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Abstract

This paper explores an alternative way of understanding the effects of the present economic crisis on migration. The first section sets out a conceptual framework that emphasises the importance of processes which are not related to the business cycle. In particular, it is argued that economic restructuring and shifts in the underlying geography of wealth and power might be playing a far greater role than is currently allowed for in the literature. The middle section of the paper adopts a critical perspective on the nature of the crisis, arguing the importance of rent-seeking behaviours, and of a correct understanding of labour productivity. The final section addresses the effects of the economic crisis on migrations in the East Asia Region. It attempts to put into practice the conceptual framework outlined in the first section.

Introduction

Migration responses to changes in economic circumstances take different forms depending on the time-scale over which the economic processes operate. The recent/current economic crisis has largely been interpreted as the result of a particularly severe downturn in the short-term business cycle consequent upon the sudden loss of confidence in the value of financial assets. It is not surprising, then, that ideas about the impacts—actual and expected—on migration, have been drawn from our knowledge of how migration varies across the course of the business cycle.

But what if we are witnessing, at the same

attaching themselves to the favourable social promotion prospects offered by the South-East Region's labour market. Those leaving the region also tended to be middle class, but were, on average, much older. As the owners of housing property assets, they would be expected to choose a time of departure that maximised their financial gain. During recession, they either could not sell their houses at all, or were forced to accept low prices, so their mobility was low; but during the boom, they could 'surf the high house-price wave' as it started out from the South-East Region and eventually spread to the rest of the country. They could sell high and buy low, thus realising their financial assets from migration to the greatest degree possible. Clearly, their migration was being driven, to a significant extent, by the business-cycle process.

It is entirely feasible for processes at different levels to counteract one another; in the recent/current downturn, immigrant building workers could well be returning to Poland rather than face an extended period of unemployment in the UK, at the same time that recent graduates from Australia are arriving to decide whether or not they want to pursue their business/finance careers in London. This complexity cannot, nor should not, be avoided.

The Conceptual Framework

Figure 1 is very ambitious because it attempts to encompass this complexity. It summarises the economic processes at each of the three levels (conjunctural, restructuring, and deep structural) over the period 1950–2010, while also setting out their migration effects in high-income regions and/or countries.The figure is highly schematic, and undoubtedly also rather individual, in that it reflects my judgments about what is important, and about the best

2009). It was also linked to new migration flows within the enlarged EU, notably from the A8 accession states to the UK and Ireland. Secondly, the collapse of the Soviet economic system was accompanied by the mass resettlement of ethnic minority populations, mostly from the peripheral

and much more in the production of immaterial goods. Some have gone so far as to characterise the recent period as one of ‘cognitive capitalism’—that is, as a third stage of capitalism, following on from mercantile capitalism and industrial capitalism (Negri 2010; Vercellone 2010). I do not support this approach in its entirety, but I take two of its constituent arguments very seriously. The first argument is that we have recently witnessed an extraordinary extension of the commoditisation and financialisation of social relations (for example, caring for people, knowledge

response), but are structural—i.e. due to forces that are deep-rooted in the production system—in which case trying to increase spending is exactly the wrong response.

The reason for thinking that the problems might well be structural and lie in the production system is historical; something rather like our present situation has already happened, indeed quite recently—in Japan in the 1990s. We can now see that Japan's period of 20 years of recession and almost no growth wasnot the result of bad policy (though this possibly added to the problem), or of a banking crisis (though this undoubtedly occurred), but instead was due to (i) the long-term effects of a 'hollowing-out' (kuudouka) of the Japanese economy as companies switched their investments away from Japan towards other countries of East and South-East Asia (and elsewhere), combined with (ii) a massive switch from high-productivity employment (to be found in much of Japanese manufacturing) towards low- or evenvery-low-productivity employment (to be found in most Japanese services). The Anglo-Saxon economies have done exactly the same.

The issue of labour productivity links these two reasons for thinkingthat the crisis is structural rather than conjunctural. Unfortunately, productivity is seriously misrepresented by economists, and is therefore poorly understood by the rest of us. It is conventionally measured by the prices that goods and sevices obtain in the market and, at the individual level, is widely assumed to be closely related to the wages that people receive for the jobs they do. This holds water on neither count. As we are now finding out to our cost, the prices of goods and services are highly variable, subject to sentiment, reflective of power relations in society, and bear little relationship to the human efforts and skills invested in their production. Similarly, we only have to think for a moment about productivity and wages to realise how unconnected they are. The people who make many of the clothes we wear are paid 10 pence an hour, work long hours in appalling conditions in countries like Bangladesh and Cambodia, and are exploited mercilessly. The people who sell these clothes in Britain are paid 500 pence an hour and have relatively secure employment in warm, safe environments. Their bosses are paid (or rather pay themselves) 25,000 pence per hour and enjoy luxurious lives. But who, in that chain, are the most productive? By any sensible notion of 'real' productivity, it is, of course, those who are paid the least.

The answer to the question of how this crazy, upside-down world comes about is also the answer to the question of why the poor productivity of Western capitalist societies failed to show itself before now. It is contained in the concept of 'economic rent' (when this term is not, of course, limited to the payment of money by a user of land or property to the owner of that land or property). What I mean by 'economic rent' is that, by placing themselves in positions that allow them to cream off the wealth generated by others (for example, through the ownership of ‘intellectual property’), individuals and companies can gain 'unearned privilege'; put another way, they get more than they deserve as a result of the institutional support they enjoy and the powerf(y)Snd (2s-ort tand . Wed wsouser4(an's) no groany of in ishnese econent in lth-Edue

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mobilisation of the populations of Russia and its satellite states in the early and middle years of that system's existence). True, it is difficult to prove the point about falling productivity since official statistics are completely inadequate, and because no information is (or even arguably could be) collected on the real quantity and quality of goods and services produced. However, if it can successfully be argued that there has been a shift at the societal level away from 'making and doing' and towards 'playing and talking', with the reward structure of society both reflecting and further encouraging this trend, then perhaps this line of argument deserves to be taken seriously

Go back 50 years. Almost everyone in work in the UK was employed either in making useful things (such as food, clothing and 'white goods'—refrigerators etc.) or in providing essential services (such as nursing people back to health, driving trains and teaching children). Gambling was done at home or at the races and, despite radio, cinema and the newly arrived TV, leisure, sport and entertainment were largely things you engaged in, rather than passively consumed. Contrast that with today. Large sections of the economy are geared to gambling, either with other people's money in the City of London or in relation to housing and property, there and elsewhere. Truly we live in an age of 'casino capitalism'. And we now have leisure, cultural and entertainment 'industries'. But it is much more than this. Today, many people spend large parts of their working lives in meetings of one kind or another and in various forms of 'networking'. Stating it a little crudely, making and doing have been replaced by playing and talking. To add insult to injury, it is the players and the talkers who earn the high (often obscenely high) wages rather than the remaining makers and doers. Does this adversely affect the overall productivity and efficiency of the economy? Of course it does!

But even if all of this were conceded, couldn't Western capitalist societies continue to perform poorly in terms of productivity, but still also continue to compensate for this by generating ever-more-complicated, cunning and cleverly conceived forms of rent-seeking behaviour? Surely, the lesson of the last two years is that no, this is not going to happen—the party is over, and reality has kicked in. This rent-seeking behaviour by the West could not continue because the rest of the world was not totally ignorant about what was happening and, in a global world, one only has to alter the geography of production and value chains to bypass the rent-seeker. Furthermore, many of the power structures on which Western rent-seekers depended (notably the wealth and status of large US corporations, the US military and the US government) have weakened or crumbled. Meanwhile, most producers in the newly emerging countries of Asia, notably China, know now that they can (or soon in the future will be able to) out-compete the West at every turn, in every sector, in both quality and quantity. Their workers make and do; granted, there are a few players and talkers, but can there really be any doubt that the real productivity increases of individuals, corporations, and (even) governments in these countries have been truly remarkable? It is the strength of this line of argument that underlies the confidence with which I assert that the root causes of the downturn in Western capitalist economies are not conjunctural, but structural.

The Impact of the Economic Crisis on Migrations in East Asia

This brings us to the final section of this paper, which asks whether or not the conceptual framework outlined above can help us to understand what is currently unfolding in East AsiaAt Level 1, we would expect: (i) in-migration/immigration to high- and middle-income regions and countries (metropolitan cites sub-nationally, notably Japan, but also South Korea, Taiwan, Singapore, Malaysia and Thailand internationally) to be falling sharply, as the construction, manufacturing and tourism industries enter recession, house and

property prices tumble, firms lay off workers, cut overtime etc., and unemployment rises; and (ii) resulting from the same trends, we would expect out-migration and emigration for these same regions and/or countries to be rising sharply.

Data from the Statistics Bureau's Report on Internal Migration in Japan show that the Tokyo Metropolitan Region (TMR) experienced a small but sharp decrease in net in-migration in the period 2007–09. In-migration fell from 540,000 in 2007 to 528,000 in 2008 and 506,000 in 2009; out-migration went from 385,000 to 376,000 and then 388,000 over the same period. This resulted in a drop of almost 40,000 in the net gain to the TMR (Japan, Statistics Bureau 2010). Monthly data from the same source show that the point at which the downturn in net in-migration occurred was September 2008 and that, for every month between then and June 2010, the net migration gain for the Tokyo region was lower that it had been one year previously. These changes are, therefore, firmly in line with expectations.

Japanese international migration trends over the crisis period are altogether more striking but very much in the same direction. The average net migration loss of Japanese nationals during the 2000s of about 75,000 per annum was typically compensated (or more than compensated) for by an equivalent immigration of foreign nationals. But, while the loss of Japanese nationals for 2009 was normal (–77,000), to this must be added a net emigration of foreigners (–47,000). The effect of this was to produce a striking turnround: in 2007, Japan gained slightly by migration (+4,000), in 2008 it lost moderately (–45,000), and in 2009 lost considerably (–124,000). The Japanese government has attempted to encourage the return migration of 'Nikkeijin' (people of Japanese descent coming very largely from Brazil and Peru) by paying them significant sums—$3,000 plus $2,000 for each dependent (Awad 2009)—but this is reported to have met with limited success. Nikkeijin tended to bear the brunt of the lay-offs because they often lacked secure

regarded as 'parking lots' for the unemployed), but many shifted to the larger cities to search for different jobs—sometimes involving high risk (Dang 2009).

Due to the East Asia Region's open economies and its dependence for growth on exports to global markets, it was inevitable that it would be very adversely affected by the global downturn, and that this would lead to greater migration push forces (Abella and Ducanes 2009). This was especially so in the most open economies—Hong Kong, South Korea, Singapore, and Thailand. Thailand lost about 10 per cent of its manufacturing employment in the second quarter of 2009 alone. 'Female workers in [manufacturing] industry (53% of total in 2009) have been hit especially hard by the crisis' (Son 2009: 1). This has led to a return migration of workers to the rural areas from which they had earlier migrated. A growth in employment in agriculture and in unpaid family workers suggests 'that laid-off workers returned to the fields' (Son 2009: 22). As for immigration, the

> [Thai] government has announced that no new work permits will be issued and that the planned registration of undocumented foreign workers will now be put off till after 2009. The work permits of about 500k foreign workers will not be renewed for 2010 and the authorities have threatened to deport undocumented migrant workers. Even before the crisis some governments have already announced their intention to reduce 'dependence' on foreign workers and to plug the loopholes that led to the creation of a large pool of foreign workers in an irregular situation (Abella and Ducanes 2009: 10).

This is particularly true for Malaysia. As in 1997, the recession has produced a fierce response by the Malaysian government. It had already, by early 2009, deported 65,000 undocumented foreigners, and had imposed a freeze on the issue of work permits for foreign workers (Abella and Ducanes 2009).

> The Malaysian government decided (in early 2009) to double the levy [on] foreign workers and to reduce their volume by half a million by the following year. [By this time] 300,000 workers had been sent back to their countries of origin (Awad 2009: 56).

Malaysia seems to treat migrant workers as a buffer, that is, as a 'reserve army of labour'—to be recruited when times are good and disposed of when times are bad. 'Early in 2009, the Malaysian government cancelled the visas of 55k Bangladeshi workers who had received approvals in 2007' (Awad 2009: 26; Skeldon 2010). Malaysia seems determined to ignore the International Organization for Migration's advice that 'trying to combat the financial crisis by simply cutting immigration may make the situation worse' (IOM 2009). Deportations during recession have just brought forward decisions that are part of a long-running campaign to reduce the dependence on immigrant workers (Skeldon 2010). However, as will be discussed below, employers often see things very differently, and resist the government in its aggressive anti-immigration policy.

Singapore's construction, shipyard and manufacturing industries were booming in the early–mid 2000s; they employed 800,000 migrants in 2007. But as the economy slid into recession, demand for labour declined sharply, and major projects were cancelled or delayed (Lee 2009). It might seem somewhat surprising, therefore, that '(net) in-migration (to Singapore) continued in 2009 despite expectations it would collapse because of the global recession' (Barta and Wright 2010).

Indonesia has become a significant exporter of workers over the last twenty years. In Malaysia and the Gulf, the global economic crisis has adversely affected the situation of Indonesian migrants. And yet, Indonesian care workers working abroad rose slightly in the first quarter of 2009 (Green and Winters 2009), who also report that large-scale movements of internal migrants have resulted from declining employment in export-oriented industries. Apart from returns from Malaysia, return migration seems to be modest. For example, in June 2009 only 400 migrants returned to Indonesia from Jordan out of the 30,000 who were working there (Skeldon 2010: 11).

Differential Impacts of Migration

Drawing upon these case studies of migration and recession in East Asian countries, and broadening out to include other evidence, a number of generalisations can be made:

First, the recession has differential impacts on migrants according to their reasons for moving:

- refugees should not be affected—except, that is, as an unintended result of the tightening of immigration controls (Zetter 2009);
- family reunion should not be affected (Castles and Miller 2010);
- marriage migration, too, should not be affected—though in both of these cases there is a danger that these means of gaining entry to high-income countries will be resorted to when other means are blocked (Castles and Miller 2010);
- student migration should not be affected (though it should be remembered that Malaysian student migration to the UK was decimated by the Asian financial crisis in 1997/98—Papademetriou et al. 2009). Studying can, of course, be a way of postponing entry into an unfavourable labour market, waiting for times to get better. And if the currencies in countries which receive many foreign students (for example, the US and the UK) fall, then the courses become cheaper and more attractive (Castles and Miller 2010; Düvell 2009);
- economic migrants should be affected but, as we have seen, it depends a lot on what jobs the migrants are doing; and, finally,
- retirement/lifestyle migrants should be affected, since recession potentially undermines the savings and investment incomes on which such migrations depend.

Secondly, the recession has differential impacts on different classes. One would expect it to have a high impact on working-class migrant workers, but less on middle-class highly skilled migrant workers, despite the crisis in financial services.

For immigrants whose visa conditions allow them to remain in the host country, a high skill level provides greater flexibility to find another job, since they are better able to transfer to new sectors or downgrade temporarily below their education level (Papademetriou et al. 2009: 3).

Thirdly, policy responses make a difference. Border controls are stepped up so that it is more difficult to enter high-income countries illegally. 'Border management is enhanced and many illegal would-be migrants postpone their decision of trying to enter a country unlawfully' (Beets and Willekens 2009: 31, Fix et al. 2009). Other policy interventions have varied success. In general, voluntary return programmes, subsidised return or 'pay-to-go' policies do not seem to be working very effectively (Plewa 2009; Reyneri 2009). More immediate effects might be expected from expulsion programmes, but also from tighter immigration policies (Green and Winters 2009).

Finally, we should expect differences to arise from the nature of the migration—specifically whether it is legal or illegal, permanent or temporary. There may well be fewer unauthorised migrants in recession (Fix et al. 2009), but their reluctance to return, and the change in their status from legal to illegal might result in the stock of unauthorised migrants increasing (Koser 2009). Temporary workers are especially vulnerable to redundancy and more likely to return.

Immigrants who intended to immigrate permanently

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Figure 1: The simple conceptual framework

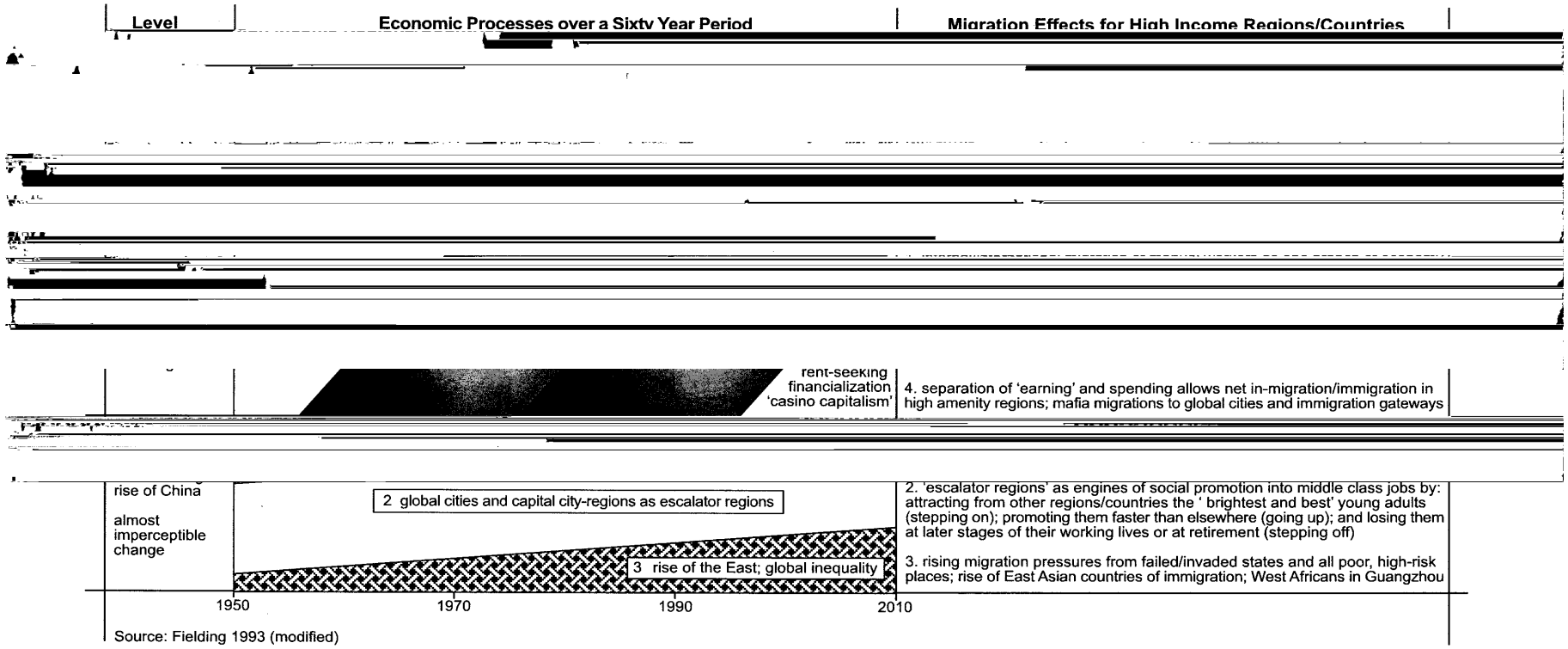
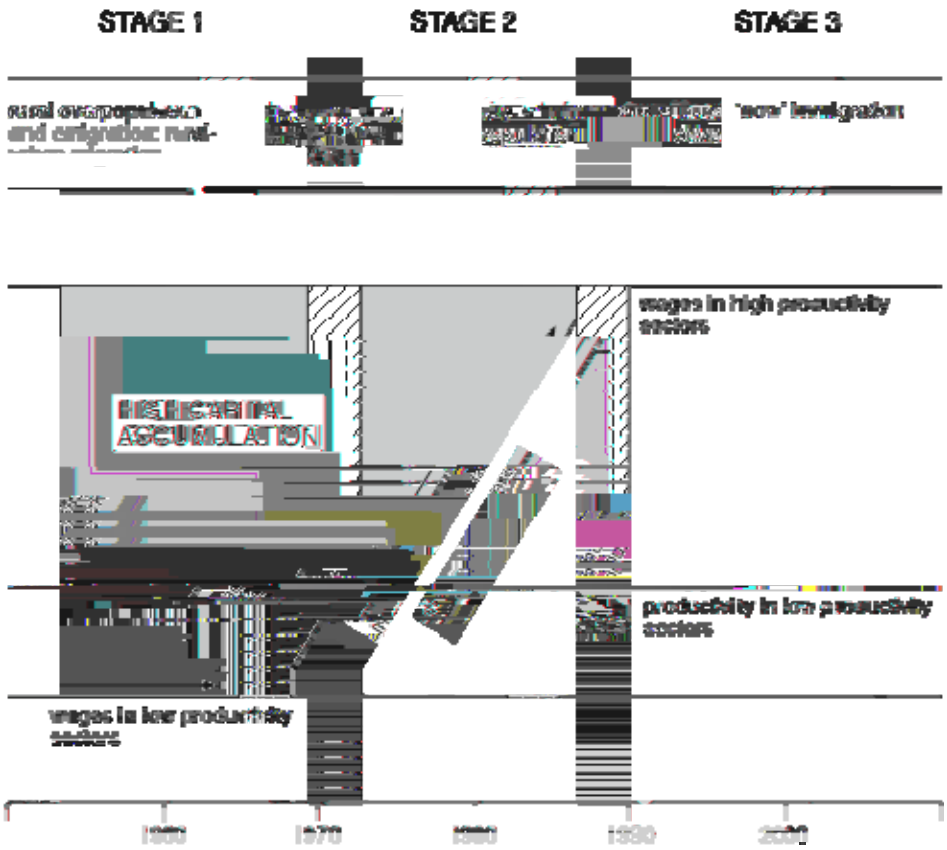
Figure 2: The new immigration model