

## David Cameron: The challenges of a growing population

In a speech focusing on the challenges of a growing population, Conservative Party Leader, David Cameron will say:

(Please check against delivery)

“The modern Conservative Party has a clear vision for Britain’s future. We want to give people more opportunity and power over their lives. We want to make families stronger and society more responsible. And we want to make our country safer and greener.

Opportunity; responsibility; security. We are developing policy in each of these three areas – policy that will bring about real change in our country, but also policy that will be practical, costed and deliverable. That means making sure that our policies meet every challenge this country faces, and it is one of the most important of those challenges that I want to address today.

That challenge is demographic change, and it’s time we had a grown-up conversation about it. The argument is clear. Britain’s population is set to grow rapidly. That growth will come mainly from a combination of higher life expectancy and higher net immigration. At the same time we are seeing another significant demographic change: the growth in household formation, partly caused by the increasing atomisation of our society. These trends will put pressure on our national infrastructure - particularly in key areas like housing, public services and transport – and on resources like water and energy.

These demographic changes, and the pressures associated with them, will make it more difficult for a Conservative government to deliver its vision of opportunity, responsibility and security. And so it’s essential that we also develop a coherent strategy, and implement joined-up policy, to address population growth and the atomisation of our society. Of course we should recognise that in an advanced, open economy there will be high levels of both emigration and immigration.

But what matters is the net figure, which I believe is currently too high. Likewise, ‘household formation’ is part of the natural lifecycle – moving out,

getting married, having children. But the atomisation of society – particularly family breakdown – is creating additional pressures.

It is time for change. We need policy to reduce the level of net immigration. And we need policy to strengthen society and combat atomisation. The right approach, as I will argue today, has three components. First, a sober and forensic understanding – and a total acceptance of - the facts: the scale and nature of this challenge. Second, action to ensure that our population grows at a more sustainable rate. Third, action to prepare properly for that sustainable rate of growth.

This will require a level of strategic thinking and joined-up policy-making that seems to be completely beyond this government. We need to bring together policy on issues from housing to skills; planning to immigration control; the family to border control into a coherent long-term population strategy. And my aim today is to outline the modern Conservative approach to this task.

Both Labour and Conservative Home Secretaries have in the past made the argument that immigration control is a necessary part of good community relations. I have always held – and still hold – this view. But in this speech I want to focus on other aspects of this issue, and I want to start by considering the statistical picture of what is actually happening.

## **OVERALL POPULATION GROWTH**

Latest figures from the Office for National Statistics suggest that our population of 60.6 million today will grow to nearly 63 million by 2011, 65 million by 2016, and more than 71 million by 2031. These projected increases are on a different scale to what we have seen in the recent past. In the last twenty years, our population grew by around four million. Over the next twenty years, it's projected to grow by around nine million – more than twice as fast. And if you extend the time horizon, you find the same scale of change. In the last forty years, our population grew by around six million. But again, over the next forty years, on current trends, it will grow more than twice as fast. The first question to answer is: where is this growth coming from?

## **NATURAL CHANGE**

Part of the increase is accounted for by what demographers refer to as

‘natural change’: the relationship between a country’s birth rate and death rate. Britain’s birth rate, which had been declining, has now increased. And life expectancy is rising. British life expectancy at birth is set to rise from 77.2 in 2006 to 82.7 in 2031 for men, and from 81.5 years in 2006 to 86.2 years in 2031 for women.

Of course an ageing population brings with it a host of issues, such as increased pressure on healthcare, and financing for long-term care – and we will be setting out our plans in these policy areas in due course. But my focus today is on population, and here we should note that only around thirty per cent of the projected increase in our population by 2031 is due to higher birth rates and longer life-spans.

## **IMMIGRATION**

The most important source of the population growth we have seen in recent years, and will continue to see in the forthcoming years, is inward migration from abroad. It is natural that in a modern, dynamic and open economy, the figures for emigration and immigration will both be large numbers. But what has changed is the net figure.

Until the 1980s, for much of our recorded history, Britain was a ‘sending country’, in that we had net emigration. Today, like the rest of the developed world, we are a ‘receiving country’, in that we have net immigration - and immigration at a speed and scale we have rarely seen before. The Government has recently increased its projection of net immigration from 145,000 a year to 190,000. And indeed this year the net immigration figure is likely to be much higher than 190,000.

Of course, predicting the future impact of immigration on population size is always difficult. But the basic fact is this: the evidence shows that roughly seventy per cent – more than two thirds - of the increase in our population each year is attributable to net migration. Of that increase, forty seven per cent comes directly from people moving to Britain, and the rest from higher birth rates amongst immigrant populations.

But having established the overall scale of the trend, it is equally important to understand in detail its nature: where people are coming to Britain from, and why they come.

## **SOURCES OF IMMIGRATION**

In 2005, the latest year for which detailed figures are available, 145,000 migrants to Britain were from the European Union, mostly from the new accession countries in the east, and accounting for around thirty per cent of the total. 91,000 were British citizens returning to live here. Another 189,000 came from the Commonwealth. And 140,000 from elsewhere in the world.

But these bald figures do not give a very clear picture of what is happening. We must not confuse stock and flow. What matters in terms of our overall population is not who comes, but who stays. Some have argued that migration is in fact a revolving door: migrants go to where the work is, and don't stay there for ever. Others argue that although Britain does indeed have a highly transient migrant population, with high numbers coming and going, a significant number stay. The official figures appear to support this view. Fewer than ten per cent of work permit holders who apply to extend their stay in the UK have their applications refused. And grants of permanent settlement to migrants who have worked here for over four years have trebled since 1996. But here, as in other areas of immigration, settlement and citizenship, clearer statistics are badly required.

## **PURPOSE OF IMMIGRATION**

As well as understanding the source of immigration, we need to understand its purpose. Eastern Europeans are overwhelmingly here to work. Of the more than 650,000 workers who registered here between July 2004 and June 2007 from the 'accession eight' countries, the biggest single occupation is factory worker. And work is the number one reason for coming here given by migrants overall. The second most popular reason for migrating into the UK is academic study, with nearly a quarter of migrants stating this as their reason for migration in 2005. But a large number settle here for family reasons: in 2006, nearly 60,000.

## **ECONOMIC EFFECTS OF IMMIGRATION**

So we have established that on current trends, our population is set to rise by around ten million in the next twenty years or so. That around seventy per cent of this increase is accounted for by net immigration. That around thirty per cent of the immigration is from the EU. And the biggest single reason is employment. But to develop a coherent population strategy, we

need also to understand the effects of these historically high levels of migration to our country. I want to look first at the economic effects.

On a simplistic level, it is true that immigration contributes to a higher GDP. A rising population increases economic activity - through both higher production and higher consumption – and that helps our economy grow each year. But that is a pretty superficial analysis. If you increase the population, of course GDP tends to go up.

To understand whether immigration benefits our economy in the long term, we also need to look at the productivity of those who come here to live, and how their arrival affects GDP per head. If new arrivals are more productive than the population already here, they can help drive up the performance of the economy as a whole, increasing dynamism and benefiting everyone. And because new arrivals tend to be young adults, immigration has helped us lessen the impact of our ageing population.

But it's not enough to consider broad macro-economic effects. The impact is different for different people. We need to understand the impact of immigration on individual people in specific types of job. And here, the picture is mixed. Richard Layard has argued that while skilled worker migration benefits overall employment, unskilled migration has the opposite effect, harming indigenous unskilled workers. In his words, there is a “huge amount of evidence” that where immigration increases the number of unskilled workers, this lowers unskilled wages and actually increases the unskilled unemployment rate.

So when it comes to the economic effects of immigration, I would summarise the position as follows. Broadly, immigration has a positive impact on our economy.

But there are negative effects too, and any responsible population strategy must distinguish between them, avoiding a broad-brush approach in favour of policy responses that are appropriately tailored to the varying economic effects of immigration, and which seek to share the costs and benefits fairly.

## **NON-ECONOMIC EFFECTS OF IMMIGRATION**

But life is not just about economics. As I have previously argued, we need to increase not just our GDP, but our **GWB**: our General Well-Being. In the context of a debate on our nation's population, that means understanding

the various social and environmental pressures that rapid population growth can bring. It is now clear that the speed of Britain's population growth is putting considerable pressure on resources like water and energy, and on our national infrastructure. There are three areas in particular that I'd like to focus on today.

## **HOUSING**

The first and most obvious is housing. 2004 figures show that net migration will create the equivalent of 73,000 new households a year in England. According to the Government's own figures, that's a third of the demand for housing in England. Put another way, however, we might say that it is only a third. Two thirds of the extra housing demand is not from immigration. Nevertheless, immigration does contribute to the pressure in the housing market, and contributes to the need for large quantities of additional housing.

## **PUBLIC SERVICES**

The second aspect of our well-being that we need to consider in the context of any serious population strategy is the impact of population growth on our public services. Of course, a number of migrants work as professionals in our public services. And because migrants themselves tend to be of working age, they themselves tend not to use as many public services – although through their taxes they help pay for them. So for public services, just as in the economic arena, it is clear that immigration does have positive effects. But we must recognise that a fast-growing population also increases demands on the public sector at a time when the funding is tight.

As a country we simply haven't been planning for the effects of our changing and growing population. The Local Government Association estimates that as many as twenty-five local authorities face funding shortfalls because Whitehall has underestimated the size of their populations. One of those is Slough Borough Council, facing a £15 million budget shortfall. And of course any increase in budgets, like in the Comprehensive Spending Review, is spread more thinly. As a result, key services suffer.

Many of our schools face immense pressures caused by the different needs and languages of children from immigrant families, particularly in

inner city areas. 450,000 children at primary schools in England don't speak English as their first language – around thirteen per cent. In the London Borough of Tower Hamlets, that figure rises to seventy-six per cent. At the White Hart Lane school in Tottenham, children from fifty countries speak thirty- four languages. It's vital that all children in Britain are given a proper opportunity to learn English, without which they simply can't succeed. And the Cattle Report identified the primacy of the English language as a key factor in encouraging community cohesion. But frankly, many of our schools today simply don't have the resources to cope.

## **TRANSPORT**

The third area of our national infrastructure where population growth is having a marked effect is transport, and transport congestion. Britain has the most congested roads in Europe, and as we all know from our daily experience, simply getting around is more and more of a hassle. There are now thirty-three million cars on Britain's roads: six million more than in 1997. That's the year John Prescott promised that cutting car use would be the measure of his success in office. The speed of a car in rush-hour London is now only half the speed of a cyclist. And the average worker in Britain spends nearly an hour commuting, longer than in almost every other country in Western Europe. In many parts of the country, our rail network is suffering from chronic levels of over-crowding, seriously blighting the quality of life for millions of commuters. As our Policy Review pointed out, on current trends, transport congestion will be costing our economy £22 billion a year by 2025. But congestion isn't just about money. It's about the disruption, the damage to family life and the sheer frustration and breaking down of your spirit that it entails.

## **HOUSEHOLD FORMATION**

But these and other pressures do not just arise from immigration, or simply from the numbers of people who live in our country. They are the result also of changes in the way we live... changes in the way households and families form. Our lifestyle choices have a direct effect on our country's resource use, our public services, our infrastructure, and the ability of all these things to cope. There are three trends in particular that are having a significant impact: divorce rates; people cohabiting and marrying later, and our ageing population, which leads to more pensioners living on their own. These factors all lead to an increase in household formation, roughly in equal proportions. A recent estimate suggested that divorce and

separation accounts for twenty-four per cent of the growth in the total number of households. Twenty-seven per cent is due to the changing age structure of the population and people living longer. Immigration accounts for twenty-six per cent – although this calculation was based on earlier, lower estimates of the level of immigration, and so will have risen. The combined impact of these trends on the total number of households in England, according to government figures, is an annual increase of 223,000 - 155,000 of which are new one-person households. Indeed, these figures are based on earlier, lower estimates of population growth. So even on a conservative estimate, the number of households in England is projected to increase from 21.1 million in 2004, to 26.0 million in 2026, and to reach 26.5 million in 2029.

This has a huge effect on housing demand. The independent National Housing and Planning Advice Unit said last week that a total of 270,000 more homes may be needed each year. But a rise in the number of households – and in particular a rise in the number of people living on their own - does not just affect housing. It affects public services – with evidence suggesting that people living on their own place greater calls on public services like the NHS. It affects transport - through more cars on our roads, as the one household, one car structure moves to the two households, two cars structure. And more single-person households means more resource use, for example, an individual living alone consumes forty per cent more water than they would if they were living with someone else.

While this rise in the number of people living on their own is partly the entirely natural consequence of people living longer, we cannot ignore the fact that it also reflects an increasing atomisation of our society, a trend that I believe we need to address rather than sweep under the carpet.

## **UNSUSTAINABLE DEMOGRAPHIC CHANGE**

Taking all these factors into consideration, I come to a clear conclusion. Our current level of population growth and atomisation is unsustainable. Immigration is too high. Family breakdown is too high. Unsustainable demographic change makes it harder to build the opportunity society I want to see, where young people can get on the housing ladder and where everyone has more power over their own lives. It makes it harder to build the responsible society I want to see, with strong families, communities and public services. And it makes it harder to build the secure society I

want to see, with our quality of life and our environment protected in equal measure.

## **A POPULATION STRATEGY**

So the question is: what can we do about it? The first and most basic requirement is for the government of this country to actually have a population strategy. That in itself would make a welcome change. Last year Tony Blair admitted that his government had no policy on population. Today Gordon Brown cannot tell us whether he thinks the population of the country is too low, too high, or just about right. Whether our population is growing too fast, too slowly or at about the right pace. Labour have no vision, no strategy, no policy – just a series of promises on individual issues like housing, that even in their own terms fail the test of credible delivery, and certainly do not add up to a coherent whole. The paradox of this government is that while Gordon Brown tries to control all sorts of little things in areas he should stay out of, when it comes to the big things, like the need for a serious and coherent strategy to address population growth and demographic change, he has presided over a massive failure of forecasting and planning.

This country has a strong tradition of understanding the need to get to grips with demography. Nearly one thousand years ago, William the Conqueror began recording England's population so he could more efficiently run the country. The result – the Domesday Book - still lies in the National Archives. Changes in our demographic composition – size, background, fertility – would preoccupy political leaders and thinkers for the centuries thereafter. We are experiencing serious demographic challenges today, and so we must renew our tradition of open public debate on these matters. It is equally important for politicians to address this issue with a sense of long-term strategic purpose.

The modern Conservative population strategy I am setting out today has two key elements. A series of steps to ensure that our population grows at a more sustainable rate.

And steps to prepare properly for that sustainable rate of growth.

## **DIRECT CONTROL OF IMMIGRATION**

So let me outline the action that a Conservative government would take. As we have seen, some of the increase in population size results from

natural change: birth and death rates. Here, our policy should be obvious. We should continue to search for medical advances that prolong life and bring down mortality rates. And we should not interfere with a family's decision on how many children they have.

But most of the projected increase in our population is not from natural change, but from net immigration. Some argue that we should adopt a totally free market approach to immigration, letting people come and go as they please. But I do not consider this to be a mature response in the light of the pressures that immigration is imposing on our national infrastructure and public services. Others argue that we are already too overcrowded and should pull up the drawbridge. But I believe that immigration brings many benefits to our country – economic, social, and cultural. And even if it were possible to pull up the drawbridge, in our new world of freedom, where Britain has so much to gain from being open to the world, to do so would be not just wrong but self-defeating. Instead, we should bring down the level of net immigration to a more sustainable level.

As a first step, that means being clear about what we can directly control, and then controlling it. Non-EU migration, excluding British citizens returning to live here, accounts for nearly seventy per cent of all immigration. Of course overall non-EU migration includes asylum seekers, students and family members as well as economic migrants. But non-EU economic migration is something we can and should limit, and I cannot understand why this government has not done so.

As David Davis and Damian Green argued in our policy document *Controlling Economic Migration* last year, we need explicit annual limits on non-EU economic migration, set at a level substantially lower than the current rate. Enforcing such controls, and preventing illegal immigration, requires a proper Border Police Force, equipped with powers to track down immigrants who over-stay or illegally enter the country. In contrast to Gordon Brown's cosmetic announcements in this area, which have been more about spin than securing our borders, we are developing a detailed implementation plan for a proper Border Police Force, in a programme of work led by Lord Stevens. This new Border Police Force will not only help control immigration in the future; it will help protect immigrants already here by building public confidence in the system.

A further step we can take to control immigration directly is the imposition of transitional controls for new EU entrants: they should be applied here as

they are in other countries. While I welcome the fact that the government is applying such controls to Romania and Bulgaria, it is a matter of huge concern that they did not do so for the previous eight accession countries, and I call on ministers today to make clear that they will apply transitional controls as a matter of course in the future for all new EU entrants. There is a simple economic logic behind this. Countries with roughly the same GDP per capita experience roughly reciprocal levels of migration. Where there is a disparity in GDP per capita, there is much larger traffic going from the poorer country to the richer one. The experience of Spain and Portugal, countries with which we had such controls when they first joined the EU, demonstrate this.

In addition to controls on non-EU economic migrants and on migration from new EU member states, we can and should do more in relation to marriages across national boundaries. This is not about stopping arranged marriages, which work well for many of our citizens and are an important aspect of their culture. Rather, it is about ensuring that both parties to a marriage have agreed, and are capable of making, the momentous decision to move half way across the world to live. This decision should not be asked of anyone too young, and that is why a Conservative government will raise the minimum age for a spouse coming to Britain - and for the sponsor - to twenty-one. It is also why we will insist that every spouse coming to Britain should have a basic level of English: the same level as those applying for Indefinite Leave to Remain because they work in Britain.

So these are concrete steps that we will take to control immigration directly. An annual limit on non-EU economic migration, enforced by a new Border Police Force. Transitional controls for new EU entrants. And changes to the rules on marriages across national boundaries.

## **INDIRECT CONTROL OF IMMIGRATION**

But as part of our strategy to ensure that our population grows at a more sustainable rate, there are also steps we can take to control immigration indirectly. We have seen that the majority of those who have come to live in Britain from new eastern European members of the EU have come here to work. They demonstrate a noble aspiration which we should support unreservedly. I want Britain to be a land of opportunity, and I want Britain to be an open and dynamic society, an example to the world of the very

best of globalisation.

But in this context, we cannot overlook the costs of this government's social failure. Our domestic unemployment rate is shockingly high – with nearly five million adults of working age on out-of-work benefits, four million of whom, according to the government's own figures, want to and could work if they had the right skills, incentives and support. And perhaps most shocking of all, there are over a million young people not in education, work or training – more than when Labour came to power in 1997.

Now we must not make the mistake of falling for what some have called the “lump of labour” fallacy – the idea that there is a set number of jobs in the economy that can either go to immigrants or locals. But we should make it a priority to get people off benefits and into work. This is not only important and right in itself, but would reduce the demand for migrant labour, indirectly helping us to control immigration.

So the next Conservative government will implement both a revolution in skills training, to equip people for the twenty-first century economy, and radical welfare reform, to help people move from a life on benefits to a life in work. As I announced last week, we will be publishing detailed proposals in these crucial policy areas over the next few months.

### **FAMILY BREAKDOWN**

Our plans for radical welfare reform will also play a part in combating the growing atomisation of our society. As Iain Duncan-Smith's Report, *Breakthrough Britain*, showed, we currently have a benefits system that actively discourages parents from living together. We have already announced our plans to abolish this ‘couple penalty.’ This will not only help us tackle the complex and interconnected social problems associated with family breakdown, including educational failure, persistent poverty, crime and substance abuse. Our pro-family welfare reforms will also help us deal more effectively with some of the specific pressures on housing, public services, transport and resources like water and energy that arise from more and more people living on their own.

### **PREPARE FOR MORE SUSTAINABLE POPULATION GROWTH**

So the shape of the first element of our population strategy is clear: meet our present demographic challenges by controlling net immigration,

increasing skills, reforming welfare, and strengthening families. But the second component of our strategy is equally important. It is not enough simply to ensure that our population grows at a more sustainable rate. We must also prepare for that sustainable rate of growth. Here, our policy review is moving forward on a number of fronts.

On housing, we are developing proposals to extend Community Land Trusts and reform the planning system to encourage affordable and sustainable house-building. And we have already announced our plans to abolish Stamp Duty for first-time buyers.

On public services, we will shortly be publishing further details of our reform plans for the NHS and schools. These reforms will reduce top-down centralisation and enable our public services to respond more flexibly to changing demographic circumstances.

And on transport, we are developing ambitious proposals for increasing and modernising our rail capacity, extending light rail services in our cities, and tackling road congestion.

## **CONCLUSION: THE CHOICE**

The reason I wanted to make this speech today is because this country faces a choice.

Some people argue that the demographic changes I've talked about are an inevitable part of the modern world and that we'd better just get used to it. They assume that no-one can do much about the atomisation of our society or about family breakdown; that you'll never succeed in reforming welfare to get significant numbers of people off benefits and into work, and that high levels of economic migration will always be necessary to deal with Britain's skills shortages.

That is Gordon Brown's choice. That is Labour's policy. But I don't think it's sustainable – for a simple reason. The other promises that Gordon Brown makes – whether on improving the NHS, the education system or housing provision – will quite simply be overwhelmed by his failure to deal with the root causes of our demographic challenge.

And so I want people to know that there is an alternative. There is a different choice to be made; a better policy on offer. We have a strategy to

reduce family breakdown, to tackle educational failure, to equip our people with the skills they need and to reduce the level of net immigration. Over the coming months, we will be publishing policy papers showing how a Conservative government will take action to deal with each aspect of Britain's demographic challenge. And, most importantly, we will also make clear how our approach joins up and fits together into a coherent long-term strategy.

I believe that this modern Conservative approach, based on the vision we have of a Britain where people have more opportunity and power over their lives, where families are stronger and society is more responsible, and where our country is safer and greener, is critical for the economic, social and environmental well-being of this generation and the next.”