

## [Time to rejuvenate the Business department](#)

I read and hear in various places that Kemi Badenoch is out to woo the right. I know she has been very loyal to Rishi Sunak. Contrary to some briefings she sent no message of support to the sponsors and supporters of the amendments to the Rwanda Bill . The sponsors in their discussions with No 10 and the Home Office did not report back on any interventions from the Business department to help them amend the draft. She has kept out of the difficult issues preventing GB to Northern Ireland trade.

The relevant groups on the so called right that would like to help her in her important job as Business secretary include the Growth Group, the European Research Group, the NTB and the Net Zero realism group. These Groups were very disappointed when she abandoned the Jacob Rees Mogg Retained EU Laws Bill, which was designed to remove and amend bad or needless inherited EU laws.

We have offered to work with her and the other Business Ministers on a programme of better and less regulation. We have been pressing the need for more and cheaper UK produced energy. The EU carbon emissions and interconnectors framework for more imported power are particular concerns. It is leading to much industry closing down in the UK making us more dependent on imports. We await a response on how the UK can retain a basic new steel making capability. We are worried that current regulations to force Electric vehicles will lead to too rapid a decline in car industry based in the UK and to more Chinese imports.

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## [Jobs up and pay up since Brexit](#)

See Facts4EU. Excellent graphs and analysis today showing strength of jobs since the referendum, contrary to gloomy official forecasts.

[https://facts4eu.org/news/2024\\_jan\\_brexit\\_is\\_working](https://facts4eu.org/news/2024_jan_brexit_is_working)

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## [The University business model](#)

I am an unpaid fellow of an Oxford College and a former part time Professor at another University. I come to the debate on students from a position of

sympathy, wishing to see a strong UK independent university sector. I am pleased we host several of the world's best universities.

I am no supporter of the model which creates a large number of places for overseas students which leads to a major expansion of students staying here after graduating taking low skill jobs and seeking to convert their degree course into a permit to live and work in the UK thereafter. Nor do I think it a good idea to encourage a lot of older postgraduate students to come with their families adding to the pressures on public services and housing. It is a thoroughly bad idea to let good postgraduate students from authoritarian and hostile countries get places in cutting edge research that could be useful for weapons manufacture, electronic surveillance, new materials, and other dangerous technologies as they will return to their homes to apply what they have learned in ways which might harm others.

The government is taking action to restrict university action in each of these three categories. Selling courses to overseas students mainly sells to the rich from abroad as these courses are expensive. Charities and the overseas aid budget can provide money for low and no income students from poor countries to come to gain necessary skills and to return to apply them to help their own country.

UK universities at their best are hosts to the best of world academic talent capable of world class research. Inviting in some overseas students to pay high fees helps with their finances. If they invite in too many without ensuring they return home after their course they add to housing and public service stress. Some of these universities imply there is no other way of covering costs other than a big rise in foreign students. They need to develop other ways of paying for university. Too many foreign students changes the ethos and culture of the institution and limits places for UK students where we want a better educated and skilled workforce.

The Endowment model of leading US and UK universities is a good one. Many ex alumni who succeed are happy to offer money during their lives and or on death to build endowment funds . These provide an excellent addition to student fees. There can be profits from spin out investments from university research. There is also plenty of scope given the many weeks each year when universities do not teach students to use their buildings and personnel to earn conference and adult training money. When I was years ago a full time academic I taught at summer schools as well,

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## **Do not bring in more people to cover "temporary" skills shortages**

Whitehall thinks the answer to every lobby from business over shortage of employees is to grant permission to bring in more people under a Temporary

Skills shortage designation. For years we have had these temporary shortages of care workers, farmers, medics and others. We have also watched as many more categories have been added. It is high time we remedied more of the shortages ourselves. Temporary should mean temporary.

The cheap imported labour model has several major drawbacks

1. It keeps wages down, making it less likely for the lower paid jobs that UK residents will want to do them
2. It deters investment in productivity enhancing machinery and computing power, reinforcing a low productivity low wage outcome
3. It imposes large extra costs on taxpayers to meet the bills for top up benefits, subsidised housing and a range of public service provision for the new comers.
4. When it comes to public services it brings more demand as well as some labour supply to meet demand for services. You need then to invite in more health workers to take care of the other workers you have added to the population.
5. Keeping more UK residents out of work is costly for the state.

The government did show how you can cure an acute shortage in the way it tackled the shortage of drivers created by the big move to on line shopping over covid, and by the UK's net zero model of importing more and more things to cut the UK national CO 2 output. The government did put in a lot more capacity to train and licence more people as truck drivers, and allowed the market to put wages up. There was also necessary discussion of improving facilities for longer distance drivers so they can get a meal and decent rest facilities en route.

Sector by sector where currently the government is granting thousands of permits for imported labour it needs to have better defined and more urgently implemented strategies for attracting and training people already settled here. I have been urging these, and urging the DWP Secretary of State to roll out his promising plans more rapidly than the civil service is currently allowing. Get on with it.

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## [The need to lower legal migration](#)

In the year to June 2023 1.2 million people came to our country legally. This overwhelms the 30,000 illegals who made their way here. The new arrivals were rightly welcomed. Some came to take educational courses, some came to fill jobs, some came to join family here or as dependents of those coming to work or study.

In the years ahead we will want to welcome more students to fill courses, some people with skills we need for jobs we find difficult to fill. We want more investors, entrepreneurs, business builders. We do not want to prevent

families reuniting where there is good cause.

We also need to recognise that the huge numbers are no longer fair on either those who come or who are in the settled communities that receive them with a welcome. We want people coming to enjoy a good lifestyle. They need decent homes, school places for their children, NHS doctors and hospitals capable of seeing them promptly when need arises. They need roads to drive on and utility supplies for their energy and water. All of these things are under stress and much stretched as we are not keeping up with providing the extra capacity in all these areas that 700,000 extra people a year need.

It is true that last year 500,000 left the country which is why I wrote 700,000 not 1.2 million. Some people just net that off, but in practice for some purposes you need to look at the gross number. People leaving may sell or vacate homes that are in different parts of the country or in a different price bracket to the new comers' needs and pockets. People leaving may be older requiring fewer school places than younger migrants arriving. There may be concentrations of new arrivals particularly in big cities and in places with plenty of jobs.

We also need to be fair to taxpayers. The low wage model, inviting in people to fill low paid jobs may be cheap for the employer but it is very dear for the taxpayer. A low wage worker will need a subsidised home, benefit top up of wages, a wide range of free public services, and extra capital for the additional utility supplies and transport they need. I have set out before how it probably costs around £250,000 per low paid migrant in public sector capital set up costs and early years public service and benefit costs. This is in line with the EU estimate of 250,000 euros a migrant in 2016.

In future pieces I will explore the government's plans to reduce legal migration by 300,000 a year. This could be expanded and speeded to the benefit of many. We need a higher wage higher skilled economy.