The Impact of Financial Crises on International Migration: Lessons Learned

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INTRODUCTION

International migration is an integral part of the global economy. Growing disparities in development; the global jobs crisis; the segmentation of labour markets; revolutions in transportation and communications; and a burgeoning migration industry combine to explain why there is an unprecedented number of migrants in the world today, over 200 million. There are about 86 million migrant workers worldwide, remitting over USD 200 billion each year. The net annual contribution of migrant labour to the global economy is estimated to be hundreds of billions of US dollars. A scarcity of highly skilled workers has created a global competition for talent. At the opposite end of the skills ladder, demand continues to grow for low-skilled workers within increasingly segmented economies, and in many countries entire economic sectors such as agriculture, extractive industries, manufacturing and domestic services depend on migrant labour. Irregular migration has also expanded, in part in response to growing demand for unregulated labour, and in part as a result of the growth of the migrant smuggling and human trafficking industries. Given the integration of international migration in the global economy, it is unsurprising that shocks to the global economic system such as the current global financial crisis will impact migration. Equally these impacts can be expected in turn to have economic, social and political ramifications, especially for states where there are significant numbers of migrants and a structural dependency on migrant labour. The challenge is to discern exactly what these impacts are, and how national policy should most appropriately respond.

There is no question that the current global financial crisis is impacting migration patterns and processes around the world.[1] A reduction in migration flows globally has been reported; in particular, declines in irregular migration flows have been observed in some regions.[2] The World Bank has reported a slowdown in the rate of increase of remittances on a global level,[3] although with important regional variations.[4] There are regular reports from around the world of migrant workers being laid off, including Indians in Dubai, Mexicans in the USA, Filipinos in Taiwan Province of China, as well as internal rural-urban migrants in China. While some migrant workers are apparently returning home (e.g. Polish workers from the UK and Ireland[5]), others are staying, in many cases in an irregular manner (e.g. Tajiks in Russia). Sporadic incidents of violence against migrants have also been reported, possibly indicating increasing hostility towards migrants among majority populations.[6]

Whether and how to respond to these migration impacts poses a number of problems for policymakers. First, the length and the depth of the financial crisis is not yet clear. This will influence not just the impact on migration, but also the extent to which policymakers should prioritize migration above other impacts and will have the necessary resources to devise and implement new policies. Second, systematic evidence on the impact of the financial crisis on migration is not available, in part because the impacts are complex and vary across economic sectors, migrant types, countries and regions; and in part because there is a time-lag for data on migration and remittances. Third, it is too soon to make an objective assessment of the effectiveness of the migration policies that have already been introduced in certain countries in response to the global financial crisis.[7]

In light of these uncertainties, and given the many other impacts the global financial crisis is having, for example, on global GDP growth,[8] unemployment levels,[9] humanitarian emergencies,[10] and efforts to achieve the Millennium Development Goals, it would be an understandable reaction to de-prioritize migration in planning responses to the crisis. Yet at the same time, many governments are nevertheless under increasing pressure from voters to manage migration in order to try to alleviate the effects of the global financial crisis on local workers.

Against this background, the purpose of this report is to consider the lessons for migration policy to be learned from the five major financial crises of the twentieth century, namely the Great Depression of the 1930s, the Oil Crisis of 1973, the Asian financial crisis of 1997-99, the financial crisis in Russia at the end of 1998, and the Latin American financial crisis of 1998-2002.

The report has four main sections. The next section provides a brief overview of the five crises considered in this report, and posts a series of reservations concerning the extent to which the migration experiences and policies of these earlier financial crises are directly applicable to the current context. The following section assesses the impact of earlier crises on migration patterns and processes, for migrant workers and their families, and for origin and destination economies and societies. Section 4 develops a simple typology for categorizing the policy responses that affected migrants and migration in the context of earlier crises, describes the various policies adopted, and considers evidence on their effectiveness.

The final section of the report draws ten broad lessons for migration policy in response to the global financial crisis, as follows:

- Migration impacts are significant during financial crises, but not always for the reasons expected.
- Migration trends tend to be resilient even during financial crises.
- Financial crises have an impact on migration and development through a reduction in remittances, the acceleration of the 'brain drain', the flight of highly skilled expatriates, and where large-scale returns occur.

- Financial crises do not necessarily result in an increase in irregular migration flows, but are associated with an increase in irregular migrant stocks. It is unclear what the implications are for migrant smuggling and human trafficking.
- Migrant workers require protection during financial crises, not only because of unemployment but also because of deteriorating conditions and exploitation at work.
- Particular attention in migrant-sending states is required on protecting overseas migrant workers, cooperating on the return of irregular migrants, and preparing for large-scale return and reintegration. Labour export strategies can have unintended consequences.
- Policies in migrant-receiving states should be based on sound economic evidence and should be consistent. Increasing restrictions have unintended consequences.
- International cooperation on migration is essential.
- Financial crises can represent new opportunities.
- The impact of the global financial crisis needs to be monitored.

Learning lessons from previous financial crises

The five major financial crises of the twentieth century all had significant implications for migrants, migration, and migration policy. At the same time, the very different global context and circumstances of the contemporary global financial crisis means that it can be difficult to apply directly lessons from these previous crises.

Five financial crises of the twentieth century

The Great Depression was a worldwide economic downturn starting in most places in 1929 and ending at different times in the 1930s and 1940s for different countries. It was triggered by a financial crisis – a sudden, total collapse in the stock market – but had deeper underlying structural causes such as Britain's decision to return to the Gold Standard at pre-World War 1 parities, over-indebtedness, and inflation. International trade was reduced by between one-half and two-thirds, construction was virtually halted in many countries, and primary sector industries such as farming, mining and logging were particularly hard-hit. Unemployment rates reached over 25 per cent in Australia, Canada, Germany, and the USA; while France and Japan were less affected. As detailed below, the Great Depression resulted in massive repatriations of Latin Americans from the USA, and the introduction of highly restrictive immigration policies in a number of industrialized countries such as France and Canada.

The 1973 Oil Crisis started on 15 October 1973, when the members of the Organization of Arab Petroleum Exporting Countries or the OAPEC (consisting of the Arab members of OPEC plus Egypt and Syria) proclaimed an oil embargo in response to the US decision to re-supply the Israeli military during the Yom Kippur war. This followed several years of steep income declines after the end of Bretton Woods. The consequent increase in the price of oil led to the massive accumulation of wealth by oil exporting states, but huge inflation in oil importing states; a global recession; and a global stock market crash. The 1973 oil crisis has been identified as a major turning point in global migration patterns and policies.[11]

The Asian financial crisis began in July 1997 in Thailand with the financial collapse of the Thai baht. As the crisis spread, most of South-East Asia and Japan experienced slumping currencies, devalued stock markets, a reduction in asset prices, and a precipitous rise in private debt.[12] The migration implications of the crisis were modest, although several governments introduced policies of national labour preference and sought to expel migrants. One reason the migration impacts of the crisis were modest was that the crisis was relatively short-lived, and economic growth in the region resumed quickly.

Although the impact of the Asian financial crisis was largely limited to the region, one of the wider implications was a sharp reduction in the price of oil (which reached a low of USD 8 per barrel by the end of 1998). The reduction in oil revenue contributed to the 1998 Russian financial crisis (also called the ‘Ruble Crisis’), because oil was a major source of government tax revenue. Inflation in Russia reached 84 per cent in 1998 and welfare costs grew considerably. Prices for almost all Russian food items doubled. As explained below, one of the implications of the Russian financial crisis was an increase in emigration and ‘brain drain’ from Russia.

Another implication of the Asian financial crisis was a reluctance of international investors to lend to developing countries, and this was one of the contributing factors to the financial crisis in Argentina and Brazil (the Latin American financial crisis) between 1998 and 2002. In Argentina, real wages fell by 67 per cent in dollar terms; unemployment rose from 12 per cent to 18 per cent between October 1998 and October 2002; and the number of households below the poverty line in the capital Buenos Aires rose to 42 per cent. The gravity of the crisis led to a major exodus.

Comparisons with the global financial crisis

A number of reservations need to be posted in trying to learn lessons from the impact of previous financial crises on migration for contemporary responses to the global financial crisis, related to the nature of the crisis itself; the changing context for migration policy-making; a shortage of data and research on earlier crises; and the difficulties of analysing policy impacts (Table 1).

TABLE 1: LIMITS ON LEARNING LESSONS

Nature of the crisis	Context for migration policy-making	Shortage of data and research	Analysing policy impacts
• Global as opposed to regional impacts • Uncertainties regarding length and depth • Cumulative as opposed to overnight shock • Impact on oil-rich states • Different global economic setting especially for developing countries	• Growing significance of migrant labour for the global economy • Greater dependence on remittances • Migration-security nexus	• Shortage of data outside the Oil Crisis and Asian financial crisis • Very little evidence on remittances, integration and social protection • Poor disaggregation of existing data	• Distinguishing policies that directly target migrants and migration • Distinguishing new policies from continuations of existing policy directions • Establishing causal relationships especially for unintended consequences

First, there are limits to the extent to which the current global financial crisis is comparable to earlier crises. While all of those earlier crises had global ramifications,[13] their impact was most keenly observed at the regional level. During earlier recessions, one region tended to benefit economically at the expense of another, thus allowing migrants to shift to alternative destinations.[14] In contrast, the current crisis takes place in a world more interconnected than ever before, and is predicted to have impacts on global migration patterns and trends. In addition, it is too early to gauge how long and deep the current crisis will be, and whether, for example, it is more appropriately compared with the relatively short-term and acute recession resulting from the Asian financial crisis, or the longer-term and chronic depression in the 1930s. The evolution of the current financial crisis is also relevant. It is evolving in a cumulative manner, whereas the Oil Crisis of 1973, for example, was an overnight shock to the economic system. Another important difference when comparing the current crisis with the Oil Crisis is its effect on oil-rich states, which benefited directly in the 1970s but are being negatively impacted today. Given the size of the migrant workforce in the Middle East, this is significant. Finally, in comparison with the crises of the 1990s that came at the end of a decade of substantial economic growth, expansion, and poverty reduction in the affected regions, the current crisis has compounded the effects of rising food prices and unstable commodity exports for developing countries.[15]

Second, migration policy-making takes place today in a very different context than it has previously. The global economy is more dependent on migrant labour than ever before, especially in certain sectors. There is a greater dependence on remittances at the individual and household, subregional, and even national level in some poor countries. International migration has also become more explicitly integrated into debates about national security, and is now a foreign policy concern in many states. In other words, migration impacts are likely to have wider ramifications than before, and it is more important than ever that migration policies are sensitive to the wider political, economic and social context for international migration.

A third reservation is that there is limited evidence on the migration impacts of earlier financial crises. With the exception of the Oil Crisis and the Asian financial crisis, there is very little data or research on the migration impacts of the crises reviewed here, and in particular of policy responses to them. Even for those cases where data are available, they are limited. There are some estimates, for example, on migrant flows and stocks of foreign workers, but virtually no evidence on other important issues such as remittances, integration and social protection. There is some disaggregation of the existing data according to economic sector, but more detailed disaggregration, for example, on the basis of gender, age or nationality is largely missing. The analysis of policy responses is also very patchy.[16]

Finally, analysing the impact of policy is tricky, and not only in the migration context. In the cases reviewed for this report, it can be difficult to distinguish policies that directly target migrants and migration, from those with a different target that had indirect or unintended consequences for migrants and migration. It can also be hard to distinguish policies that represented a new direction in response to crisis, from those that were simply continuations of existing policy directions. Especially where policies have had unintended consequences, and especially when those consequences only emerged a significant period after the policy was implemented, it can also be difficult to establish a causal link or relationship. It is also worth noting that in the case of several crises reviewed here, there were no direct migration policy responses, one reason being that the crises were very short-lived.

Assessing the migration impact of previous financial crises

Even when there are data available to demonstrate a shift in migration patterns and processes during earlier financial crises, it can be hard to separate out from the existing data the ‘crisis impact’ from the impact of deeper structural changes.[17] To some extent, for example, the reduction in international migration in the aftermath of the Great Depression was the result of restrictionist policies adopted during and after the First World War.[18] By the time of the Asian financial crisis, significant shifts in labour force composition were already underway in most East Asian economies as a result of a decade of expansion and growth.[19] In Russia, the financial crisis appeared to accelerate existing trends in out-migration by the highly skilled. The Latin American financial crisis exacerbated the ‘brain drain’ of skilled and educated Argentinians that had begun in the 1970s as a result of political repression.

Migration patterns and processes

The Great Depression rapidly accelerated the decline in international labour migration that began in 1918.[20] In Canada, for example, the number of landed immigrants was reduced from 166,783 in 1928 to 14,382 in 1933.[21] (The Great Depression has also been cited as one reason why Canada admitted such a small number – around 5,000 – of Jewish refugees from Germany during the 1930s, although compounded by widespread anti-Semitism in Canada, the lack of a refugee policy in the country, and the lack of influence of the Jewish community there).

Besides recruiting fewer foreign workers, a number of countries also repatriated large numbers during the Great Depression. According to the federal census, there were approximately 1.5 million Latinos in the continental US at the time of the Great Depression in 1930, the majority of whom were Mexicans and Mexican-Americans. Between 1929 and 1937, some 450,000 persons of Mexican origin repatriated from the US to Mexico, comprising almost half the Mexican-origin population in the US at the time. Tens of thousands of Puerto Ricans also returned from the mainland to the island between 1930 and 1934.[22] These movements were triggered by a shortage of work, but exacerbated by rising xenophobia. In France, after a period of significant labour migration during the 1920s which bucked the trend in the rest of Western Europe, there was also large-scale sacking and deportation of foreign workers in the early 1930s. It has been estimated that the foreign population reduced by half a million by 1936.

The Oil Crisis had enormous consequences for global migration patterns, although hardly anyone predicted them. ‘Guest worker migration’ ended in Europe as a result of recession and rising unemployment there, and processes of family reunion and permanent settlement started, leading to the formation of new long-term ethnic minorities.[23] Large-scale returns from Europe did not occur, however, largely because origin countries for many migrants in Western Europe were also suffering from oil-price linked recessions and the social safety net was stronger where they were than at home.[24]

One of the unintended consequences of the severe restrictions on labour migration into Europe that was triggered by the Oil Crisis and continued through the 1980s and 1990s is considered by many analysts to be the growth first in 'bogus' asylum claims, and later in irregular migration. This occurred as migrants sought to enter Europe and access the labour market – where there were still opportunities for work in certain sectors and under certain conditions – through alternative migration channels. In this context, furthermore, the businesses of migrant smuggling and human trafficking have flourished.

The recession following the Oil Crisis also triggered the development by large corporations of strategies of capital export, contributing to the development of a 'new international division of labour' during which production processes were relocated from developed countries (e.g. the USA, Europe and Japan) to developing countries in Asia (e.g. China, Viet Nam and India) and Latin America. This was because companies were searching for the cheapest locations to manufacture and assemble components; hence, shifting low-cost labour-intensive parts of the manufacturing process to the developing world where costs were substantially lower. From 1953 to the late 1990s, the industrialized economies' share of world manufacturing output declined from 95 per cent to 77 per cent, while the developing economies' share more than quadrupled from 5 per cent to 23 per cent.[25] This process led to the emergence of new industrial centres especially in Asia and Latin America, and new flows of labour migration within those regions.

Another migration implication of the Oil Crisis was the beginning of a new guest worker era in the Middle East, as governments used sharply higher oil revenue to build infrastructure and housing, and expand the economy.[26] During the 1970s, most migrants were Arabs, mainly Egyptians, Yemenis, Palestinians, Jordanians, Lebanese and Sudanese.[27]

In contrast, official estimates on the number of foreign workers in Asian economies during the period of the financial crisis in the region demonstrate, with the exception of South Korea, and to a lesser extent Malaysia and Indonesia, little direct impact on migrant stocks (Table 2). Indeed, an overall assessment that was made five years after the end of the crisis showed that although there were national variations, on the whole, the impact of the crisis on basic patterns of migration in the region were not marked.[28] At the same time, it is important to note that these official estimates do not include irregular migrants, at least half a million of whom were deported from Malaysia and Thailand alone during and in the aftermath of the crisis.

TABLE 2: OFFICIAL ESTIMATES OF THE TOTAL NUMBER OF FOREIGN WORKERS IN ASIAN ECONOMIES, 1997-2000

	1997	1998	1999	2000
Taiwan Province of China	245,697	255,606	278,000	326,515
Hong Kong SAR	171,000	180,600	193,700	216,790
Japan	630,000	660,000	670,000	710,000
South Korea	245,399	157,689	217,384	285,506
Singapore	-	-	530,000	612,233
Indonesia	24,359	21,307	14,863	16,836

Source: Skeldon (2004)

A specific migration process reported during the Asian financial crisis was increasing exploitation by 'middle men' or agents, taking advantage of increased demand in countries most affected by the crisis to migrate elsewhere for work. A number of employment agencies in Indonesia, for example, were investigated for exorbitant charges to place maids in Hong Kong SAR (Hong Kong Special Administrative Region of China). Increasing profits for recruitment agencies were also reported in the case of Thailand.[29]

The 1998 financial crisis in Russia had an immediate effect on migration patterns. Between the break up of the Soviet Union at the end of 1991 and the onset of the Russian financial crisis, Russia, Ukraine and Belarus were the only former Soviet Union states where more people arrived than left. Russia received 5.5 million legal migrants between 1992 and 1998, while 2.5 million left over the same period. While net migration in Russia had declined after 1994, it was still positive during the first eight months of 1998. Following the August financial crisis, however, the number of people leaving Russia in the last four months of 1998 increased by 18 per cent. The number of people migrating from Russia to Kazakhstan also increased in 1998, the first such increase in the 1990s. Emigration to Israel from Russia doubled in the first two months of 1999. In addition, many Russians in former Soviet states were reported to have postponed migrating to Russia because of the political and economic turmoil there.[30]

According to the National Migration Department of the Government of Argentina, 250,000 people left Argentina between 2000 and 2004 – compared to only 41,000 between 1993 and 1999. This enormous increase in out-migration has been largely explained in terms of the financial crisis in Argentina. It is estimated that some 60,000 Argentinians went to Spain between 2001 and 2002, and that some 110,000 Argentinians remained in Spain as irregular immigrants rather than return to Argentina during the financial crisis.[31] On a smaller scale, an upsurge in migration of Jews from Argentina and other Latin American countries was also reported in the US during the financial crisis, with 3,000 Argentine Jews arriving in Miami alone between 2000 and 2003.[32] Many of these Jewish migrants were professionals, and they formed part of what has been depicted as a 'brain drain' from Argentina resulting from the financial crisis.[33]

Migrant workers

Careful analysis is required in understanding the extent to which earlier financial crises resulted in unemployment for migrant workers. First, the impact of these crises across national economic sectors was uneven, meaning that even during a single crisis, in some countries they impacted economic sectors that employed large numbers of migrant workers, while in others they did not. This is well-illustrated in the case of the Asian financial crisis, for which reliable sectoral data are available (Table 3). In Thailand, for example, the construction and manufacturing sectors, in which migrant workers were over-represented, were hard-hit. Construction was especially affected as costs of production and interest rates rose, while manufacturing also slowed down because of the increasing costs of inputs from abroad. In contrast in Thailand, agriculture, also an important employer of migrant workers, was largely unaffected by the crisis.[34] However, in Indonesia, unemployment and underemployment rose dramatically in the agricultural (as well as construction) sector.[35] In Malaysia, the services sector, also an employer of large numbers of migrant workers, was generally unaffected. In Singapore, in the final quarter of 1997, 80 per cent of retrenchment was in manufacturing, while construction, which employed large amounts of foreign labour, was expanding, albeit at a slower rate than before.

TABLE 3: TRENDS IN UNEMPLOYMENT RATES ACROSS ECONOMIC SECTORS IN SELECTED EAST ASIAN COUNTRIES DURING THE ASIAN FINANCIAL CRISIS

	Agriculture	Construction	Manufacturing	Services
Indonesia	Rising unemployment	Rising unemployment	-	-
Malaysia	-	-	-	Steady unemployment
Singapore	-	Falling unemployment	Rising unemployment	-
Thailand	Falling unemployment	Rising unemployment	Rising unemployment	-

Impacts of the Asian financial crisis on highly skilled migrants were equally uneven. In Hong Kong SAR, the number of foreign professionals remained steady. Figures increased slightly in Malaysia and Thailand, but they halved from almost 60,000 to about 30,000 in Indonesia between 1996 and 1998.[36]

Second, however, even where economic sectors in which migrant workers are over-represented have been particularly affected by financial crises, it has not necessarily been the case that migrants have been disproportionately represented in lay-offs. During the Great Depression, for example, while large numbers of migrant workers were laid off in the construction and primary extractive industries, there is no evidence that migrant workers were disproportionately affected; it is reported that unemployment in most countries rose more sharply among native workers than migrant workers. Similarly, only 12 per cent of those retrenched across all sectors during the first quarter of 1998 in Malaysia were foreign labourers, although official retrenchment data do not include tens of thousands of documented migrants whose permits were not renewed on expiry, or undocumented migrants who were repatriated.[37] On balance, there is no evidence from any of the financial crises reviewed for this report of disproportionate unemployment among migrant workers. Neither is there evidence for a particular impact on migrant sub-groups. The impact on migrant women, for example, who were concentrated in Asian economies in service sectors that were largely unaffected by the crisis there, was relatively insignificant.

Third, especially in the context of earlier financial crises where certain regions of the world were relatively unaffected or even boomed as compared to others, unemployment in certain areas was balanced by new work opportunities elsewhere (although not necessarily for the same individuals). The Oil Crisis resulted especially in joblessness in manufacturing and construction in Western Europe, sectors that employed large numbers of migrants. At the same time, it resulted in new employment for migrant workers in booming oil-rich states in the Middle East. During the Latin American financial crisis, the sector particularly affected in Argentina was that comprising small and medium enterprises (SMEs), which employed significant proportions of migrant workers. However, in many cases, workers re-opened businesses on their own, in the form of worker-owned cooperatives.

A number of reasons have been suggested for the relative buoyancy of migrant worker employment during previous financial crises, even when sectors in which they are over-represented are hard-hit. One is that even during times of recession, there are certain jobs that native workers are unwilling to do – especially the so-called '3D' jobs that are dirty, dangerous, and difficult. A second reason is that migrant workers may be easier to exploit than native workers – for example, they may be willing to accept wage reductions or increases in work hours, and tend not to be heavily unionized.[38]

As a result, even though they may have kept their jobs, conditions for migrant workers have often been reported to have deteriorated during periods of financial crisis. Latino beet workers in Colorado, for example, saw their wages shrink from USD 27 per acre to USD 12 per acre in just three years during the Great Depression, a far greater reduction than that suffered by native workers. One implication was that increasing numbers of Latinas went to work to supplement family incomes.[39] It has been suggested that in Malaysia, many migrant workers were paid less during the Asian financial crisis.[40] In Japan, Singapore and Taiwan Province of China, while there was no significant reduction in demand for foreign workers, there were, as a result of the financial crisis, fewer opportunities for extra jobs and overtime reported for migrant workers. In Hong Kong SAR, wages for foreign domestic workers were frozen and there were reports of unfair termination.[41] In Malaysia, employer benefits were reduced, for example, in the construction industry, where accommodation that was previously usually provided as part of the employment package was cut back. In the same sector employers in Malaysia were also reported to have increased the workload and working hours of migrant workers.[42] It was also reported that migrant workers in several Asian countries were subjected to increasing surveillance. Indonesian workers in Malaysia, for example, were warned not to take part in demonstrations, otherwise they would be deported.

At the same time, conditions for those migrant workers who have lost their jobs have always been difficult. During the Asian financial crisis, for example, pressure to leave, either formally through government policy, or informally through police action, was placed on some unemployed migrant workers – especially the undocumented ones – particularly in Malaysia and Thailand. Migrant workers were reported to be particularly disadvantaged in accruing back wages from bankrupt firms. Overall it is reported that social protection for migrant workers laid off during the Asian crisis was poor.[43]

Host country economies and societies

The migration impacts of previous financial crises also had wider implications for certain host economies and societies. All of the financial crises considered here, for example, were reported to have indirectly fuelled xenophobia and inflamed existing tensions by creating more unemployment. In Canada, the Great Depression increased anti-Semitism and anti-immigrant sentiments.[44] There was also a rise in vigilantism in a number of US states. Self-deputized citizen groups took it upon themselves to round up and deport Latino immigrants during the period of the Great Depression – often without regard for their actual citizenship status. More positively, it has been suggested that the crisis politicized Latinos in the US, laying the foundations for the growth of a strong ethnic identity, greater community organizations, and more political mobilization.

During the Asian financial crisis, unemployment doubled in Hong Kong SAR, China, Malaysia, and Thailand; and tripled in Korea and Indonesia,[45] resulting in growing resentment towards migrant workers. Ethnic Chinese in Indonesia, in particular, became victims of xenophobia during the crisis, and it has been estimated that as many as 100,000 left Indonesia for Singapore, Malaysia, Hong Kong SAR and Australia in the years following the crisis.[46]

In the modern global economy, highly skilled migrants have an economic significance that far outweighs their numerical significance, and their departures set back countries like Indonesia in the global competition for skills. An indirect effect of the exodus of expatriates was also a reduction in demand for high-end services. The number of students studying overseas in other Asian countries as well as further afield also reduced, with implications for university revenues and also longer-term recruitment into the labour market of skilled workers. Flows of Malaysian students to the UK, for example, were severely reduced at the end of the 1990s.[47]

At the other end of the labour market, it was reported that a significant proportion of migrant workers laid off in Korea and Malaysia stayed rather than returned to their home countries, and worked in the informal economy, thus increasing the stock of irregular migrant workers. In Indonesia, for example, it is reported that employment in the informal sector rose by over 6 million in the years immediately following the Asian financial crisis.[48]

Finally, the Asian financial crisis also had significant impacts on internal migration.[49] In Thailand, for example, the contraction of production jobs in Bangkok triggered significant return migration to rural areas,[50] and was associated with social unrest there.

Origin country economies and societies

There is little research evidence on the migration impacts of previous financial crises for origin countries, but four issues do recur in existing literature. First, although there are no data available, it is reported that in several Asian and Latin American countries, remittances reduced during the crises in each of those regions, but apparently rebounded quickly afterwards. One reason is that migrant workers were impacted by restrictions placed on the purchase of foreign exchange in Latin American and Asian countries during those crises, thus limiting their ability to convert their wages to support families back home. Currency devaluations resulting from financial crises, such as the devaluation of the Korean won, also resulted in a significant reduction in earnings for migrant workers.[51]

Second, for countries of emigration such as the Philippines, the crisis disrupted the export of workers and prospective remittance flows, thus accentuating growing unemployment levels there. It has been estimated that job opportunities for Filipinos in Asia reduced by 94,000 between 1997 and 1999.[52]

Third, although returns did not take place at the rates initially feared, there were still significant returns in Asia during the financial crisis – around 300,000 from Burma to Thailand; 200,000 to Indonesia from Malaysia; and 100,000 from Malaysia to Bangladesh. None of these origin countries had policies in place to absorb these returnees, most of whom were not absorbed into the labour market. Although there is no evidence available, the return of large numbers of migrant workers during the Great Depression, for example from the USA to Mexico, placed significant strains on the labour market there.

Finally, the financial crisis in Russia at the end of 1998 accelerated the outflow of Russian Jews – often among the elite – to Israel, and more widely the outflow of educated, skilled, and moderate Russians, especially to the USA and Germany. During the same period, however, irregular migration to Russia was reported to have increased tenfold, although in many cases this was in the form of transit migration. The crisis has also been suggested to have been the final factor in bringing to an end central government control over the distribution of the Russian population internally.[53] The Latin American crisis also exacerbated the 'brain drain' from Argentina, a process that had begun during the era of political repression in the 1960s and 1970s.[54]

A typology of migrant impacts

The migration impact of previous financial crises therefore had demonstrable and significant impacts on global migration patterns and processes, migrant workers and their families, national and regional economies, and political stability. Table 4 provides a simple typology distinguishing economic, social and political impacts in migrant-sending and migrant-receiving states.

TABLE 4: A TYPOLOGY OF MIGRATION IMPACTS OF PREVIOUS FINANCIAL CRISES

	Migrant-sending states	Migrant-receiving states
Economic	• Increasing unemployment as a result of a loss of overseas placements for national workers (Philippines) • Increasing unemployment as a result of returns (Bangladesh, Indonesia, Thailand) • Brain drain (Argentina, Russia) • Reduction in remittances (Asia, Latin America)	• Increasing competition between migrant and national workers • Increases in irregular migration stocks (Korea, Malaysia) • Loss of highly-skilled expatriates (Indonesia) • Reductions in numbers of overseas students (UK)
Social	• Growing role of 'middle men' and migration agents (Indonesia, Thailand)	• Increasing rates of female employment (USA) • Exploitation of migrant workers (USA, Malaysia, Thailand) • Emergence of new long term ethnic minorities (Western Europe)
Political	• Undermining central government control over population distribution (Russia) • Social unrest resulting from returns of urban unemployed to rural areas (Thailand)	• Rise of xenophobia, anti-Semitism, vigilantism (Canada, France, USA, Indonesia, Thailand) • Increases in irregular migration flows (Western Europe, Russia) • Political mobilization of ethnic communities (USA)

It is worth reiterating that there are good reasons to suppose that the current global financial crisis will have a more significant impact on migrants and migration than previous crises, and that the migration impact will matter more today even than previously.[55]

Policy responses

In analysing policy responses to the migration impact of previous financial crises, it may be helpful to distinguish 'migration-specific' from 'migration-relevant' policies, the former targeting migrants and migration, the latter with a wider perspective but also affecting migrants.

It is also helpful to distinguish 'migrant-sending' from 'migrant-receiving' states, as both migration-specific and migration-relevant policies have differed across these broad categories (Table 5). In general terms, receiving countries have tended to respond to financial crises by the 'renationalization' of employment through prioritizing nationals over foreigners, while sending countries have responded through the 'internationalization' of their workforce to deal with unemployment.

TABLE 5: MIGRATION-SPECIFIC AND MIGRATION-RELEVANT POLICY RESPONSES TO ECONOMIC AND FINANCIAL CRISES IN MIGRANT-SENDING AND MIGRANT-RECEIVING STATES

	Migration-specific policies	Migration-relevant policies
Migrant-sending states	• Support for overseas workers • Placement services for potential migrant workers • Policies for reducing or reversing the 'brain drain'	• Assistance packages for displaced workers
Migrant-receiving states	• Reducing admission quotas • Freezes on work permit issues • Non-extension of visas • Dismissal of foreign workers • Redeployment of migrant labour • Raising levies on migrant workers and employers • Stricter enforcement of immigration laws • Stiffer sanctions on migrants and employers • Apprehensions, detention, and deportation • Voluntary and enforced return measures	• Employment promotion • Support for enterprises • Social protection • Strengthening international labour standards • Trade facilitation

In migrant-sending states, migration-specific policies have included bilateral agreements on access to overseas labour markets, placement services for potential migrant workers, and policies to reduce or reverse the 'brain drain'. There is no evidence for migrant-specific policies by sending states during the earlier crises covered here, presumably at least in part because it is only relatively recently that certain states have come to rely on exporting labour, and interest in remittances has increased.[56] Migration-relevant policies in sending states have included assistance packages for displaced workers. In migrant-receiving states, migration-specific responses have included labour market policies on foreign workers, enforcement, and returns. Migration-relevant responses have included employment promotion, support for enterprises, social protection, strengthening international labour standards,[57] and trade facilitation.

The first sub-section of this part considers some of the reasons why different countries have responded to the migration impacts of previous financial crises in different ways. Next, the main migration-specific policies in both migrant-sending and migrant-receiving states are reviewed in turn, and evidence on their effectiveness analysed. Finally, the relevance of migration-related policies are considered, again in both categories of country.

Policy choices

In many of the countries reviewed for this report, there were no migration-specific policy responses at the time of the financial crises that affected them, for a variety of reasons. In East Asia and, to a lesser extent, Latin America, the crises were short-lived and economies recovered sufficiently quickly not to require direct intervention on migration. In most East Asian countries, as described above, the impact on migrants and migration was relatively insignificant. In Russia, the crisis coincided with a period of significant reform in migration policy, and became just one more factor, in addition to the 'brain drain' and growing irregular migration, to be considered in devising a comprehensive approach.[58] Similarly, in Argentina, policies to reduce or reverse the 'brain drain' had commenced as early as the 1980s, but were boosted as a result of the financial crisis there.

In those states where migration-specific policy responses were developed in direct response to financial crises, it is worth considering the motivations of governments to do so. The role of public opinion is important. The government of France is reported to have introduced policies in favour of French workers during the Great Depression, largely as a result of growing public hostility towards foreigners.[59] One of the main reasons Malaysia and Thailand tried to expel migrant workers, as expanded below, was growing public pressure in response to rising unemployment rates for nationals in each country. Yet in both countries, there were sound economic reasons not to expel workers: unskilled foreign labour was not found primarily in those sectors most affected by the crisis; local labour proved unwilling to replace foreign labour particularly in the '3D' jobs; foreign labour exerted downward pressure on wages which benefited employers; and it was usually easier to maintain a compliant foreign labour force.[60] Faced with these competing political and economic pressures, both countries went ahead with some 'show' deportations in order to demonstrate that they were working in the best interests of local workers, but mass expulsions that had originally been planned did not take place.

In striking contrast to Malaysia and Thailand, the government of Singapore made a clear policy decision that retrenchment decisions should be based primarily on productivity rather than natonality.[61]

Indeed in all the East Asian countries affected by the Asian financial crisis, business was strongly opposed to cutting back migrant flows. In Thailand, representations were made especially by business in the western and southern border regions, which depended heavily on migrant workers.[62] In Korea, the case for retaining migrant workers was taken up mainly by small business, producing for the domestic market, and lobbying came especially from the Federation of Small Business.[63] In Malaysia, export-oriented manufacturing firms were most concerned about the effects of migrant cutbacks. Some analysts concluded that Asian tiger economies were structurally dependent on foreign workers before the crisis, but the fact that economic growth soon resumed meant that this hypothesis was not tested, as the number of migrant workers resumed its growth.[64]

Even in those countries where there were migration-specific policy responses, they cannot be generalized. Responses varied widely even within single regions affected by the same crisis, and even at times in individual states where the migration policy response evolved, at times in an inconsistent manner, during the crisis. This was particularly the case in Malaysia.[65]

Migration-specific policies in migrant-sending countries

In the context of the Asian financial crisis, traditional labour exporters, especially the Philippines, lobbied vigorously at the bilateral level to defend the jobs of overseas workers.[66] It has been estimated that no more than 50,000 Filipino workers out of many hundreds of thousands deployed in the region returned home as a result of retrenchments in host economies.[67] At the same time, the government of the Philippines intensified its search for overseas labour markets to cope with the crisis, targeting new destinations especially in the Middle East. Nevertheless, job opportunities for Filipinos in Asia reduced by 94,000 between 1997 and 1999.[68]

A number of countries in South-East Asia embarked on a new policy of labour export in response to the unemployment effect of the Asian financial crisis, including Thailand and Korea, both net importers of migrant workers during the 1990s. Thailand developed training programmes providing skills and language training, and support for processing applications. It simplified application procedures, for example reducing the approval process from 15 to seven days, and also reduced application costs. It started an information dissemination programme for potential overseas workers. The government also reduced demands for the minimum wage for overseas Thai workers, in effect entering into competition with other labour exporters such as the Philippines.[69] Korea also considered a similar change of strategy but found few destinations in Asia apart from Taiwan Province of China, and limited options for Korean workers outside the immediate region.

The Indonesian government also encouraged Indonesians to work abroad, focusing its efforts in particular on labour markets in Saudi Arabia, Malaysia, Singapore, Hong Kong SAR, the Philippines, Taiwan Province of China, and Korea.[70] It has been estimated that between 1999-2001, 1.4 million workers were exported from Indonesia. While this policy shift was therefore a success in terms of reducing unemployment in Indonesia and generating remittances, it has also been observed to result in rising rates of marriage dissolutions and declining fertility rates in Indonesia, and abuse overseas.[71]

As explained above, Argentina boosted its existing policies on reducing or reversing the 'brain drain' as a result of the acceleration of the departure of skilled and educated workers arising from the effects of the financial crisis there. The National Commission for the Return of Argentineans Abroad received additional funding, while the National Council of Scientific and Technological Research implemented a series of policies that targeted return, including paying moving and set-up costs for the returnee.[72]

Migration-specific policies in migrant-receiving countries

After a decade of labour immigration, the government of France clamped down on foreign workers in the labour market in the early 1930s and as a result of the effects of the Great Depression. In 1932, maximum quotas for foreign workers in firms were fixed. These were followed by laws permitting dismissal of foreign workers in sectors where there was unemployment. Many migrants were laid off as a result.[73]

France was also one of a number of European countries – another significant example was Germany – that significantly shifted its labour market policy on foreign workers as a result of the Oil Crisis. Specifically, as joblessness grew, especially in sectors such as manufacturing and construction that employed large numbers of migrants, guest-worker recruitment was stopped. To a very large extent this policy endured for 20 years, and it is only recently that European countries have begun to actively recruit foreign workers and consider new temporary migration programmes. Migrants who had been employed for over one year, however, were not obliged to depart – and return-bonus programmes in the early 1980s failed to persuade significant numbers to depart.[74] As it became clear that the guest-worker era was over, many migrants unified their families in Western Europe.

In response to the Asian financial crisis, a number of East Asian host countries developed labour market policies that specifically targeted migrant workers, although in most cases implementation was ineffective. One example of such a policy from Malaysia was an effort to redeploy migrant workers to try to respond to the uneven impact of the financial crisis across sectors, creating simultaneously unemployment in certain sectors and labour shortages in other sectors (see Table 2 above). In May 1998, the government of Malaysia announced that it would redeploy migrant workers laid off from the construction sector to the plantation sector (which needed 60,000 workers) and manufacturing sector (which needed 40,000 workers). In reality, however, very few workers were redeployed because of red tape, the unattractiveness of the work on offer, the unsuitability of the workers on offer to new employers, and opportunities to work undocumented, including in the construction sector.[75] Owing to the slow uptake, in October 1998 the government announced that 120,000 new migrant workers, mainly from Thailand and Indonesia, would be accepted in the plantation and manufacturing sectors.

Two other examples of migration-specific labour market policies are provided by the reaction of the government of Malaysia, and once again in both cases implementation was flawed. First, from July 1998 all foreign workers in Malaysia (with the exception of domestic maids) were obliged to contribute to the Employees' Provident Fund. Workers were required to contribute 11 per cent of their salary, and employers 12 per cent. This strategy was intended to reduce foreign exchange outflows and reduce the costs of migration for the government, while also making working conditions for foreign workers more stringent. In response, however, many employers were reported to have flouted the law by hiring undocumented migrant workers and, in some cases, under-declaring wages paid to migrant workers to reduce their own contributions.

At the same time, the government proposed additional new requirements for employers of foreign workers through raising levies on employing foreign workers from RM 1,200 for those in construction and manufacturing and RM 720 for those in services sector to a flat rate across all these sectors of RM 1,500 per year. The plan was never implemented, however, in response to lobbying from employers. In Singapore levies were introduced with more success, designed simultaneously to increase employment of skilled foreign workers and reduce employment of unskilled foreign workers by raising the levy on the unskilled from S$ 30 to S$ 470 a month and halved it to S$ 100 for the skilled.

History demonstrates that the introduction and enforcement of restrictive regulations on immigration has been a common response in migrant-receiving countries during financial crises. During the first few years of the Great Depression, the Canadian government adopted a number of such regulations (P.C. 1113 in 1929; P.C. 659 and 1957 in 1930; and P.C. 695 in 1931), the net effect of which was that by 1932, only Americans, British subjects and farmers with enough capital to start farming in Canada could be admitted.[76]

In the aftermath of the Oil Crisis there was a ramping up of enforcement measures and restrictions on migration to Western Europe, accelerating in later decades in response to rising numbers of asylum seekers and irregular migrants. While the crisis may have been the initial impetus, the policy therefore gathered momentum for other reasons.[77]

A number of countries across East and South-East Asia also introduced stricter enforcement of immigration laws and ordinances, border controls, and stiffer sanctions on migrants, employers, transporters and harbourers in response to the Asian financial crisis, targeting both inflows of irregular migrants and irregular migrant workers already present. In Malaysia, for example, the frequency of raids and spot checks was increased, and higher penalties were imposed on Malaysian nationals found to be assisting irregular migrants either to enter or remain in the country. Such initiatives resulted in a higher-than-usual number of apprehensions, detentions and deportations. More than 6,500 irregular migrant workers were detained in 1997, filling detention centres to capacity. In turn, to lessen detention, the authorities sought to speed up the processing time of detainees by shortening the investigation period from three months to two weeks. It is also reported that in the first quarter of 1998, 117 migrant smugglers were arrested and 20 immigration officers suspended.[78] The government of Malaysia, very controversially, also invoked the Internal Security Act to reduce the investigation process from three months to 14 days, leading to strong criticism from human rights activists.

Less stringent responses were seen in Hong Kong SAR, Taiwan Province of China and Japan, partly because their immigration laws were already tough, and partly because they did not face the immediate threat of massive influxes from Indonesia.

The government of Malaysia also strengthened enforcement of rules and regulations for foreign workers legally present. In particular, procedures for work permit renewals were tightened. For example, Malaysia established the Foreign Workers Medical Examination Monitoring Agency (FOMEMA) in 1998 to conduct annual medical examinations of all foreign workers. Foreign workers were only permitted to renew temporary work permits with a certificate of health from FOMEMA’s appointed doctors.[79] It has been estimated that for the first time in 20 years, a majority of some 1.5 million migrants in Malaysia were formally on contracts recognized by the government at the end of 1999.[80]

The return or deportation of migrant workers was a common response to the effects of the Great Depression in significant migrant-receiving states, including Canada, France and the US. Between 1930 and 1934, 16,765 immigrants were deported from Canada, having become ‘public charge’; by 1935 the number of deportations had reached more than 28,000. Grounds for deportation became more and more varied, and included union activities, membership in the Communist Party, medical reasons, and petty charges of criminality such as vagrancy. While many of the 450,000 or so Mexicans and Mexican-Americans who were repatriated from the US during the Great Depression went home voluntarily, tens of thousands were deported, variously by the federal government, state authorities, and vigilantes.

During the Asian financial crisis, return policies were proposed both for temporary migrant workers and irregular migrants. The strongest calls for the return of temporary workers were in Korea, Malaysia and Thailand. However, economic realities quickly overcame the rhetoric. At the beginning of 1998, Malaysia announced the repatriation of almost 1 million foreign workers by August 1998, comprising 200,000 migrant workers who were expected to be laid off in the construction sector and over 700,000 migrant workers whose permits would not be renewed. However, this policy was reversed in July 1998 when it became clear that foreign workers were still required in the labour market, at least in part because Malaysians were unwilling to take on the '3D' jobs. Instead, migrant workers in 14 categories within the service sectors were permitted to renew their permits for up to six years. At the same time, the government prohibited admission of new foreign workers in the services sector, imposed higher levies for all sectors (except agriculture) and imposed tighter conditions on foreign maid employment.[81]

In Thailand, the Thailand Employers' Association proposed to lay off 600,000 foreign workers,[82] but their proposals were contradicted by appeals from certain sectors for more foreign workers – in farming, fishing, water transport, industrial sewing, rice milling, cold storage, ice making, salt farming and general labour.

At the same time, significant numbers of irregular migrants were returned. Some 250,000 irregular migrants were expelled from Thailand by July 1998, although way below the government's original proposal to send home 1 million irregular migrants. In Malaysia, some 255,483 irregular migrants had been deported by the end of 1998. The governments of Korea and Malaysia facilitated returns through amnesty programmes that waived penalties and fines. It is reported that 53,389 undocumented foreign workers availed themselves of Korea's amnesty programme from January to April 1998.

Migration-relevant policies

Although not covered in as much detail here, both migrant-sending and migrant-receiving states have also responded to the effects of earlier economic and financial crises with policies that even though not targeted at migrants, impact on and have implications for them. The best example from the perspective of a migrant-sending country is the 'Package for Assistance for Displaced Workers' established in the Philippines in 1998.[83] The package had three main components: 'Jobwatch', which monitored job losses and job creation; 'Joblink', which included intervention to assist the unemployed including training grants and employment facilitation; and 'Job Loss Prevention', involving advocacy to save jobs and minimize job losses. While initially intended for native workers in the Philippines displaced or unemployed by the effects of the Asian financial crisis, the package was also extended to include overseas Filipino workers affected by the crisis.

Most countries in Asia also introduced policies for reducing unemployment and supporting laid-off workers, including employment promotion, support for enterprises, social protection, and strengthening international labour standards. Although such policies targeted native workers, they also in theory benefited migrant workers with legal status, although the administrative obstacles for foreign workers explained above mitigated against these benefits.

A final indirect or migration-related policy observed in the context of the Asian financial crisis was trade facilitation, especially through the Asia-Pacific Economic Cooperation (APEC) country multilateral framework. Countries such as Thailand and Malaysia tried to reduce barriers to business mobility as part of their strategy to encourage renewed flows of Foreign Direct Investment (FDI). Part of this strategy was to attract highly skilled international migration.[84] In the wake of the crisis, Thailand, for example, established a 'one-stop' service facility to process business visas and intra-company transfers within one day (for stays up to three months).

Policy lessons

In particular, during and in the aftermath of the Asian financial crisis, a series of workshops and institutions developed specific recommendations on how Asian countries should reform their migration policies both to alleviate the negative impacts of the crisis at the time, and also to prepare for future economic shocks. Recommendations included developing systems for more orderly transfer of migrant labour across the region;[85] signing where necessary and implementing the relevant International Labour Organization (ILO) Conventions;[86] increasing capacities for research, data collection, monitoring and evaluation;[87] forging social consensus in the labour market;[88] and establishing safety nets.[89] Many of these recommendations were never implemented, and some are still relevant today, particularly in East Asia.

At the same time, one of the themes that pervades this report is that the impact of previous financial crises on migrants and migration is uneven and unequal across countries and regions, depending on a range of factors including the structure of the labour market, the extent of dependency on migrant workers, political dynamics, and public reaction. This appears to be equally true of the current global financial crisis. Such a conclusion mitigates against the development here of specific policy recommendations, which would need to be tailored to specific national and regional circumstances. Instead, the purpose is to draw out some of the wider lessons for policy that can be learned from previous responses.

Migration impacts are significant during financial crises, but not always for the reasons expected.

The preceding review indicates that migration impacts are significant during financial crises, but perhaps not for the reasons expected, in other words not because of lasting changes in migration flows or massive unemployment among migrant workers. Instead, the significance arises in destination countries from consequences such as the potential for growth of irregular migration, migrant smuggling and human trafficking; the potential for social unrest and rising xenophobia; and the impacts on economic competitiveness. In Russia, the effect of the financial crisis was to finally sever central government control over the distribution of populations within and outside Russia. In origin countries, the significance revolves around development impacts – on national employment levels and remittances – made all the more pertinent in the contemporary world in which increasing numbers of states have adopted an export strategy on labour migration and also rely on remittances.

Although it is hard to prove, it has been suggested that the outcome (whether intended or unintended), that of large numbers of migrant workers not repatriated during the Asian financial crisis, eased the rapid recovery from the crisis in the region. On one hand, it meant that migrant-sending countries did not have to absorb large numbers of unemployed returning migrants. On the other hand, it meant that a workforce was still in place to respond to renewed production in migrant-receiving states as regional economies recovered. The integral role that migrant labour plays in the global economy suggests that it will be hard for the global economy to recover fully from the global financial crisis without their labour, thus providing another reason why it is important not to de-prioritize or ignore migration impacts during a financial crisis.

Migration trends tend to be resilient even during financial crises.

One of the questions being asked by policymakers today is to what extent the global financial crisis will have long-term consequences for migration. The review presented here indicates that the answer to this question depends on how severe and protracted the crisis will be. Of the crises considered here, for example, the Great Depression and the Oil Crisis had more lasting impacts than the crises in Asia, Russia, or Latin America in the 1990s. The latter crises were relatively short-lived, and migration trends quickly recovered to pre-crises levels and patterns, as did remittance flows. Even in the case of the more severe crises, migration rebounded in the longer term, albeit in new global configurations. Labour migration to Europe resumed in the aftermath of the Second World War, while new labour migration in Asia made up for the reduction of labour flows in Europe after the Oil Crisis.

Overall, migration trends appear to be resilient even during financial crises. One reason, best learned from the experience of the Asian financial crisis, is that in many economies there is a structural dependency on migrant workers. Hence, the conclusion that unemployment does not appear to have affected migrant workers disproportionately during previous crises, and the example of Malaysia where workers who were initially laid-off were later re-employed.

Financial crises have an impact on migration and development through a reduction in remittances, the acceleration of the 'brain drain', the flight of highly skilled expatriates, and where large-scale returns occur.

Although data are scarce, there are indications from the preceding review that financial crises have an impact on the relationship between migration and development. An acceleration of the 'brain drain' was one outcome of the Russian and Latin American financial crises. The loss to certain migrant-receiving countries in the developing world of highly skilled expatriates (for example, Indonesia during the Asian financial crisis) had long-term implications for economic competitiveness. There is some evidence that in several Asian and Latin American countries remittances reduced during the financial crises there, although they rebounded relatively quickly. In the Philippines, the Asian financial crisis disrupted the export of workers and prospective remittance flows. Significant returns to Thailand, Indonesia, and Bangladesh also increased unemployment rates there.

Financial crises do not necessarily result in an increase in irregular migration flows, but are associated with an increase in irregular migrant stocks. It is unclear what the implications are for migrant smuggling and human trafficking.

The review also demonstrates that financial crises can have an impact on irregular migration, although once again in perhaps unexpected ways. It has been postulated that the contemporary global financial crisis will result in an increase in irregular migration flows, as poverty and joblessness in poorer countries incentivize more people to seek work abroad despite growing migration restrictions. While acknowledging data limitations and the novelty of certain contemporary circumstances such as the global reach of the financial crisis, there is however no clear evidence of growth in irregular migration as a result of previous financial crises. Only in the case of the Russian financial crisis was rising irregular migration recorded, but counter-intuitively, this was irregular migration to Russia rather than from Russia.

Therefore, while an increase in irregular migration flows cannot necessarily be assumed as a result of financial crises, there is stronger evidence, especially from the Asian financial crisis, of an increase in irregular migrant stocks, as migrant workers who were laid off chose to remain without authorization rather than return home. At the same time, government policies have normally specifically targeted irregular migrants during periods of financial crisis, the effectiveness of which may mitigate the trend towards growing irregular migrant stocks.

The role of migrant smuggling and human trafficking may well prove decisive in determining the extent to which irregular migration grows. It has been suggested that migrant smuggling and human trafficking to Europe flourished in the period of immigration restrictions that started with the Oil Crisis. There is limited evidence for increasing activities among 'middle men' and agents during the Asian financial crisis. However, the businesses of migrant smuggling and human trafficking are far larger and more sophisticated today than even ten years ago, and so the extent to which lessons can be learned is very limited indeed.

Migrant workers require protection during financial crises, not only because of unemployment but also because of deteriorating conditions and exploitation at work.

The evidence from earlier financial crises is that they do not necessarily result in disproportionate unemployment of migrant workers. In addition to their economic sector, for example, the extent to which migrants are vulnerable to unemployment also appears to vary according to their skill levels (in Asia, migrant workers at the top and bottom ends of the labour market were more affected) and their status (irregular migrants were deported at a much higher rate than temporary migrants with regular status during the Asian financial crisis). The extent to which migrant workers are affected by unemployment also depends on the level of labour market intervention, degree of employment protection, and prevailing employment conditions in host economies.

Nevertheless, the evidence suggests that migrant workers still require protection during financial crises. Those who have lost their jobs have been found to face difficulties in gaining back pay and other social benefits owed them by their employers. They have also experienced pressure to leave the country, either formally through government policy or informally through police action and as a result of public resentment. For those who retain their jobs, there is evidence of deteriorating working conditions and exploitation. More generally, migrants have experienced increasing surveillance and the effects of rising xenophobia.

In all these situations, attention needs to be paid to the protection of the rights of migrant workers. Policies and procedures are required to guard against the arbitrary use of power to expel migrants;[90] there is a need to protect the right to accrued wages, employment agencies need monitoring, and migrant workers' rights should be reinforced. These and other rights are enshrined in a series of ILO Conventions and protocols, the ratification and implementation of which, however, remains problematic. National laws and policies to reinforce the protection of migrant workers may be more effective.

Particular attention in migrant-sending states is required on protecting overseas migrant workers, cooperating on the return of irregular migrants, and preparing for large-scale return and reintegration. Labour export strategies can have unintended consequences.

While their effectiveness was never properly tested because the crisis was so short-lived, a number of migrant-sending countries in Asia adopted policies during the Asian financial crisis that most commentators felt at the time were appropriate. These included bilateral agreements to defend the jobs of overseas workers, and renewed efforts to place overseas workers, including through training prior to departure and the identification of new potential labour markets in the region. Argentina, in particular, adopted a series of measures intended to reduce or reverse the 'brain drain' that was exacerbated by the Latin American financial crisis.

At the same time, this review has found that there are three areas where migrant-sending countries did not respond during the financial crises. The first area is the protection of migrant workers overseas, for example through bilateral agreements or consular arrangements. The second is cooperation on the return of irregular migrants or unemployed migrant workers. The third is preparation for the return and reintegration of potentially large numbers of migrant workers. Policy-making across these three areas requires particular attention in the context of the contemporary global financial crisis.

Another lesson to learn for migrant-sending states is that economic policies also have social consequences, as seen in Indonesia, where the export of workers reduced unemployment and increased remittance flows, but at the same time placed social pressures on migrants, their families, and Indonesian society at large.

Policies in migrant-receiving states should be based on sound economic evidence and should be consistent. Increasing restrictions have unintended consequences.

There is evidence that as had been the case during previous financial crises, governments in major migrant-receiving countries are today under political and popular pressure to respond to the impacts of the crisis through migration policies, especially to reduce competition with native workers in the labour market. The lesson from the analysis of policy responses during crises is that this pressure should be resisted, or at least that governments should also make policy decisions based on sound economic evidence on the labour market. As the case of Malaysia between 1997-98 demonstrates, the government was forced to reverse decisions to lay off, redeploy, and repatriate migrant workers made largely for reasons of political rhetoric in the face of new labour market shortages and lobbying from the business sector. Part of the problem is that the impact of financial crises on labour markets is complex and unpredictable, and it can take some time for a clear picture of labour market requirements to emerge. Governments, in contrast, are under pressure to respond immediately.

One of the risks inherent in a situation where governments are under competing short-term and long-term pressures to make policy is that policy-making becomes inconsistent, with short-term interventions overturned as longer-term impacts become apparent. For example, employers will be less concerned about violating laws in employing those without proper work permits, if the government frequently changes its mind as to the occupations or sectors in which foreigners will be allowed employment. Also, aspiring immigrants will resort to clandestine entry if they expect a regularization campaign. Although the case of Malaysia illustrates this point well, in fact the Asian, Latin American and Russian economic and financial crises were too short-lived for this effect to be widespread. Given the gradual and cumulative progress of the current global financial crisis, it is a more likely scenario today.

Another lesson to learn from policy responses in migrant-receiving states during previous financial crises is that the impacts of restrictions on migration are usually more complex than predicted. It has been suggested, in the context of the Oil Crisis and the Asian financial crisis, that increasing restrictions on migration flows had the unintended consequence of promoting the role of ‘middle men’ and generating a market for irregular migration. In laying-off or deciding not to renew the work permits of temporary migrant workers, the government of Malaysia inadvertently generated more irregular migration, as laid-off workers remained to work in the informal sector rather than return home. This in turn countervailed policies targeted at deporting migrants currently with irregular status.

International cooperation on migration is essential

One of the immediate responses to the global financial crisis in Europe has been the reinvigoration of Euro-scepticism with particular concerns about the freedom of movement of labour in the European Union (EU) and calls for the strengthening of the EU's 1999 'posted workers directive' to uphold local workers' rights.[91] In contrast, one of the lessons from previous financial crises is the importance of cooperation, between pairs of migrant-sending and migrant-receiving countries, and also more generally at the regional level. One of the reasons that the Asian financial crisis had such a complex impact on regional migration patterns, for example, was because of incongruent policies between origin and destination states – the government of Indonesia, for example, trying to export more migrant workers, while other Asian economies were deporting Indonesian (and other) workers. Cooperation is also required to reduce the potential impact of increasing flows of irregular migrants; to support the return and reintegration of migrant workers; and to help developing countries cope with the implications of reduced remittance levels. World Bank President Robert Zoellick, for example, has called for the creation of a new 'vulnerability fund' to help poor countries cope with the impact of the global financial crisis.

Financial crises can represent new opportunities

Another lesson to learn is that financial crises can represent an opportunity for migration policy-making. They can be an opportunity to explore new approaches (as opposed to re-establishing the *status quo ante*), for example in the case of the new labour export strategies developed by traditionally migrant-receiving states in Asia (although reservations about these strategies have also been noted). In Asia, the crisis also provided the context to better understand the structural role migrant workers play in the regional labour market. In Asia, a number of countries also introduced policies targeted at protecting workers, including migrant workers, such as strengthening labour institutions, improving safety nets, and employment promotion.

The impact of the global financial crisis needs to be monitored

In at least three ways, the preceding review emphasizes the importance of collecting data and conducting research to monitor the impacts of the global financial crisis on migration. First, it is striking that apart from for the Asian financial crisis and to a lesser extent the Oil Crisis, there is little evidence on which to base detailed analysis of the migration impacts of earlier crises, even though in general terms it is clear that these impacts were significant.

Second, there is a need for longitudinal analysis. Much of the analysis of the impact of the Asian financial crisis took place during and immediately after the crisis – quite a few workshops were held and reports prepared between 1997 and 1999. A similar process is occurring at the moment. Many of the predictions made on Asia during those early initiatives, however, turned out to be incorrect. The overall impact of the crisis on migration, for example, was not as significant in terms of its effect on stocks and flows as initially expected. In particular, large-scale labour export and repatriations did not materialize. Third, the development and impact of policy needs monitoring. The motivations behind policy differ and it is important to be aware of those motivations in evaluating its impact. Furthermore, policy can have unintended consequences, which in some cases only materialize some years after the policy is developed and implemented.

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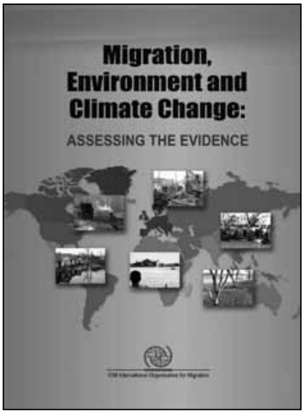

Adequately planning for and managing environmentally-induced migration will be critical for human security. Though policymakers are increasingly interested in this issue and have acknowledged the need to enhance the knowledge base on the migration and environment nexus, policy-oriented research remains limited. It is also widely recognized that the evidence base needed to manage environmental migration effectively is currently very weak. Knowledge on the two-way relationship between migration and the environment remains limited for several reasons: little agreement on how to conceptualize and define 'environmental migration'; difficulty to isolate environmental factors from other factors driving migration due to its multi-casual nature; chronic lack of data; diverse impacts of slow onset events versus extreme climate events; and lastly, migration may be only one of various adaptation strategies. Furthermore, the data and evidence currently available is often scattered across disciplines and is not always readily accessible to either policymakers and/or researchers.

Therefore, with the financial support of the Rockefeller Foundation, *Migration, Environment and Climate Change: Assessing the Evidence* has been an attempt to selectively map the landscape of the current knowledge base on the environment and migration nexus. In addition, it has endeavoured to highlight innovative methodological approaches and the way forward for new research to address remaining knowledge gaps. By systematically taking stock of existing research evidence in the field of migration and the environment, the book emphasizes the implications for policy and prepares the ground work for further empirical and a larger-scale global programme of work.

The origins of this book and the themes selected stem from the recommendations of the *Research Workshop on Migration and the Environment: Developing a Global Agenda for Research in Munich,* Germany in April 2008 which addressed the need for more sound empirical research and identified priority areas of research for policymakers in the field of migration and the environment. IOM organized this workshop together with the United Nations University Institute for Environment and Human Security (UNU-EHS), in collaboration with the United Nations Environment Programme (UNEP) and with the support of the Munich Re Foundation and the Rockefeller Foundation.

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The current global economic crisis is impacting migration patterns and processes around the world. A reduction in migration flows globally has been reported, and in particular declines in irregular migration flows have been observed in some regions. The World Bank has reported a slowdown in the rate of increase of remittances on a global level, although with important regional variations. There are regular reports from around the world of migrant workers being laid off, and while some migrant workers are apparently returning home, others are choosing to stay. How to respond to these migration impacts poses a number of challenges for policymakers in both countries of origin and destination.

Against this background, this report considers the lessons for migration policy to be learned from the five major financial crises of the twentieth century, namely the Great Depression of the 1930s, the Oil Crisis of 1973, the Asian financial crisis of 1997-99, the financial crisis in Russia at the end of 1998, and the Latin American financial crisis of 1998-2002. As the impact of previous financial crises on migrants and migration has been uneven and unequal across countries and regions, depending on a range of factors, this report draws out the wider lessons for policy that can be learned from previous responses to economic crises.

The report is divided into four main sections: 1) an overview of the five crises considered, analysing the extent to which the migration experiences and policies of earlier financial crises are directly applicable to the current context; 2) an assessment of the impact of earlier crises on migration patterns and processes for migrant workers and their families, and for origin and destination economies and societies; 3) the development of a typology for categorizing the policy responses that affected migrants and migration in the context of earlier crises; 4) lessons learned for migration policy in response to the global economic crisis.

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