

Update 1 – February 2009

Migration and the Global Financial Crisis: A Virtual Symposium

Update 1.A: An Overview by Stephen Castles

A Virtual Symposium

The 4th edition of [*The Age of Migration*](#) was written before the extent of the current global financial crisis had become evident. The book therefore does not discuss the actual and potential effects of the crisis on international migration, and on related topics like integration, xenophobia and remittances. The book's companion website allows us to do this now. This update provides information and analysis on the effects of the crisis on migration.

At this stage the evidence on the impacts of the crisis is still very fragmentary, although some valuable reports and articles are beginning to appear. The following are a small selection of many: (Barboza, 2009; del Barco, 2009; Chamie, 2009; Garson, J.-P., 2009; Migration DRC, 2009; Miller, T., 2009; Papademetriou and Terrazas, 2009; Ratha *et al.*, 2008; Reuters, 2009; The Economist, 2009; Trinity Immigration Initiative, 2008). Many of the websites listed on the **Weblinks page** of this site have also posted information and analysis.

In order to get a better idea of the possible consequences of the global financial crisis on migration, I wrote in mid-December 2008 to some leading migration experts around the world, and asked them to take part in a 'virtual symposium' on the topic. I have received many replies: Professor [Roger Zetter](#), Director of the Refugee Studies Centre at Oxford University has provided a short paper outlining consequences for forced migration – see [Update 1B](#); Professor [Philip Martin](#) of the Department of Agricultural and Resource Economics at the University of California, Davis, has written a very valuable global overview of the state of knowledge on the effects of the crisis on labour migration and remittances – see [Update 1C](#).

Dr Manolo Abella (Chief Technical Adviser at the [ILO Asian Regional Programme on Governance of Labour Migration, Bangkok](#)) and Geoffrey Ducanes (Research Officer for the same project) have kindly allowed us post their *Technical Note on the Effect of the Global Economic Crisis on Asian Migrant Workers and Governments' Responses* – see [Update 1D](#). We have also been given permission to

post *Migration and the Economic Downturn: what to Expect from the European Union*, by Demetios G. Papademetriou, Madelaine Sumption and Will Somerville of the [Migration Policy Institute, Washington DC](#) – see [Update 1E](#). [Dr Franck Düvell](#), a Senior Researcher at the Centre on Migration, Policy and Society (COMPAS), University of Oxford has written a special paper on *The Crisis and its Possible Impact on Global Migration* ([Update 1F](#)). Dr Piotr Plewa of the Department of Political Science and International Relations of the University of Delaware, USA has contributed a paper on *The 2008/2009 Financial Crisis: A False Start For Czech Foreign Worker Admissions?* – see [Update 1G](#)

Other analysts have sent me briefer information and references to a range of relevant publications – see [Update 1H](#). Yet others have promised to send special papers in the near future – these will be posted on *The Age of Migration website* as soon as they come.

The Effects of the Global Financial Crisis on Migration

In my view is important to distinguish between short- and long-term effects of the crisis on migration and integration. Short-term effects mentioned in some of the reports include:

- Return migration of some migrant workers to their homelands as a reaction to unemployment or lower earnings (this has been observed in the case of Polish workers in Britain and Ireland).
- Reduced levels of migration from origin countries to destination countries.
- Attempts by governments to provide incentives to unemployed migrant workers to leave (e.g. Spain), with mixed success.
- Specially large declines in irregular migration, which is especially sensitive to availability of jobs (observed in the case of Mexico-US migration).
- Reduced remittances (money transfers) from migrants to their home communities, leading to possible hardship in communities dependent on such transfers.
- Increased hostility to migrants among majority populations, leading in some cases to conflicts and violence.

However, long-term effects may be rather different and to understand the potential impacts it is useful to look at historical precedents:

- The world economic crisis of the 1930s led to a massive decline of international labour migration, and to return (sometimes compulsory) of many migrants from countries like the USA and France (see Chapters 4 and 12 of *The Age of Migration*). However, some of the decline was actually the result of restrictionist policies adopted during and after WWI. For instance in the USA, the ‘nativist movement’ campaigned against immigration, and major restrictions were introduced in the early 1920s. In any case, many migrants did not return home in the 1930s, but settled and became members of the permanent population of receiving countries.
- The recession following the ‘Oil Crisis’ of 1973 (when OPEC states rapidly increased oil prices) had enormous consequences for migration, but hardly anyone predicted them. ‘Guestworker migration’ ended in Europe, and processes of family reunion and permanent settlement started, leading to the formation of new long-term ethnic minorities. Large corporations developed strategies of capital export and a ‘new international division of labour’, which led to the emergence of new industrial centres especially in Asia and Latin America – and in the long run to new flows of labour migration. The recycling of petro-dollars was the basis for an economic boom in oil states. In some cases (such as Dubai and other Gulf states) this led to long-term economic development; in others – like Nigeria – the oil profits were dissipated in corruption and luxury consumption by the elite, with few long-term benefits. All-in-all, the 1973 crisis was a major turning point in global migration.
- The effects of the 1997-99 Asian financial crisis were more modest. Several governments introduced policies of national labour preference and sought to expel migrants – especially undocumented workers. In some cases, migrants were scapegoated for unemployment and other social ills – like epidemics and criminality. However, employers (for instance in the Malaysian plantation industry) quickly discovered that many nationals were unwilling to take on ‘migrant jobs’, even in a recession. Such employers demanded an end to expulsion policies. In any case, the interruption to economic growth in Asia was only short-lived – after 1999 migration grew again and reached new heights.

The lesson from these examples is that the effects of economic downturns on migration are complex and hard to predict. The current crisis may have deep-reaching effects that we cannot foresee. It is probably mistaken to believe that migrants will serve as a sort of safety valve for developed economies, by providing labour in times of expansion and going away in times of recession. When economic conditions get

bad in rich countries they may be even worse in poorer origin countries. Moreover, migrants are not just economic actors, who follow income maximisation motives. They are social beings, who put down roots and form relationships in new countries. At times of recession, the motivation to migrate may be even higher than before, and remittances may prove a resilient form of international transfer, because of migrants' obligations to their families. Finally, global economic inequality and the demographic imbalances between the ageing populations of the North and the large cohorts of working age persons in the South will remain important factors in generating future migration.

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