

CBI Migration Summit

Speech by Trevor Phillips on Tuesday 28 October 2008 at the CBI Migration Summit, Hotel Russell, London.

Thank you Simon for that introduction. For the avoidance of doubt I am delighted to be here and to be on a platform with my friend and colleague Phil Woolas; and I welcome the robust way in which he has seized his brief at the Home Office. That doesn't mean he and I will agree about everything. But what we do agree about is that after forty years in which it was impolite to speak frankly about immigration policy, we have to be able to address this fundamental aspect of economic policy without embarrassment or without fear of being labelled closet racists or open-border fantasists. For a generation we talked about controlling entry to the UK largely in terms of where people came from. In essence our policy was a racial immigration policy; in some respects a racist policy.

However, let me say straight away that I have supported the change that has taken place first under Liam Byrne, and now under Phil to focus not on where you came from, but on what you bring. What the adoption of the points system demonstrates is that we as a society, like most countries, now accept that most immigration today is driven by two factors. First the labour market needs of the receiving country; and second the talent and enterprise of the migrant.

In practice, as we've seen recently, globalisation has transformed migration in Europe. The barriers are coming down, for better or for worse. Money washes through the international financial systems. Not even China could prevent information flowing across the internet during the Olympics. The pollution that fouls our air, our oceans and our soil does not respect lines on 19th century maps. So why should labour be any different?

Let's remember, it is only since the end of Empire years that labour market immigration has been controversial. For example, we never worried too much about Irish immigration, which in the 18th and 19th centuries was probably proportionately far greater than all immigration into the UK today. And we've always recognised that we benefit from immigration.

Writing in the first half of the 19th Century, John Stuart Mill said that 'it is hardly possible to overrate the value, for the improvement of human beings, of things which bring them into contact with persons dissimilar to themselves.' He continues: 'there is no nation which does not need to borrow from others.'

These words are no less true now than they were over 150 years ago. Our nation continues to 'borrow' from others. Now, however, the pace has increased: 200 million people move around the world in search of a better life; doubled since 1960. The pace of immigration has changed. But so has its value.

Unlike Mill's time, we aren't just borrowing people for the sake of intellectual curiosity.

- They are doctors and nurses filling vacancies in our NHS.
- They are entrepreneurs creating new businesses and new jobs.
- And they are also the workers in hotels, factories and offices making sure that everything doesn't come grinding to a halt.

Together, they are contributing to the growth of this country at an astounding level. One treasury estimate put it at 15-20% of total growth between 2001 and 2006. On average, foreign born workers earn more and pay more tax than the average British-born worker. The UK's financial services industry – which represents 10% of the UK's GDP – is driven, in part, by migrant workers.

The economic benefits of migration to the UK are unquestionable. The Points Based System will help to ensure that immigration can be better controlled and work to the economic benefit of this country. We clearly needed a new system, based on new principles, because of the historic change in the nature of migration over the past two decades.

Globalisation has transformed migration from an end of British empire story - Windrush and so forth - to a story about the world after the collapse of communism, in which the big movements are from eastern Europe, in the case of workers, and from China in the case of students.

One group brings us their skills and enthusiasm, the other the fees to prop up our universities. They send back their remittances - knocking on to \$450bn worldwide at present and they take home their new skills. And by the way, that remittances figure won't go down - it will go up as the financial crisis squeezes the developing world - remittances are countercyclical - that is to say, as people back home get poorer, the Filipino maids, the Aussie doctors and the Polish plumbers (yes, they're still here, some of them) send home more money to see the relatives through the bad patch. So let's start from this premise: migration is largely a beneficial part of our modern world and it is here to stay.

Second, let me say clearly that though it is vital we talk about migration, we must do so in terms that are realistic and sober. We need to be honest and we need to be frank. But we do not need to be apocalyptic.

At a moment when as the Prime Minister says we need to focus ruthlessly on managing our way through the combination of financial crisis and economic adjustment that rightly preoccupies most of us today, anything that fans the flames of anti-immigrant hysteria is merely a dangerous, divisive, distraction.

I've been asked to address the question of how we combat hostility towards immigrants.

Well, as so often in these cases, we need to start by not doing some things. For example, just when the government has brought in the rational points system that Phil and David Metcalf have described, it is the wrong moment to get into a debate about total population, and I agree with Phil about that.

Why? For three basic reasons.

First, we all know that we have never hit the highest projections - because of social change - for example falling birth rates - and the economic cycle tend to lead to downward revisions.

Second, governments should avoid making promises they can't keep, especially when applied to problems that don't exist. We cannot stop EU citizens – more than 400 million of them - coming here; nor can we stop the 5.5 million Brits who have taken advantage of globalisation to emigrate returning home.

Third, we really shouldn't complain. Migrants are returning home as the jobs here dry up, their businesses at home prosper, and the strengthening zloty, for example, gives them the prospect of a higher standard of living in Poland.

They are offering us something we never had in previous recessions, before the days of easyjet. Modern immigration has given us a huge buffer against unemployment - in effect, this year we will export much of

our unemployment to the rest of the EU. If we weren't doing so, today we'd be talking about the prospect of 3 million unemployed by next year rather than a plateau of 2 million.

But I am a realist rather than starry-eyed one-worlder.

I know there are downsides to this picture.

First, we still have to manage our infrastructure - housing, schools, health services and transport more effectively to take account of this new picture. That means, frankly putting more resources, faster in those areas that need more migrants. That's why we've supported the LGA's call for those areas under stress to receive more help, and Boris Johnson's call for the government to continue to fund London's transport infrastructure developments. It also means trying to use the points system more creatively as they have done in Canada to direct migrants to parts of the country where they place less strain on the infrastructure – I mean, Scotland.

Second, we need to tackle both the perception and the reality of people cheating the system. yes, tougher borders, but also more direct speech about for example the allegation that new migrants are getting council homes at the expense of settled communities – including, by the way, ethnic minority settled communities.

That is why we are currently conducting an independent inquiry into this issue. If it is true it is discrimination and we will stop it. If it is not, then we will invite all those who speak on the public stage to stop trailing this issue across the debates, because we know what it does – it stirs up unjustified and unhelpful prejudice.

Third we need to put more resources into helping local communities deal with difference. If we do not know people who are not like us, of course we are likely to think the worst of foreigners.

From surveys done first for the CRE and latterly for the Equality and Human Rights Commission, we know that it is still true that in this country - a multiethnic, multiracial nation - 62% say that the place we are most likely to meet someone of a different race is in a shop. And we know what that's about – it is the local corner shop. More than half of us do not have a friend from a different race. More than half of us work in mono-ethnic workplaces. More than two-thirds of us have not had a domestic social encounter - dinner, dropped round for a cup of tea, or gone to the pub or the gym - with someone of a different ethnic or racial background in the past year.

That is why our Commission has in the past year initiated summer camps for young people to bring them together across the lines of race and religion; why we are promoting an art competition about what it means to be British; and why we want to make the case for a more active process of integration of new migrants.

And business can be of practical help here.

Let me be entirely unashamed about this. Anyone who wants to fund our summer camps for young people, let me tell you that you will gain both social credit and immense pleasure from doing so; the two years that we have done this have brought huge benefits to the young people. And they'll like you for it.

But you need to think about your own businesses. Most of us meet our friends at work; we marry people we meet at work and our children play with our workmates' children.

Why then are we not paying more attention to the effects on wider society of workplaces where there can still be little diversity; and even where there is, people do not mix? Surely there is a task here for employers to offer leadership - how can a Britain does not work in harmony, live in harmony? We are already talking to our friends at the

CBI about the idea of promoting the integrated workplace; anyone who can contribute ideas or experiences is welcome.

Fourth we need to do more to help new migrants fit in.

It's easy to think of the problems that we face as being exclusive to the UK, but the issues faced by us are being faced by most developed countries.

In France, foreigners wishing to stay in the country long-term have to sign a welcome and integration contract which states their commitment to learning the French language and attending 'civic training'. Just last year, Germany introduced its National Integration Strategy which contains provisions for mandatory German language courses and compels long term residents to learn the basics of German history and institutions. And this year sees the introduction of more extensive naturalisation tests in the USA under the recently created US Citizenship and Immigration Service.

Although they are all subtly different, these examples demonstrate a trend towards integration internationally. Most people accept that migrants have certain responsibilities towards their host countries: to learn the language, to respect the traditions and to accept the core values. In the French case, it's quite explicit: the contract lists the signatory's commitments right alongside the state's commitments.

In surveys we've done – and to pick up on something Phil said – if you speak to immigrant communities they are more hawkish, if anything, about newcomers learning English: because they know how important this is to avoid being excluded. So we welcome the government's tentative moves towards more access to ESOL classes – we will take what we can get this year and hope for more next year.

But fifthly and finally, we need to focus on the true losers in this crisis. We see night after night the picture of formerly well-paid bankers

emerging from the front doors of their offices with their boxes in hand. Well, we should feel sympathy for them; not all of them will get new jobs. But by and large they will get payoffs and they will find a new use for their skills.

What we see less of is the janitors and the secretaries who are leaving by the back door holding their P45s. We hear little of the older clerk, who will find it almost impossible to get by the wall of age discrimination. And we're seeing little of the part-time workers, mostly women who will suddenly become dispensable.

Further down the line as what I am sure will come to be called a correction works itself out, I think we need to look out for the wife or partner with a young child, whose husband may have lost his job, or who fears that he will; or who finds that the bills just don't add up unless she goes back to work. When she applies for work, is rejected for job after job in a slack labour market yet sees a clever young Latvian or Lithuanian with two degrees and three languages doing the job she'd like to do, it doesn't take a rocket scientist to work out how she'll feel. And add to that the picture of her child's nursery class, with, as she will see it, an overworked teacher confronted with a class of 30 that speaks 15 languages at home, who will she resent for not having the life she thinks she deserves?

This is where we, politicians, public officials and business leaders have to be responsible. And one aspect of being responsible is being responsive. It is why this is not the moment to put the work to reduce disadvantage and inequality on the shelf until better days. This is exactly the moment when we need to make sure that as services contract and jobs disappear, the burden is being shared by all and not just falling on the few.

And in particular it means that we need to open our minds to a clearer understanding of who might be the disadvantaged. We know that

historically the people who are most hit in this situation are ethnic minorities and women. But today, we have to recognise that in some parts of the country the colour of disadvantage isn't black or brown. It's white. We need to acknowledge that whilst two thirds of Chinese-heritage children routinely get their 5 good GCSEs, as do 3 out of 5 Indian heritage children, 85% of poorer white boys do not. We need to accept that as the Bangladeshi girls who do get to university do brilliantly, there is an underclass of teenage white girls who will not make it into Higher Education after the birth of their first child.

In what is to come, the best defence against prejudice against immigrants will be to make those who resent them competitive, to give them a place in society. We may need to do so with the sort of special measures we've previously targeted at ethnic minorities. But the name of the game today is to tackle inequality, not racial special pleading.

This is a moment where we need clear thinking, clear facts and evidence in dealing with the fallout of the last few weeks.

We will fail to do so at our peril.