

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.