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**The Current Global Economic Crisis and Migration:
Policies and Practice in Origin and Destination***

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1 Background

1.1 *Migration and development*

Migration flows exhibit both long-term shifts and short-term fluctuations in terms of volume and pattern. The root causes of these shifts and fluctuations can most generally be linked to the term 'development'. For example, the expansion of education increases aspirations among people that cannot always be met locally. The increasing access to income-earning opportunities provides the capital that allows people to move. Most importantly, the demand for labour at certain points in the global system draws migrants towards particular destinations. Also, shifts in the demographic structure of populations, which are associated with development, reinforce patterns of unequal economic growth. Such shifts have taken place in Europe and increasingly in the economies of East Asia. These areas have changed from being areas of net emigration to areas of net immigration as their populations have aged, resulting in very low rates of labour-force growth. Thus, a complex migration-development nexus of change exists that provides the context for shorter-term fluctuations in local, regional and global economies.

Thus, migration tends to be positively associated with development and, as development increases, migration patterns can be expected to shift in direction but are unlikely to decrease in volume. However, changes in the drivers of development and migration, particularly economic factors such as the rate of growth, employment creation or unemployment levels, may well produce short-term fluctuations in both volume and direction. Political and ideological factors can also introduce short-term fluctuations that can generate significant population flows in terms of forced displacement, producing new refugees and internally displaced persons. Nevertheless, political drivers are usually linked to economic factors such as competition over control of resources and it is extremely difficult to disentangle any ultimate root cause for particular population flows in the complex mix of economic, political and social factors. Development itself can induce migration through the expansion of cities onto prime agricultural land and the construction of roads and dams, for example. The environmental consequences of development may also cause people to move.

1.2 *The current economic crisis and migration*

The current crisis has seen levels of economic growth contract and global economic growth rates constantly revised downwards - to -2.2 per cent for 2009. This average covers significant variation among countries and, although a global crisis exists, the impact and repercussions vary from one part of the world to another. Some economies, such as China, have continued to grow, albeit at a lower rate compared with previous years, and the most recent data for 2009 suggests resilient growth. India and Bangladesh slowed in 2009 compared with 2008 but still maintained relatively rapid growth rates of approximately 6 per cent or more. Latin America is already in negative growth and advanced economies such as the Eurozone contracted by 3.9 per cent, with the United Kingdom alone estimated to have contracted by 4.8 per cent in 2009. The United States is estimated to have contracted by 2.5 per cent in 2009¹. Hence, any assessment of the impact of the economic slowdown on migration will have to take these regional variations into consideration. Globally, the International Labour Organization estimates that as many as 51 million jobs could have been lost in 2009 because of the global recession.

The key question is what impact this lower growth and employment will have on population migration and development. Intuitively, if growth slows and jobs are lost, migrants may no longer be needed, recruitment will slow, and those migrants already in low-growth destination economies may be expected to return home. In terms of its impact on development, the monies sent home by migrants as remittances may be expected to decline. Nevertheless, rarely does a neat correlation exist between the economic drivers of migration and the real patterns of human movement.

Perhaps the major difficulty in arriving at an assessment of the impact of the crisis on migration is the lack of reliable and timely data. Data on migration in general tend to be problematic; this is even starker in the case of such a recent event as the crisis. Many unknowns remain but already preliminary information is emerging from national and international organizations that allow some tentative points to be made. Two contextual points need to be emphasized. First, the impact of the crisis on migration and development varies across countries and gender. Second, the current crisis is not a unique event. While all economic crises may be different, the global economy has experienced significant downturns in the past and lessons may be learned from these experiences.

¹ Data on GDP growth rates are taken from the World Bank's *Global Economic Prospects 2010*.

Evidence from the OECD on the impact of the current crisis so far suggests that applications to the United States, Spain and Australia through employer-nominated or skilled temporary migration programmes appear to have declined in the first half of 2009 compared with previous years. Falls in applications for the Workers Registration Scheme in the UK in the first quarter of 2009 were down by more than half compared with a year earlier, and a similar fall was observed for Ireland in terms of migrant registrations from new EU member states. Developed economies as different as Australia, Italy and the Republic of Korea are also lowering the targets for their intake of both skilled and unskilled migrant workers in the face of rising domestic unemployment. Other countries have started to provide incentives to encourage migrants already within their borders to return home. In terms of remittances, World Bank figures estimate a 6 per cent decline in 2009, following double-digit growth in previous years, but a resumption of robust growth is expected from 2010. This 2009 decline is small relative to reductions in private investment in developing countries.

Strong variation in remittance flows exists across countries and regions. The decline is most marked in flows to Latin America, perhaps reflecting the importance of the United States as a destination for migration from that area and where the recession has been longest and deepest. However this decline appears to have bottomed out since the end of 2009. Remittance flows to South and East Asia on the other hand continued to grow strongly for the first three quarters of 2009, with Pakistan showing a marked acceleration in receipt of remittances. This reflects the fact that oil-producing countries have maintained their growth with robust oil prices and have continued to hire migrant workers. The most recent data on remittances from the Gulf countries to Pakistan however indicate a marked deceleration in their growth from the last quarter of 2009, as a result of slower economic growth in these host countries.

Clearly, the impact that the crisis will have on migration and development will depend upon its length and depth, and this is still largely unknown. Nevertheless, preliminary indications show that the trends are as expected: a slowing in migration to principal destinations, an increasing return from some destinations and a decline in remittances, although neither return migration nor the decline in remittances is global or as great as might first have been anticipated. The level of migration will be complicated by a return of expatriates to developed economies themselves as global business opportunities contract overseas. More fundamentally, although unemployment among migrants overall does appear to be increasing, considerable variation by sector and by country, as well as by gender exists. For example, the demand for health care is

not going to diminish in a time of crisis and that is a sector in many developed economies that is heavily dependent upon migrant workers.

2 Policies and practices

Policies and practices are going to vary generally upon whether a country is an origin, destination or transit country. Such a division is artificial as advanced economies in the Global North are also countries of emigration, often of skilled migrants working overseas, but also of retirees. Countries of origin of migration in the Global South also experience in-migration, often of skilled migrants to provide basic services, as well as development assistance, but they may also host refugee or regionally displaced populations. Hence, policies need to address several types of populations in each case and these will each be affected by the recession in different ways.

2.1 Countries of destination

It is likely that destination countries will take the most proactive steps to deal with migrants by limiting the numbers of new arrivals and by encouraging unemployed migrants to leave. Such policies will be particularly evident in countries that implement labour migration schemes. For example, Malaysia has cut back the number of workers it recruits and increased the numbers being sent back. Some 13,000 Bangladeshi workers were sent back during the first two months of 2009 and the work visas of a further 55,000 Bangladeshi workers were revoked from early March 2009. However, even if all 55,000 are ultimately sent back, they still only represent a relatively small proportion of the perhaps 800,000 Bangladeshis in Malaysia. Malaysia has been operating a continuous programme to reduce the number of irregular migrants in the country: approximately 171,000 workers who registered in an amnesty during the last two months of 2008, 86 per cent of whom were from Indonesia, agreed to be returned home. The recession may have brought some urgency to the repatriations but these measures have been part of a long-running campaign to reduce irregular migration and it is perhaps difficult to isolate a specific 'recession effect'.

Spain, with an unemployment rate of 17.4 per cent and some 400,000 unemployed migrants at the end of 2008, has offered to give legal migrants who have become unemployed their unemployment entitlement as

a lump sum on condition that they return home and do not return for at least three years. Few appear to have taken advantage of this offer mainly because conditions in their home countries in South America have also deteriorated during the recession. On the other hand, considerable evidence suggests that large numbers of eastern Europeans have returned home, and particularly to Poland, as unemployment has risen in the United Kingdom. With an appreciation of the local currency, the zloty, of 30 per cent against the pound and a growing economy at home, it makes sense for some to return irrespective of the recession. The Polish government operates an information campaign to encourage its citizens to return and the Czech government even offered a sum of €500 for citizens to come back to work at home. Where freedom of movement across countries exists, such as within the EU, return movement is likely to be more of a viable option compared with cases where distance and immigration barriers, bureaucratic as well as physical, make re-entry expensive, time-consuming and difficult.

With respect to the traditional countries of immigration, Australia, Canada and the United States, it seems unlikely that the recession will have a major impact on the policies of their permanent immigration programmes. There are sufficient numbers of people enrolled in the lengthy process of gaining legal entry for numbers not to be impacted by short-term economic fluctuations. Nevertheless, it does seem clear that, overall, numbers of migrants to the United States have slowed since 2007 when the recession officially began in that country. Irregular migration, particularly from Mexico, seems to have slowed and is the only major component of the migration to the United States that is sensitive to changing economic conditions. The degree of self-regulation will nevertheless very much depend upon the state of the economy in countries of origin. Recessions, which traditionally begin in the most advanced economies, diffuse outwards to countries of origin. An upturn in irregular migration may therefore be anticipated if the economy of Mexico slows markedly.

Given the cost and difficulty of returning to Latin America, particularly for irregular migrants, there is little evidence of return migration so far, despite rising unemployment among the foreign-born Hispanic population in the United States from 4.5 to 6.4 per cent between 2007 and 2008. Some 250,000 Hispanics lost their jobs in the construction sector during 2007. Migrants in the United States and most developed economies tend to be concentrated in some of the most vulnerable parts of the economy, in construction, the hospitality industry and in manufacturing; other migrant-employing sectors, the health sector for more skilled migrants, but also agriculture, however have not been affected to the same extent. Although the

data are far from conclusive, it does seem likely that unemployed migrants from the construction, hospitality and manufacturing sectors may be moving to even less well-paid and more insecure jobs in agriculture. Thus, the recession may have brought about a reversal of an established pattern but at the same time sheds light on the coping strategies of the migrants themselves to adjust to the new economic realities and to survive through the recession in situ.

Increased numbers of unemployed and new entrants into the labour force are choosing to pursue further education. Enrolment in nursing in the United Kingdom, for example, has increased by 24 per cent in 2009 compared with a year earlier. Enrolment in hospitality, leisure, tourism and transport courses was up by 17.4 per cent and general engineering by 12.6 per cent. These are all fields in which skilled migrants from other countries have figured prominently. Thus, the increase in numbers of UK natives being trained in these fields may mean that fewer skilled workers in developing countries will be recruited to work in the UK or be able to find work overseas, thus reducing the pressures on ethical concerns around recruitment.

Russia is a destination for some 12 million migrants, the vast majority of whom come from CIS countries and Central Asia in particular. Given its low fertility and increasing mortality rates, the Russian population declined from 148 million in 1992 to 142 million in 2007 and without migration would have shrunk even more. Nevertheless, with an economy based upon the export of oil and gas, the current recession has hit the economy hard, with the number of unemployed increasing from 6 to 7.5 million in the first quarter of 2009 alone to represent 10 per cent of the labour force. More than 40 per cent of migrant workers were employed in the construction sector and have been particularly hard hit, yet their home economies in Central Asia are also weak. Those who have returned see no alternative but to go back to Russia or to try for jobs in other countries, such as the Republic of Korea or the Czech Republic, another example of coping strategies.

2.2 Countries of origin

Although much migration originates in the advanced economies, some 37 per cent of the world's 200 million international migrants move from countries in the Global South to the Global North and a further 24 per cent move within the south, often to middle-income developing economies. The impact of migration on development is going to be felt primarily in the countries of origin. Yet in those same countries, in terms of

migration management, policies and practices are going to be more reactive to the consequences of the recession, rather than proactive. So far, neither the number of return migrants nor the decline in remittances seem to have been, on their own, great enough to engender major problems across most of the developing world.

However, in common with countries of destination, countries of origin are also experiencing rising unemployment as demand for raw materials and for the products of labour-intensive manufacturing in the developed world has declined. For example, 8,100 lost their jobs in mining in Zambia in 2008, Kenya suffered a 35 per cent drop in exports of flowers, which has led directly or indirectly to a loss of 1,200 jobs, and a recorded 51,000 workers were laid off in the garment industry in Cambodia between September 2008 and March 2009.

What is not known is the impact of such rises in the number of jobless on migration. Data on migration are particularly weak for the developing world. Whether the new unemployed in the cities and economic processing zones of the developing world are migrants or were locally recruited is not known, although it would seem reasonable to assume that many were migrants. Whether the unemployed remain where they are, return to their towns or villages of origin or seek to move elsewhere, perhaps internationally, is again not known. Given the declining opportunities in the developed world, remaining in the cities, perhaps eking out a livelihood in the informal sector, or returning to their homes in the villages seem more likely options. Estimates have been made of between 10 and 20 million returnees from coastal industrial areas of southern China, where factories have reduced production as a result of the collapse of demand in the United States and Europe. China's policy response has been an enormous stimulus package of some US\$586 billion that will focus on increasing domestic demand. This will be spent on infrastructure, particularly roads, railways and airports and on raising rural incomes through land reform, as well as social welfare projects. The non-urban nature of some of this spending may be a factor in both alleviating the conditions for returnees to the countryside and encouraging them to go back in the first place. China still has a rapidly growing economy and vast foreign exchange reserves and presents a very different case from most developing countries. The Overseas Development Institute has generated estimates that show an expected doubling or tripling in the numbers of poor in a range of the poorest countries across the developing world as a result of the recession. Quite what the above trends imply for migration in a country like China or in much poorer parts of the world is as yet unknown.

The impact varies across gender. In the destination countries, the major impact of job losses for migrants fell on sectors in which males predominated, the construction and manufacturing sectors. In the more developed parts of the developing world, the impact falls on labour-intensive manufacturing and particularly the garment and footwear sectors in which women predominate. In the poorest countries, whose economies are based on raw material extraction, again males predominate. However, women will generally be the recipients of remittances and are likely to be affected by any prolonged downturn in remittance flows. Policy responses will have to be geared to the very specific contexts of the countries in question.

Not only do these countries have to deal with increases in the numbers of domestic unemployed and a rise in poverty but remittances from overseas are likely to decline markedly for countries such as Mexico, Moldova or Tajikistan, which are heavily dependent on migrant earnings overseas. Remittances have also been affected by the relative devaluation of the United States dollar and the ruble, the currencies in which so many migrants receive their remuneration. Given the deteriorating employment situation in much of the developed world, increasing out-migration in the hope of generating more remittances is not a policy option. Quite the reverse, countries of origin are faced with the prospect of having to absorb increasing numbers of their citizens who are returning after losing their jobs overseas.

While some migrants have returned to their home countries, the number of returnees as yet has been relatively small compared with the numbers working overseas. For example, 400 Indonesians were returned from Jordan in June 2009 from perhaps 30,000 Indonesians in that country, and these were removed for visa infringements rather than for any specific crisis-related issue. The number of Bangladeshis to be removed from Malaysia represented less than 10 per cent of the Bangladeshi migrant population in that country at the time. It is important to keep in mind that return is a normal part of all labour migration systems and there is little evidence that return is now significantly higher than might be expected. Nevertheless, a survey taken in Moldova in March 2009, a country profoundly affected by emigration, showed that about one quarter of those who had returned 'definitively' had done so because they had lost their job or because their salary had been terminated. Only 11 per cent of those who had returned "temporarily" had done so for these reasons.

The experience of previous recessions or 'shocks' to the international migration system may be instructive. Very large numbers of migrants returned home after the first Gulf conflict in 1990-91. Of the 1.18 million

who left Kuwait and Iraq, some 540,000 returned to Egypt and Jordan, 125,000 went back to India, 60,000 to Bangladesh and 53,000 to Pakistan. The fears of social unrest of the time never materialized and the majority were more concerned about re-migration than being absorbed into local labour markets. While it is dangerous to draw easy parallels, Tajiks who have returned home today are either just waiting for things to improve in Russia or to attempt to access less-affected markets such as in the Czech Republic or South Korea. Government information campaigns or the establishment of placement offices, perhaps with international assistance, might help in such cases. Data concerning the impact of migration after the 1997 Asian financial crisis showed that, after initial repatriations and declines in regional labour migration, the situation returned to renewed growth in numbers certainly within two years. Malaysia, after the initial large-scale expulsions of workers to Indonesia, was actively recruiting again within a matter of months. Studies of the aftermath of the impact of the 1973-74 oil shocks on migration to Europe showed that, again, after an initial sharp decline in the numbers of migrant workers and considerable homeward movements, migration resumed, although of a different type. The movement of workers was replaced by the migration of the families of those workers who had remained. In terms of policy, a switch from labour recruitment to integration was required.

3 Suggestions and proposals for policy makers

Perhaps the most important lesson to be learned is the need to distinguish long-term from short-term trends in the migration and development nexus. Migration is going to continue primarily because of deep inequalities in the global system. Certainly, new destinations emerge as rapidly growing economies that were once part of the developing world come to challenge traditional destinations in North America, Australasia and Europe. These economies to-date have been primarily located in East Asia but nuclei of rapid growth can also be identified in the Middle East, South Asia, Southern Africa and parts of Latin America. The migration to these areas, as well as to more traditional destinations, will resume once the current crisis is over. Hence, it is important for governments in both destination and origin countries not to embark upon policies only for the short term. Countries need to continue to prepare for the migrants they need after the crisis is over, and policies to restrict the entry of migrants to specific destinations may be misplaced. In terms of countries of origin, the available evidence suggests that worst-case scenarios of massive return and significant diminution of remittances are unlikely to happen.

That generalization made, however, it is also clear that no simple or single policy response can be appropriate. Huge variation exists among both destination and origin countries in terms of their patterns of migration and levels of development. Clearly, some points can be emphasized.

- There is a need for data sharing so that policy response can be based upon the best available evidence.
- Partnerships between origin and destination countries may be appropriate in order to coordinate the management of migration more successfully.
- Countries should consider the impact of the downturn on the migration and development nexus in their ongoing development work, and in their existing and planned future partnerships.

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