-wage sector.

In other words, the UK needs what it has: EU membership (which provides both skilled and unskilled migrants) and a work permit system that links the permits with educational and/or skills requirements (which addresses any remaining shortages of skilled workers). And that system works well. The most recent econometric studies, published by [Christian Dustmann of UCL](#), show that post-1997 migrants have been the most economically beneficial in Britain's (admittedly short) immigration history.

The quotas for skilled workers are arguably too low (the Tier '2' quota of 21,700 for 2015 was reached in June), and one can debate the weightings, but that is simply a matter of raising the quota and tinkering with the points – points which the UK *already* uses to assess candidates for these visas. A full-blown points system aimed at expanding population and human capital would be wholly inappropriate and those who endorse it are really trying to provide an unconvincing liberal and cosmopolitan gloss to their weak arguments for leaving the EU.



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*Note: This article originally appeared at the [UK in a Changing Europe website](#). It gives the views of the author, not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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