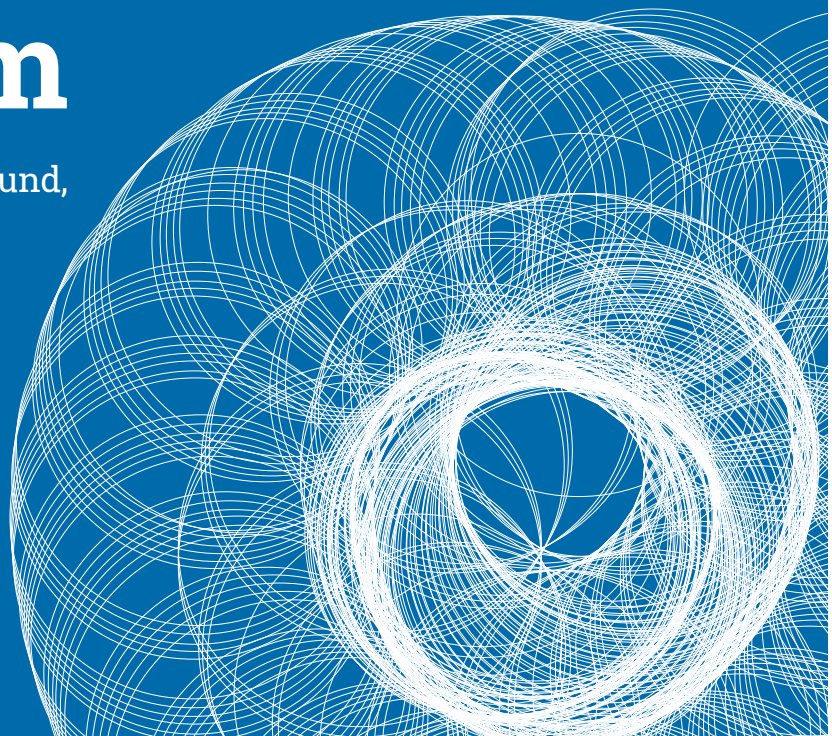


Briefing Paper

The Proposed Scottish Visa System

Demographic Background,
Policy Design
and Political Issues



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About Scotianomics

In the 21st century data is everywhere but it is the analysis that transforms data into valuable, actionable knowledge that is key to success.

Organisations, both in Scotland's private and public sectors, lack access to useful, reliable data and value-added analysis of the kind that most advanced countries take for granted. This creates a hidden but real disadvantage for Scottish business, limits public policy and disrupts the pursuit of shared prosperity.

Scotianomics aims to spark a knowledge revolution and inform the decision-makers on Scotland's economy. We provide cutting-edge intelligence and strategic planning resources so that stakeholders can gain a wide view of the threats and opportunities in the world through our geopolitical, economic and policy analysis, unique historical datasets, risk and opportunity forecasts, Geographic Information System mapping solutions and strategic planning services.

Gordon MacIntyre-Kemp

Director

Executive Summary

- The Scottish Government published a new policy paper calling for immigration powers to be devolved to Scotland for the purpose of establishing a new "Scottish Visa" system.
- Yet, despite the concerns of the Scottish Government, the Home Office has refused its proposals. This decision will have negative economic and social consequences for Scotland, and negative political consequences for the UK.
- Scotland has a specific set of demographic concerns that do not align with the situation in the rest of the UK, and cannot be addressed by a single, UK-wide immigration system – especially of the kind currently being proposed by the UK Government.
- Politically, it would be possible for the UK state to have different immigration systems operating across its regions. The central governments of Canada and Australia, for example, permit regions to run their own immigration systems geared towards their own needs.

Introduction

The Scottish Government published a new policy paper calling for immigration powers to be devolved to Scotland for the purpose of establishing a new “Scottish Visa” system. This proposal follows surveys which found that 64% of Scots back immigration powers being devolved to Scotland. Yet, despite public opinion in Scotland and the concerns of the Scottish Government, the Home Office has refused its proposals. This decision will have negative economic and social consequences for Scotland, and negative political consequences for the UK.

Demographic Background: Population Change Across the UK

The rationale for the Scottish Visa is that Scotland has a specific set of demographic concerns that do not align with the situation in the rest of the UK. Thus, a UK-wide immigration system post-Brexit will fail to address problems specific to Scotland. Population trends confirm this. Natural population change (the difference between births and deaths) between 2001 and 2018 in Scotland was -5,245, whereas the natural population grew in England (2.8 million), Northern Ireland (154,479), and Wales (21,578).

Demographics and Economics

Scotland’s natural population is ageing and declining. This creates a range of economic problems, such as declining tax revenues, labour scarcities, and weakened economic growth. Thomas Piketty presents evidence that economic growth in the modern era “always includes a purely demographic component and a purely economic component”. Thus, immigration is vital to counteracting these forces and adding dynamism to the Scottish economy. Between 2001-18, net inward immigration from abroad to Scotland was 222,130, which kept Scotland’s population growing over the period.

A Scottish-specific Immigration System: Possible and Necessary

Given this context, the Scottish Government's proposals make economic sense. Any reduction in immigration to the UK will hurt Scotland more than any other UK nation. Thus, it is vital that Scotland can tailor immigration policy to its own needs. As the policy paper argues, running different immigration systems across a single sovereign state would not be extraordinary. The central government of Canada and Australia already permit regions to run their own immigration systems geared towards their own needs. The design of the Scottish Visa system has been influenced by these cases.

Moreover, forecasts highlight that immigration is now the only means by which Scotland's population can continue to grow in the future. This is problematic given that Brexit has already driven many immigrants from the EU to leave or consider leaving. After the UK leaves the EU, we should also be pessimistic about the ability to attract new migrants as the UK deliberately attempts to bring down immigration to the UK, given that anti-immigration sentiments played a strong role in the Brexit vote in England and Wales – despite the damage it will do to Scotland.

The Design of the Proposed “Scottish Visa”

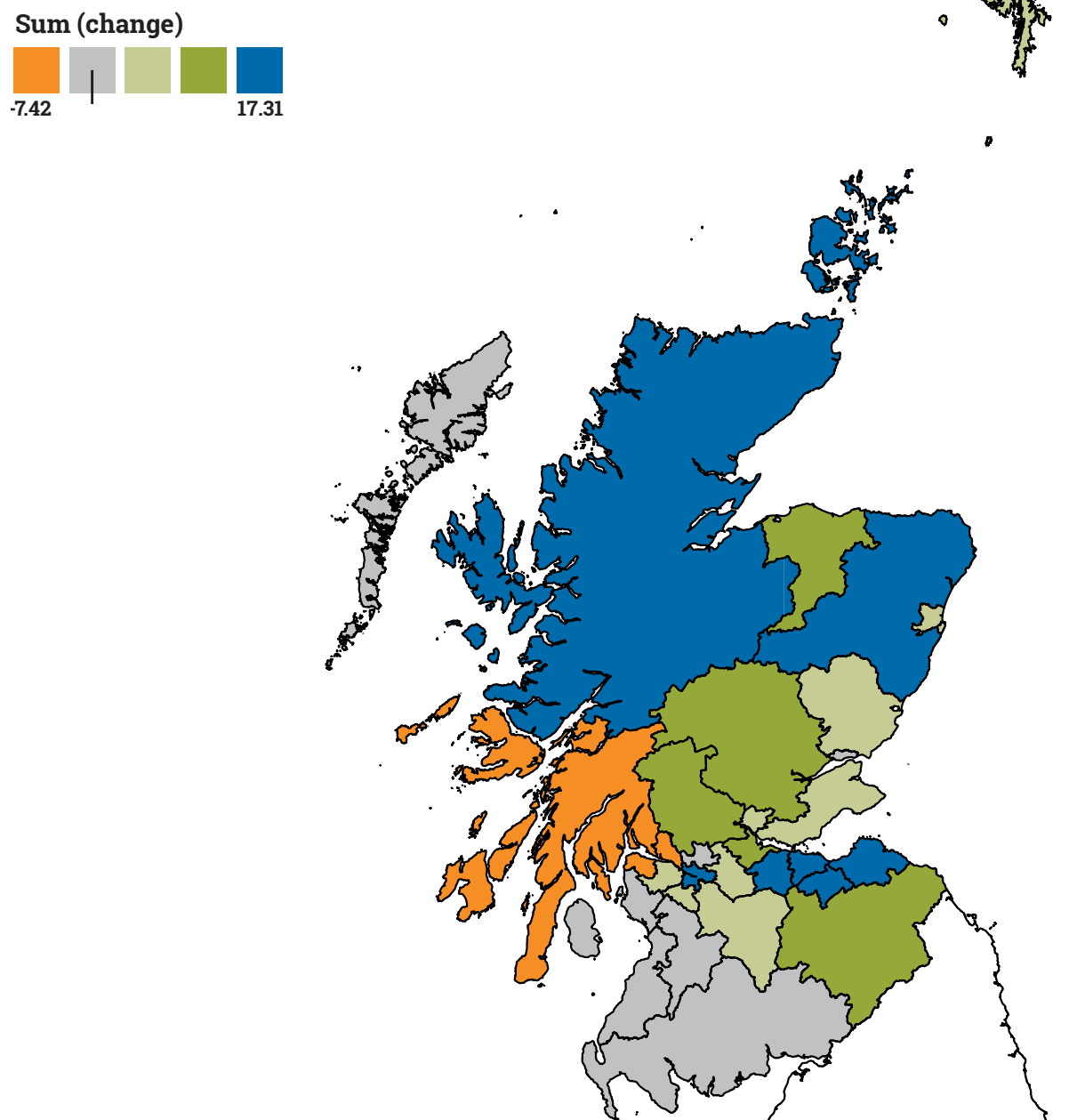
The Scottish Government favour a points-based system with no salary threshold and no requirement of a job offer. The Scottish Visa system's criteria and weights will reflect human capital and social value. There would also be an endorsed route for people with exceptional talents and those leading their fields.

Migrants holding a Scottish Visa would be required to live in Scotland and there would be a “pathway to permanent settlement in Scotland”. There would be “no sponsorship role for employers... so no sponsor licensing costs or bureaucracy.” Migrants would “not be liable to Immigration Skills Charge, as currently defined by the UK Government.” Moreover, the Scottish Visa would be an additional option for those applying to the UK system – meaning the Scottish Government would be working in partnership with the UK Government.

Regional Population Change in Scotland

The Scottish Government has the intention of rolling out a number of pilot schemes for the policy, namely in rural areas with pressing depopulation challenges. The candidates for this are obvious, with several Scottish regions experiencing negative to almost no population growth between 2001-18. Inverclyde saw its population decline by 7%, Argyll and Bute 6%, West Dunbartonshire 4% while North Ayrshire, East Dunbartonshire, and South Ayrshire hovered around the 0% mark. As seen from the map below, historically the depopulation problem has been contained to the western regions of Scotland. Though recently many regions in the North East have experienced negative population growth, including Aberdeen.

Figure 1. Population Change in Scottish Regions (2001-2018)



Conclusions

- Within the context of historical demographic shifts in Scotland that have deviated from the overall UK situation, it makes sense for the Scottish Government to demand new immigration powers that would allow it to build a flexible and effective immigration system for Scotland.
- This policy has the potential to allow Holyrood to evade the threats to Scotland that will arise from an excessively strict immigration system rolled out by the UK Government, while addressing the concerns of voters in England and Wales.
- Nonetheless, the UK Government appears unwilling to make compromises that would meet Scotland's needs.
- However, it would be a possibility to implement different immigration systems across the British state. The central governments of Canada and Australia, for example, permit regions to run their own immigration systems geared towards their own needs.