

Cheap labour can be a dear option as well as a wrong one

The airwaves are alight with the demands of anti Brexit MPs and commentators to let more economic migrants into the UK to take low paid jobs in hospitality, care, agriculture and other sectors that got used to a steady stream of eastern European migrants to carry out the less skilled work. We are told of shortages of people to pick crops, serve in cafes and clean care homes. At least it provides a welcome refutation of all those anti Brexit forecasts of mass unemployment we used to get.

One of my main motivations coming into politics was to promote prosperity and wider ownership for the many. I have always sought to propose and support policies which would help more people find better paid work and to acquire a home and savings of their own. I do not like the cheap labour model. I have also recognised that we cannot simply legislate for everyone to be better paid. Each person who wants higher pay has to go on a personal journey, acquiring skills, experience, qualifications that justify the higher income. Every company and government department has to go on a journey to help promote higher productivity to provide the higher pay people rightly aspire to. One of the crucial debates in the referendum was the debate about free movement and low pay, with Brexiteers saying they wished to cut the flow of people accepting low pay from abroad, to help raise pay here at home and promote more people already legally here into better paid jobs.

Just inviting in hundreds of thousands of people from lower income countries in the EU is not a good model for them or us. Many of them live in poor conditions and sacrifice to send cash back to their wider families. They may not be able to go on a journey themselves to something better. It may work for the farm or business by keeping labour costs down, but only at the expense of pushing the true cost more onto taxpayers. Low paid employees may well qualify for benefit top ups for housing, Council Tax and general living costs which the state pays for. Each new person arriving needs GP and hospital provision in case of illness or accident. They need school places if they bring a family with them. They need a range of other public services from transport and roads to policing and refuse collection. The country has had to play catch up in many of these areas given the large numbers of people who have joined us in recent years. The EU once suggested a figure of Euro 250,000 was needed for first year set up costs for a new arrival. The biggest cost is of course the provision of housing where the state plays a big role for those on low incomes. The need to build so many more homes creates unwelcome political tensions in communities facing concrete over the greenfields.

There is also in practice a cost to the businesses they work for and a loss to the wider development of the economy. If a business has easy access to low paid labour it will put off looking at ways at automating or providing more computer or machine support to employees to raise their productivity. If farms find cheap pickers they do not provide the same support and demand for

smart picking aids or machines. We live in a period of digital turbulence, when artificial intelligence, robotics and digital processing of data and messages are transforming so much. Harnessing more of these ideas could both power greater technological development and associated businesses here in the UK and could boost productivity and therefore potential wages in the businesses they serve.

The UK and the EU has spent the last two decades leaving much of the digital and robotic revolution to the USA. It is time to catch up. Successful harnessing of it will spawn more new large companies and offer the chance of higher pay from higher productivity.

(First published on Conservative Home)