## Migration is pushing the EU towards a new crisis

We must tackle this migration issue head-on





By Roger Bootle 8:50PM GMT 15 Nov 2015

126 Comments

The European Union is now closer to an existential crisis than at any time in its history.

For once, the issue is not directly economic. Although the financial problems of Greece are still bubbling away, the major threat to the EU is from the mass migration of people, an issue that is likely to come under even greater scrutiny following **the attacks in Paris on Friday**.



A man pays his respect outside the Le Carillon restaurant after a series of deadly attacks in Paris

The 1957 Treaty of Rome laid down the freedom of movement of people between member states as one of its central tenets.

**The Schengen agreement**, allowing passport-free travel among member countries, uniting the workforces of 22 EU member states (not including the UK) plus Switzerland, Norway, Iceland and Liechtenstein, subsequently took this to its logical conclusion.

But in 1957, the then members of the EU had a total population of less than 200m – today, it's 500m. Those who then envisaged the free movement of labour imagined a German might go to live and work in France, a French person might move to Germany, and so on.

In practice, after the major extension of the Union into the former eastern bloc, the predominant story has been of poorer people in the east moving to richer countries in the west.

This has left countries' population levels at the mercy of these flows, thereby having major consequences for their labour markets, welfare systems, public services – and social cohesion.

The recent flood of refugees into the EU poses different problems, but they are nevertheless related. Each member state's own borders are only as secure as those of the member with the most porous borders.



The migrant crisis continues to intensify Photo: Antonio Parrinello/Reuters

It is often argued that immigration is good for "the economy", or even for "UK plc". But such assertions need careful scrutiny. It is true that, other things being equal, a larger population will produce more and therefore raise GDP. But does that matter? In one sense, it may do so.

The higher a country's GDP, the more powerful and influential it will be in the world. In our case, I happen to think that would be a good thing – and not only for us.

## As for "UK plc", our country is not a plc, nor indeed any sort of business. It is a polity – and, underlying and sustaining that, a society

But what about the average incomes of the indigenous population?**Immigration can enrich society culturally as well as invigorating its economy**. And there can be benefits to existing citizens on average, particularly if immigrants are skilled and contribute heavily in taxes. But such benefits are not evenly spread.

Ordinary workers' pay is competed down by immigrants. On the other hand, plenty of middle-class people are better off as they can now secure the services of tradesmen and domestic helpers more cheaply.

As for "UK plc", our country is not a plc, nor indeed any sort of business. It is a polity – and, **underlying and sustaining that, a society**.

Of course economic matters are of great importance to us all, but not everything is economic. And without the effective functioning of society, and the polity that it supports, we would not have the successful economy that we have.



Britain's debate about immigration rages on Photo: REX

While European officials and politicians have been worrying about "completing the single market" or forging a banking union, along has come an issue so overwhelming that it threatens to sweep all this aside. Europe is set to be deluged by an influx of migrants.

Germany is set to admit a million migrants this year alone. But this is nothing compared to the potential flows in the future. According to the UN, over the next 15 years, the population of sub-Saharan Africa is set to rise by almost 50pc – over 400m people – and that of North Africa and the Middle East by 25pc, or 125m people. If even a small fraction of these decide to move to Europe, Europeans have a serious problem.

Individual European countries are very differently placed. There is a legitimate case that those countries whose populations are set to fall may benefit from immigration.

## Europe is set to be deluged by an influx of migrants

At least the depressive effects of falling populations and associated strains on the pension system may be held at bay. Unless it takes in huge numbers of immigrants, Germany's population is set to fall from 80m now to 74m by 2050, and much further in subsequent decades. Italy and Spain are in the same boat. By contrast, the UK's population is set to reach 75m by 2050.

Before the formation of the euro, there was much discussion of whether what we now call the eurozone was an "optimum currency area".

Interestingly, at the time of the Schengen agreement, or the extension of the EU eastward, no one seems to have asked whether the EU is an "optimum free movement area". I can now reveal to a doubtless startled readership that it isn't.

In being outside the Schengen agreement, the UK is shielded from some of the effects of mass immigration. But once new migrants to any other EU country have a European passport, they will be free to move anywhere in the EU.

At the moment, this is not relevant because new migrants are not being given passports. But can European countries contemplate keeping millions of people in a second-tier status for an extended period?

And if a particular EU country finds itself deluged with migrants, the best way it has to relieve the problem may be to **issue them with EU passports, allowing them to move freely**.

If we are still a country in the proper sense of the word, rather than the Benelux West of an integrated Europe, in a world of mass migration it does seem odd to have relinquished control over our borders. As with so much in our history, we have done this without willing it.

Meanwhile, our leaders' attention was focused elsewhere. Not before time, it is now being wrenched back to this all-important issue.

Roger Bootle is executive chairman of Capital Economics. He can be reached at: roger.bootle@capitaleconomics.com