
Blighty
Britain

Immigration

Why the minimum wage is immigration policy

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IN THIS week's issue

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(<http://t.co/NY4cRvtjPH>) we have a piece looking at the dramatic wave of southern European migrants moving to Britain (mostly, in fact, to London). As recession bites at home, Britain's Italian population, long fairly stable in size, is once again expanding. Young

Spaniards are moving here in droves. But I thought it was worth drawing out one point in particular: immigration and Britain's largely unregulated labour market go hand in hand.

People move to Britain for all sorts of reasons, and not all are straightforward. In the course of researching the piece, I spoke to a young Spanish girl who is moving to England because she thinks it will be easier to get an Australian visa from here; another couple, in their late 20s, who moved here because they wanted an adventure; and a young Italian fine arts graduate who came to England because he had heard about our free museums. Economic reasons are always an important draw, but rarely the most important one.

But when they get here, almost all immigrants have to find somewhere to live and somewhere to work. If they arrive without very much money, or without particularly good English skills, they need work fast—even if it barely pays. And there are lots of unscrupulous employers around who are prepared to offer it. For immigrants, there is plenty of work in hotels, in restaurants, in care homes, on construction sites, cleaning offices, delivering leaflets and much else—often at as little as £3 or £4 per hour, far below the legal minimum wage (now £6.31 per hour).



These sorts of jobs are never offered to natives, who might alert the authorities and would in any case turn their noses up at them. They rarely last long, as most migrants move onto better-paying legal jobs as soon as they can. But they are nonetheless extremely common, and for many young migrants, they provide a vital first step into British life. Arguably, they exist largely because the government does very little to enforce the minimum wage. Indeed, there wasn't a single prosecution under minimum wage law until 2007—fully nine years after the law was introduced.

A fairly simple policy to reduce immigration then—and especially the sort of low-skilled European immigration that so worries politicians—would be to enforce labour market laws such that employers cannot get a competitive advantage by taking on immigrants at extremely low wages. There is a good reason why comparatively few Eastern European migrants have moved to Sweden and Denmark, and it is not just the weather. There, trade unions in effect control access to jobs, and so immigrants cannot compete by offering to work for less than the natives.

Union control of labour markets is not a solution for Britain. But cracking down on the informal economy may be. In his conference speech, Ed Miliband complained about “shady gangmasters exploiting people in industries from construction to food processing.” He promised to “strengthen” the minimum wage in government. He has not outlined how that would work, and perhaps it would require spending a fortune on apparatchiks to go around hounding businesses and workers—legitimate or not. But in theory at least, it makes a lot of sense. Britain needs immigrants, but it needs resourceful, well-prepared ones who will pay lots of taxes—not people who can only find work in irregular jobs. Perhaps rather than complaining about the huge numbers of Romanians and Bulgarians about to turn up in Britain, a few Conservative politicians might consider what draws them here too.