Overview

During the past decade, migration has increasingly been seen as having potential benefits for development, as well as significant risks and costs. Given this, how will the current economic downturn impact on migration’s potential contribution to development? This briefing explores this question by looking at how past economic crises have affected migration, and by considering the likely implications of the current financial crisis for the migration–development nexus. The prospect of rising unemployment among migrants, a possible decrease in migrant remittances, a rise in return migration and the further stigmatisation of migrant communities all threaten migration’s potential to aid development efforts. In closing, the briefing suggests policies to help sustain the migration–development nexus during the crisis.

Migrants and crises: past lessons

The two major financial crises which occurred in the latter half of the twentieth century – the Asian financial crisis of the late 1990s and the 1973 oil crisis – affected migration in distinct ways. The Asian financial crisis, which lasted from 1997 to 1999, had a relatively modest effect on migration in the region. Overall, few dramatic changes in the number of migrants in Asian economies appear to have occurred. Although the number of migrants fluctuated in some Asian countries, in other countries...
they steadily increased during the crisis (see Table 1). This was despite the fact that a number of governments sought either to deport guest-workers or to export their own unemployed to better-off economies in the region. Some sectors, including rice plantations and fisheries in Thailand and Malaysia, were completely dependent on migrant labour, and in these cases employers lobbied against migrant expulsion. Moreover, unemployed citizens in relatively better-off Asian countries were often poorly suited to carry out jobs normally filled by migrants, or chose not to do so as these jobs were seen as undesirable. Thus, indiscriminately deporting migrants could actually have exacerbated the crisis in some countries. Migrant rights were negatively affected by the economic downturn, however, as increasing numbers of migrants were employed under more exploitative conditions by employers eager to keep costs low.

By comparison, the 1973 oil crisis had more global repercussions, and indeed had far-reaching implications for migration. The formation of OPEC led to an economic boom in the Gulf countries, which have become migration destinations in the intervening decades, especially for workers from South Asia. Additionally, the post-crisis recession in Europe effectively ended the era of guest-worker immigration that had provided European businesses with a source of flexible labour in the 1960s. Following the crisis, large corporations began outsourcing production to developing regions, with these new industrial sites becoming destinations for migrants over time. However, the 1973 crisis did not result in large waves of return migration from Europe among non-European migrants. This was despite the fact that the recession in Europe had a hugely negative effect on migrant employment, as it greatly reduced production in sectors which employed migrant labour, including large-scale construction and manufacturing. While some migrants from European countries such as Spain and Portugal did opt to return home, other migrants – such as the large number of Turkish workers in Germany – were reluctant to leave, even given the difficult economic context in Europe.

**Migrants in advanced economies: return migration, migrant rights and remittances**

It seems likely that migration to advanced economies will decrease in response to the current financial crisis, and that some migrants will return home. In the UK, immigration from Poland for the summer of 2008 was at its lowest level since 2004 – down 36 per cent from 2007 – reflecting an overall decline in immigration to the UK. The UK has also recently tightened its immigration guidelines, making it more difficult for skilled migrants from outside the EU to get visas if they work as doctors, nurses or secondary-school teachers. However, there is no reason to assume that migrants in advanced economies will begin returning home en masse as a result of the crisis, as some migrants have compelling reasons to stay – particularly if economic prospects at home remain dim.

Indeed, migrants who have invested large sums of money in order to migrate to the UK or other advanced economies in order to earn higher wages are likely to try to wait out the crisis rather than return home empty-handed. In the case of ‘irregular’ migrants who are in some way in violation of immigration rules, there are often significant barriers they must overcome in order to return home, such as access to transit documents. Migrants who remain abroad will be in an increasingly precarious position, however, with fewer opportunities for employment and the possibility of greater stigmatisation – potentially resulting in abuse, discrimination or deportation. Here, the need to devise innovative approaches to ensure social protection for migrants is paramount.

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Table 1: Official estimates of the total number of foreign workers in Asian economies, 1996-2000

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<tbody>
<tr>
<td>Taiwan</td>
<td>—</td>
<td>245,697</td>
<td>255,606</td>
<td>278,000</td>
<td>326,515</td>
</tr>
<tr>
<td>Hong Kong*</td>
<td>164,300</td>
<td>171,000</td>
<td>180,600</td>
<td>193,700</td>
<td>216,790</td>
</tr>
<tr>
<td>Japan**</td>
<td>610,000</td>
<td>630,000</td>
<td>660,000</td>
<td>670,000</td>
<td>710,000</td>
</tr>
<tr>
<td>South Korea**</td>
<td>210,494</td>
<td>245,399</td>
<td>157,689</td>
<td>217,384</td>
<td>285,506</td>
</tr>
<tr>
<td>Singapore</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>530,000</td>
<td>612,233</td>
</tr>
<tr>
<td>Indonesia***</td>
<td>24,868</td>
<td>24,359</td>
<td>21,207</td>
<td>14,863</td>
<td>16,836</td>
</tr>
<tr>
<td>Malaysia**</td>
<td>745,239</td>
<td>1,471,645</td>
<td>1,127,652</td>
<td>818,677</td>
<td>799,685</td>
</tr>
<tr>
<td>Philippines***</td>
<td>4,333</td>
<td>6,055</td>
<td>5,335</td>
<td>5,956</td>
<td>—</td>
</tr>
<tr>
<td>Thailand**</td>
<td>1,033,863</td>
<td>1,125,780</td>
<td>1,103,546</td>
<td>1,089,656</td>
<td>1,102,612</td>
</tr>
<tr>
<td>China***</td>
<td>80,000</td>
<td>82,000</td>
<td>83,000</td>
<td>85,000</td>
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</tbody>
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Notes: *Indicates an estimate of foreign domestic workers only, not highly skilled workers; **Includes estimate of undocumented workers; ***Estimate of foreign experts only, primarily professionals, the highly skilled and teachers.
In addition, there has been some discussion that the economic downturn will be a blow to migrant remittances, which have been identified as a key source of external capital for developing countries in the past decade. A Pew Hispanic Center study conducted in the US found that 70 per cent of migrants surveyed had sent less money home in 2008 than in 2007, a trend which could have significant consequences for families back home who are dependent on these funds. However, despite rising unemployment and fluctuating international exchange rates largely unfavourable to developing countries, the World Bank predicted in November 2008 that global migrant remittances will decrease by just 0.9 per cent in 2009 – to US$280 billion – down from US$283 billion in 2008. Or, in the World Bank’s ‘worst case scenario’, remittances will decrease by 6 per cent worldwide in 2009 to US$267 billion, before rebounding in 2010. This fairly optimistic prediction is based on the assumption that migrants are unlikely to return home in large numbers, and that they will continue to send money to their families even if they experience significant reductions in their income. Some caution is needed here, however, as it remains uncertain how severe the financial crisis will become – and how acutely it will affect migrants’ income levels.

Developing countries are already being affected by the financial crisis, even in cases where their financial systems are relatively insulated from the sub-prime mortgage assets that triggered the financial crisis in advanced economies. The secondary effects of the crisis are playing themselves out in many developing countries, including a steep fall in export demand, which is expected to be followed this year by a drop in FDI and possibly a decrease in both overseas development aid and migrant remittances. Industrial centres in the developing world have been affected, with reports from South America, South Asia and China of manufacturing firms firing employees as a result of declining export demand. China’s export sector has been particularly hard-hit, with an estimated 10 million workers losing their jobs in the final months of 2008, many of them internal migrants who have moved from rural areas to work in urban production centres. An estimated 188 million migrants travelled home for the Chinese New Year holiday at the end of January 2009 and the government used this opportunity to reach out to those who have lost their jobs, offering migrants training so that they could begin entrepreneurial ventures in rural areas. The Chinese government is also providing subsidies to the poorest rural families, and has announced a £400 billion stimulus package that will focus on infrastructure development.

Export processing zones in India have also been affected by the large drop in demand for their products. University of Sussex researchers currently conducting fieldwork in Tiruppur have witnessed first-hand the impact of this drop in demand. The city is a textile manufacturing hub in Tamil Nadu state where many employees are internal migrants from nearby villages. Even before the financial crisis, jobs for migrant workers in the textile sector were insecure, and many people were employed on an irregular basis. The erratic nature of employment in the sector is being further exacerbated by the crisis – although it is unclear whether this will encourage migrants to return home. Unlike in China, the Indian government has not put in place a wide-reaching stimulus package, instead providing aid only for financial institutions. The contrasting examples of India and China show that migrants are likely to face different challenges as the crisis unfolds, depending not only on government responses to the downturn, but also whether their work is directly affected by fallout from the crisis.

Implications for migration in the developing world

In addition to holding potential benefits for development, migration also carries with it significant risks and costs for many migrants, and these may be exacerbated in various ways by the current financial crisis.

• In both advanced economies and developing countries, governments and civil society groups should work to ensure that migrant rights are not eroded. ‘Decent work’ principles, as defined by the International Labour Organisation, should be practiced in sectors which employ migrant workers.

• Civil society groups should challenge the stigmatisation of migrant workers. If migrant return programmes are initiated by governments, these should ensure that migrants are treated with dignity and given proper assistance upon return.

• In developing countries, there is a risk that migrants may be less able to find work, leading to increasing insecurity. Governments and development NGOs should aim to provide migrants with adequate social protection and to provide unemployed migrants with access to services and skills training.
Migration and past crises:


Remittances:


Impact of the crisis on the Global South:


UK immigration trends:


The Migration DRC aims to promote policy approaches that will help to maximise the potential benefits of migration for poor people, whilst minimising its risks and costs. Since 2003, the Migration DRC has undertaken a programme of research, capacity-building, training and promotion of dialogue to provide the strong evidential and conceptual bases needed for such policy approaches. This knowledge has also been shared with poor migrants, with the aim of contributing both directly and indirectly to the elimination of poverty. The Migration DRC is funded by the UK Government's Department for International Development, although the views expressed in this policy briefing do not express DFID’s official policy.

How to Contact Us

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