

The pace of migration

When income per head is \$63,543 in the USA, around \$40,000 in the richer European countries and under \$6,000 a head in poorer countries it is no wonder that many people want to be economic migrants. The USA is the most popular destination for migrants, followed by Germany, Saudi Arabia and the UK. Millions of Indians, Mexicans, Syrians, Bangladeshis and others have made the often arduous journeys to new lands in search of a better life.

These strong patterns of economic migration have been reinforced by waves of migration as people flee authoritarian regimes, civil wars and individual threats to their lives. The West struggles to distinguish between economic migrants and refugees fleeing genuine threats of persecution and violence. The difference is fundamental to policy, as the need of the refugee is greater than that of the economic migrant, and the numbers should be much smaller and more manageable .

There are three broad views over how we should react and respond to these impulses. One group including Labour and the Lib Dems thinks the west should be even more welcoming of any kind of migrant. It is to them our duty to be generous and kind. One group thinks it best to concentrate our policy efforts on aid and trade to try to create better circumstances in the poorer countries so people there can seize more opportunities and enjoy some hope of a better future. Our generosity should be limited to defined groups and individuals who face persecution, with the west sharing the responsibility by taking manageable numbers of people from crisis areas. Some targeted economic migration should be allowed where we need the people and skills concerned. A third group thinks we take too many migrants with stresses on our housing and public service provision and wishes to see numbers reduced in the best way possible.

The UK debate has not been helped by poor and misleading official statistics. The argument was intensified by the arrival of a large number of people under EU freedom of movement rules. The official figures told us EU migration was lower than non EU migration, and the Blair government gave a very low figure for eastern European migration which was soon proved to be massively wrong. More recently the ONS has apologised for the large errors and produced new figures showing EU migration did run consistently at higher levels than non EU migration over the last decade, that EU migration was under recorded and non EU migration was overstated. The revised figures are still problematic as they do not include children and have to be adjusted for students that do not also get some part time work. The dodgy numbers have led opponents of the current pace of migration to think this was more than an embarrassing error.

Many countries in Europe, the Middle East and the Americas have put up border walls and fences to try to stem the flows of economic migrants. Some countries like Turkey and Pakistan shelter large number of migrants from broken states near their borders. International aid is often directed to camps established near to a country people have left in the hope that some order can be restored and they can in due course make their way back to their homeland.

The UK according to the latest revised figures was welcoming at least 300,000 additional people every year up to 2018. In 2015 and 2016 EU net migration hit 282,000 a year with another around 100,000 from non EU. These numbers of non EU migrants are a small proportion of those who would like to come, but they are large numbers when it comes to finding new homes, school places, doctors surgeries and transport capacity so they can enjoy a decent lifestyle. Given the magnitude of the problem and the persistence of low incomes in too many populous countries in the world, more of the answer must lie with helping those countries to succeed rather than with helping drain them of talent by fostering more migration.

The UK now has more control over how many people to welcome. With a new borders Bill going through the Commons the government should be able to be more precise over how many each year it wishes to help and accommodate. What would you like to see them do? I think the totals of economic migrants in recent years have been too high.

Taliban terrors

The world must say that Taliban rule is already unacceptable in Afghanistan. A country should not block its citizens from taking civilian flights to places that will accept them. A government in waiting should not so terrify many of its citizens that they queue up at an airport to try to get a flight to anywhere that might take them. It is tragic that they live in the hope they can start a new life somewhere else with nothing more than a suitcase of personal items to show for their life to date. Nor should those who claim to have control allow chaos to make the suicide bomber's task easier. The sad deaths in Kabul yesterday made the tragedy worse.

We should not regard it as a norm that civilian aviation is cut off from a country, or that a group of armed individuals can settle the fate of thousands of people wanting to move by making instant judgements with a gun pointing at the applicant. One of the most attractive features of advanced democracies is the ability and right to travel freely within your own country or to leave it to go to anywhere which will let you in without needing permission.

There are some in the UK who think we should be willing to take tens of thousands of Afghans who would like to leave their country now. I strongly support the heroic efforts of our troops and border staff in seeking to get all UK citizens home who wish to come, and to give free passage and the right to live and work in the UK to all those who worked for our government and military in the past and are now at risk because of that. I am not convinced that it would be right to make a wider offer to Afghans more generally to come to the UK.

The first sad truth is we will only get a limited number of people out in

the time left with access to a runway and with permission to fly in and out to pick people up, a right we have to share with our allies who all need to do the same. The second is even if we offered more places to Afghans to come and could find a safer route to let them do so we could only ever offer it to a small fraction of the 40 million living in Afghanistan today. Helping cream off more of the bright and motivated people with more liberal views from the society will make the plight of the millions who remain worse. The Taliban might behave even more unpleasantly if too many more Afghans are assisted out. We would wish to make sure that anyone invited to live and work in the UK can do so with a decent living standards. We are already very short of homes, and there are limits to how many more we can house from overseas to acceptable standards.

There is no alternative to working with the world community to try to prevent the return of the Taliban to the barbarism of their past. The former policy which President Biden undermined of assisting a far from perfect democratic government in Afghanistan to widen human rights and raise living standards made sense and was working to some extent. Given the way an armed group has displaced an elected government, we have to accept that our influence is much less. However, all the time the Taliban led country needs western currency and goods and expects some continuation of aid and technical support there is the basis for some agreements to try to limit the damage. It is also the case that countries with more influence than us like Pakistan and China need to be brought into the conversations, as they too should not want a rogue state that harbours terrorists who might harm them as well.

Time to reset the railway

We cannot afford to spend around £10 bn a year subsidising the railway to run nearly empty trains around the country. Nor is it a green option to run diesels and electrics drawing some electricity from fossil fuels when they have so few people on them.

The railway management need to use the current lull in railway use to make two important sets of changes. The first is to establish new timetables geared to the big change in work patterns COVID policies have brought on. The railway is currently planned to earn much of its fares revenue from five day a week commuters wishing to travel at peak times. This business will be massively reduced. We need new flexible ticketing to allow people rolling and increasing discounts the more they travel the same route for work purposes. The railway is now trying to tempt many more people to travel by train for leisure. It is difficult to see why this should be highly subsidised as it is discretionary and is more likely to be taken up by the better off.

The second set of issues are based on technology. Modern trains can be more

fully automated in ways which may enhance safety and certainly raise productivity. Safety must remain the prime consideration. Managements need to sort out with the Unions new manning arrangements that reflect business needs, timetable changes and train automation opportunities. There can be offers of no compulsory redundancies around programmes of change to get the workforce and its skills and job descriptions into line with new needs.

Doubtless many of you still think HS2 should be cancelled. There is no sign of the government wishing to do this, and it has now committed substantial resource to carving an expensive route out of London. I am not expecting a change of decision on the London to Birmingham part of this project.

The commuter rebellion

Many former commuters seem to be singing "I don't want to go to work on a train in the rain" to adapt on old pop song parody. It seems increasingly clear that the COVID lockdowns have made something snap in many five day a week train commuters minds. They have discovered they can do much of their job from home.

They have saved serious money on not buying season tickets. Above all they have been spared the difficult local roads to the station, the fight for a car park place and ticket and the lottery of getting a seat on the train. All that strain and worry has gone out of life.

On that busy office day will the train come on time? On the morning when you need to meet the boss will your train be delayed by leaves on the line or the late arrival of the train in front? Will you get drenched walking from the station to the office? Going home might you have one of those nightmare journeys when you are stuck in a stationery train for too long, ringing home to apologise and say you haven't a clue when you will make it back.

Many commuters with all too many memories of late and cancelled trains, an absence of seats and a dearth of reliable information about what has gone wrong suddenly see the chance to duck out of many of those journeys and opt for a different working life. It looks as if many offices will be adapted for hybrid working with many more people logging in remotely. Employers who may prefer more to come and work in the office will decide that to keep some of the best talent they need to be flexible. They will decide to downsize their floor space to get a property saving out of the change.

All this will knock a big hole in railway revenues. I will look at what government should do with the trains in a later post. The commuter revolt is the result of poor and expensive services over many past years.

Public sector borrowing

In their March forecast this year the Office of Budget Responsibility stated that the UK government would borrow an additional £354.6bn in the year ending that same month. The latest government figures for what they actually borrowed was £298 bn. So the outturn was £56.6bn or 16% lower than the official OBR forecast. They underestimated revenue and overestimated spending.

The latest figures we have are for July, one third of the way through the new financial year. In March the OBR forecast £233.9bn of extra government borrowing this year. The July figures saw the actual borrowing fall by more than £10bn that month or almost a half of the July 2020 total. Once again spending was lower and revenue higher than official forecasts. If the economy records similar progress from here as over the first four months of the financial year there will be another welcome substantial undershoot of the OBR estimates for the current year.

These large changes to forecast matter, as it shows the Chancellor is called to make judgements about spending, taxing and debt based on a model of the economy which tends to pessimism on both spending and revenue outturns. The model seems to be pessimistic about the ability of the UK economy to recover, and shy of accepting that the best way to get the deficit down is faster growth. Revenues are highly sensitive to extra activity, as the huge increases in Stamp duty receipts and taxes on entrepreneurial activities demonstrate this July.

I share the OBR and Treasury wish to get the deficit down, but I want to get it down by cutting the need for special spending to offset a weak economy and lockdown costs, and seeing revenues rise thanks to more activity. Of course government also needs to manage the large public sector well and avoid waste and low productivity. That requires daily action by Ministers and senior officials over a range of activities, which I will be exploring from time to time in specialist pieces here. The message today is lifting lockdown restrictions has boosted revenues and cut public spending for the right reasons. We need more and faster growth to bring the deficit down further.